ADAMS INTEGRA

GOSPORT Borough Council

CIL Viability Report

FINAL REPORT

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Executive Summary

1. The Gosport community infrastructure levy (CIL) viability study seeks to identify viable CIL levels for all likely forms of development in the Borough, taking into account known development costs, including those arising from the Council's planning policies and its community development objectives.

2. In the context of this study, 'viable' refers to a level of CIL which is not so high as to discourage development from occurring, i.e. set so that development remains viable.

3. For residential development, the level at which CIL can be realistically set is influenced by the Council's affordable housing targets and by increased construction costs arising from the requirements of the Code for Sustainable Homes (CSH). The viability modelling tests these at different levels in order to understand the three-way relationship between affordable housing obligations, CSH requirements, and different levels of CIL, so that the results of different policy settings can be understood.

4. The residential assessment has been carried out by comparing the development value of a number of hypothetical developments, based on the Council's planning controls and dwelling tenure mix policies, with the land value of notional sites.

5. Testing the viability of non-residential development is more straightforward, as the variables which affect viability are more easily quantified, and thus viability can be more directly inferred from previous experience. The non-residential viability testing has been undertaken by testing the development costs and value of a range of non-residential projects with known average land values.

6. In addition to assessing the viability of CIL for hypothetical developments for different types of development, the study includes a site-specific viability appraisal of the Gosport Waterfront regeneration site. This has been undertaken on the basis of a notional mixed-use development scheme reflecting the Council's current planning intentions for the site, as well as site-specific abnormal development costs which have previously been quantified.

7. This report has been prepared at a time of extended economic downturn, which has had a serious impact on development viability for all forms of development. As a result there is very little building activity occurring at present. This has considerably reduced the income the Council receives through the traditional s.106 route to help pay for the infrastructure for which development generates a need.

8. To understand the purpose of the CIL viability study, it is important to understand the distinction between site-specific infrastructure needs and wider, more general infrastructure needs. Under the new legislative regime brought about by the introduction of the Community Infrastructure Regulations 2010 (amended 2011 and 2012 and April 2013), the power under Section 106 of the Planning Act 1990 to collect funding for project-specific infrastructure works remains. This covers matters such as adjacent road widening or drainage. The CIL Regulations relate to contributions for general

infrastructure provision which benefit the wider community, and they transfer funding contribution collection powers for this type of infrastructure from s.106 to the CIL Regulations.

9. They also introduce the requirement to assess what level of contribution is viable before setting a contribution rate, and require the Council to adhere to this rate, whereas this was not required under s.106.

10. Whilst over the last two years residential development in Gosport Borough has been able to support a modest level of contributions for infrastructure, there have been no developments in this time which have also carried an affordable housing obligation, and the modelling undertaken for this study suggests that in most parts of the Borough development viability would be compromised by the combined obligations of affordable housing and developer contributions.

11. The study has shown that the higher cost of housing construction required by CSH Level 4 will make some developments unviable. However the subsequent introduction of Level 5 in 2016 and the larger increases in construction costs this will entail will make much residential development in the Borough unviable in the current economic climate, even without the imposition of developer contributions.

12. Non-residential development displays similar problems, and several forms of development are unviable at present even without any level of infrastructure contribution being sought through any mechanism. On the other hand, some forms of retail development have been shown to be able to support most levels of developer contributions.

13. Given the uncertainty of ongoing economic conditions, it will quite likely be necessary to review the CIL situation in eighteen months to two years' time, to test whether current recommended CIL rates remain viable, or whether there is scope for increased rates. It is not totally beyond the bounds of possibility that it may be necessary to reduce CIL rates, if the economy were to contract any further.

14. In summary, the findings of the study are:

    1. There is limited overall CIL viability – at present the only forms of development that can withstand a CIL charge are residential, supermarkets and retail warehouses. In the case of the Rowner regeneration area, notwithstanding healthy increases in property prices over the past five years, values have not yet reached the level where CIL is viable when affordable housing is required.

    2. The recommended residential CIL rates are comparable with Gosport's current s.106 developer contribution rates and with adopted CIL rates in the adjoining boroughs.

3. The requirement for affordable housing (when applicable) as part of a development has a major impact on CIL viability and this effect is more pronounced when property values are lower.

4. The introduction of CSH Level 5 (probably in 2016) is likely to make most residential development unviable, except at high densities in the part of the Borough with higher sales values, unless the economy improves. This will be the case even without a CIL being charged.

5. Based on land values, the study splits the Borough into three charging zones for residential CIL. The map showing these charging zones appears in the Recommendations section at the end of the report.

6. CIL is recommended to be charged at the following rates (per square metre of net additional floorspace):

   Residential:

   - Charging zone 1 - £60 with no affordable housing; or £0 when affordable housing is provided.
   - Charging zone 2 - £100 with no affordable housing; or £80 when affordable housing is provided.
   - Charging zone 3 - £100 in all cases.

   (See page 90 for map showing locations of these charging zones).

   - Non-residential - £60 for supermarkets and retail warehouses.
   - Gosport Waterfront regeneration site - £40 for residential development only.
   - All other uses - nil.

PART A – CONTEXTS

A1. Aims of the Study

A1.1 Adams Integra have been asked by Gosport Borough Council to produce a Community Infrastructure Levy Viability Assessment, in the light of emerging development plan policy and current market conditions, that will support a charging schedule for Community Infrastructure Levy.

A1.2 The aims of the study derive from the project brief. The study is required to report on:

1. A viable CIL rate or rates for each form of specified land use;

2. An assessment of the impact of the viable levy rate for each form of land use;

3. An assessment of the maximum level at which CIL could be set without putting at serious risk overall development within the Borough, or the development strategy of the draft Local Plan;

4. A view on whether there is justification in terms of development viability for different CIL charges in different parts of the Borough;

5. Modelling of the viability of the preferred redevelopment scenario and any associated viable CIL for the Gosport Waterfront precinct.

A1.3 The Council is preparing to introduce a Community Infrastructure Levy (CIL). The Government advises that charging authorities will need to strike a balance between the desirability of funding infrastructure from the levy and the potential effects of the imposition of the levy upon the economic viability of development across the area (CLG, November 2010). Gosport Borough Council, as a charging authority, must prepare evidence about the effect of the levy on economic viability in the district in order to demonstrate to an independent examiner that the proposed levy rates strike an appropriate balance.

A1.4 The Council requires a viability report to test the viability of its affordable housing target against the optimum rate for a CIL levy on both residential development and non-residential uses. The report should also identify the potential for a variable CIL charge in different locations across the Borough.

A1.5 The assessment has been carried out against a range of notional residential and non-residential sites, as well as specifically against the Gosport Waterfront site, for which the details have been provided by the Council.

A1.6 The residential inputs are based on the following assumptions:

- Affordable housing tenures and proportions as agreed with the Council.

- Dwelling densities as agreed with the Council. Further detail will be seen in the Methodology section.

- Model levels 3, 4 and 5 of the Code for Sustainable Homes.

- Lifetime Homes standards for both market and affordable housing.

A1.7 With regard to non-residential uses, we have been tasked to look at a range of uses categorised under their planning use classes, as set out in the Town and Country Planning Act (Use Classes Order) 2010. These cover:

- Offices - Class B1a
- Industry/warehousing - Classes B1b, B1c, B2 & B8
- Retail - Class A1
- Hotels - Class C1
- Student Housing – Class C2
- Residential Care/Nursing homes - Class C2
- Leisure Facilities - Class D2
- Community Facilities - Class D1

A1.8 The Gosport Waterfront regeneration site is assessed at Part D of the report, as it is a comprehensive mixed-use redevelopment site for which a specific development scenario has been identified through the planning process, with identified abnormal costs for redevelopment.

A1.9 Because the appraisal methodology does not include s.106 contributions in the modelling, in the same way that it includes other cost items, such as affordable housing and Code for Sustainable Homes, the outputs give figures which demonstrate the range of abilities to withstand obligations generally, not only CIL. This means that the recommended amounts could be levied, partly under CIL and partly under s.106.

The structure of the report is as follows:

- Part A discusses the legislative, geographical and economic contexts in which the report has been prepared.

- Part B of the report addresses the potential for a residential CIL, taking into account overall current development viability and the inter-relationship between CIL, affordable housing obligations and increased requirements of the Code for Sustainable Homes.

- Part C addresses non-residential uses. It will be noted that Parts A and B of the report contain similar headings. This is done for the sake of exploring the different issues that might concern the residential and non-residential sections.

- Part D assesses the viability of introducing a CIL to the Gosport Waterfront regeneration area, which is proposed as a mixed use redevelopment for residential, employment, office and retail uses. As this is an analysis of a specific site for a specific (albeit notional) proposal, the methodology is different to that for the rest of the study, which consists of an overall analysis of hypothetical typical development scenarios.

- Part E contains the recommendations, and

- Part F contains the appendices, being:

  - The modelling of the different scenarios to test CIL viability for residential development;

  - The appraisal worksheets for archetypes of non-residential development;

  - The appraisal sheets for the scenarios used to test CIL viability of the proposed mixed-use Gosport Waterfront redevelopment site;

  - CIL rates in adjoining Boroughs; and

  - A list of similar studies undertaken in recent times by Adams Integra.

A2. Policy and Statutory Contexts for the Study

We highlight below the main policy documents that have a bearing upon the outcomes of this study.

A2.1 The National Planning Policy Framework

The National Planning Policy Framework of March 2012 (NPPF) establishes the need for viability to be taken into account as part of policy making. In paragraph 158 it states that local planning should be based upon adequate, up-to-date and relevant evidence, taking full account of relevant market and economic signals. Paragraph 173 looks for careful attention to be paid to viability to ensure deliverability. To ensure viability, there must be competitive returns to a willing landowner and developer. In paragraph 174 it is stated that the cumulative impact of local standards should not put the implementation of the plan at serious risk. In paragraph 175 the Framework states that Community Infrastructure Levy should support and incentivise new development.

A2.2 CIL Viability Guidance

In addition to the Council's policies, we also need to bear in mind the guidance that has been produced in connection with viability testing.

A2.2.1 In producing this report, we have had regard to viability guidance that has been produced by such organisations as **Department of Communities and Local Government**, **Royal Institution of Chartered Surveyors** and the **Homes and Communities Agency**, in addition to the **National Planning Policy Framework**.

A2.2.2 Regulations concerning the implementation of Community Infrastructure Levy (CIL) are contained in the Regulations that came into force in 2010 and updated in 2011, 2012 and 2013. The report also has regard to the most recent set of draft amendments to the CIL Regulations (April 2013). For the purpose of Gosport's proposed CIL, it is the DCLG's December 2012 CIL Guidance that applies. Therefore we set out below the main provisions of the 2012 guidance that are particularly relevant to the Council.

A2.2.3 Paragraph 7 states that the Council, as charging authority, should strike a balance between the desirability of funding infrastructure from the levy and "the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area."

A2.2.4 Paragraph 21: "Charging authorities should be able to show and explain how their proposed CIL rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area."

A2.2.5 In paragraph 25, it is recognised that available data to support the evidence base is unlikely to be fully comprehensive or exhaustive. A charging schedule should, however, be supported by "appropriate available evidence."

A2.2.6 In some areas, the new guidance repeats previous provisions. For example, paragraph 30 repeats the previous message that the authority should avoid setting a charge to the limit of viability of the majority of sites in the area.

A2.2.7 The Council should note that paragraphs 84 to 91 deal specifically with the interaction between CIL and s106 agreements. Amongst these provisions is the requirement, in paragraph 85, that the Council should work proactively with developers, to ensure that they are clear about the Council's objectives for infrastructure provision, avoiding the situation where developers could pay twice for the same infrastructure item. Furthermore, once a charging schedule is introduced, the s.106 requirements should be scaled back to site-specific requirements only. The Council should set out how the s.106 policies will be varied, once CIL comes into force.

A2.2.8 We would suggest that the implication is that account needs to be taken of current market conditions, while also allowing for potential abnormal costs that might arise in connection with specific sites. With regard to the market, if it can be reasonably anticipated that sales values will rise, then it might be appropriate for the Council to consider a charge closer to the margin of viability. On the other hand, if a rate is being set at the top of the market, then we would expect a larger "buffer" to be built in, to minimise any potential lack of viability, should the market fall.

A2.2.9 More recent guidance has been provided by the Royal Institution of Chartered Surveyors and the Local Housing Delivery Group. The RICS Financial Viability in Planning [1st Edition] guidance document provides a framework of principles and methodology. The guidance defines financial viability for planning purposes as follows:

> *"An objective financial viability test of a development project to meet its costs, including the cost of planning obligations, while ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering that project."*

A2.2.10 However further guidance comes from the Local Housing Delivery Group, whose report "Viability Testing Local Plans" was published in June 2012. We have noted the key principles that are set out in that report and which are relevant to a study such as this, namely:

- We should consider the cumulative impact of plan policies.
- Viability studies, such as this, cannot guarantee that every development in the plan period will be viable. However, plan policies should produce viability for the sites, on which the plan is relying.
- A demonstration of viability across time and local geography will be of value to local decision making.

- The report is not suggesting that the outcome of a viability assessment should dictate individual policy decisions. The role of the assessment is to inform decisions made by elected members.

- Viability testing does not require a detailed viability appraisal of every site anticipated to come forward over the plan period. Instead, a range of appropriate site typologies should be created and tested, reflecting the mix of sites, upon which the plan relies.

We believe that our methodology complies with the thrust of published guidance.

A2.3 Council Policy and Planning

Although the study is specific to Gosport Borough, it takes into consideration that the Council is part of the Partnership for Urban South Hampshire (PUSH). Gosport Borough has quite different attributes to many of the other partnering authorities' areas, in that it is bounded on three sides by water and does not have the benefit of the M27 Motorway providing access directly into the Borough. Rather it has constrained road access with limited capacity which is prone to congestion.

A2.3.1 It is a largely urban borough with little or no agriculture. It has a long traditional connection with the Ministry of Defence and provides many training and support establishments for the Royal Navy in particular.

A2.3.2 The Council is currently consulting on a **new Draft Local Plan** to replace its current Local Plan, the Local Plan Review 2006. This new Local Plan is based on the draft Core Strategy, updated where appropriate. It will provide the strategic policy framework for a CIL charging schedule, by identifying the nature and scale of likely development in the Borough until 2029. The CIL charging schedule will be produced alongside the new local plan. The Council currently has an affordable housing requirement of 40% for developments of 15 or more dwellings and/or development sites of more than 0.5ha in size, and the draft Local Plan is proposed to reduce this threshold to ten dwellings.

A2.3.3 The Council is also in the process of preparing an **Infrastructure Delivery Plan**. This will set out the Borough's infrastructure needs for the envisaged development during the lifetime of the Local Plan. In doing this it provides the evidence for the infrastructure requirements that CIL is intended to help fund These infrastructure requirements will be set out in a draft 'Regulation 123 list' to accompany the preliminary draft CIL charging schedule.

A2.3.4 The **GVA Grimley Town Centres: Retail, Leisure and Office Study 2007** concludes that the Borough is well supplied with food stores, but forecasts growing demand for comparison retailing over the Local Plan period to 2026. Although there is no expectation of significant new retail development, the report predicts redevelopment of existing floor space. The report highlights the need to encourage this type of development to halt the erosion of the retail offer and consumer spending being lost to neighbouring boroughs. Leisure-type development should also be encouraged to support and enhance the retail offer and increase visitor numbers to safeguard the economic vitality of the area.

A2.3.5 This study was prepared in a better economic climate. A further study was commissioned from GVA Grimley to update their findings in the light of the recession and the identification of the Key Development Sites. This **Gosport Retail Study - Partial Update** (September 2011) reinforces the same conclusions as the 2007 report and does not identify any significant need for large scale convenience store development.

A2.3.6 The findings of the Council's **affordable housing viability study** (DTZ, 2010) are also relevant to the CIL viability study. The purpose of the DTZ study was to "test the Borough Council's affordable housing policies and ensure that they are consistent with securing the delivery of new homes within the Borough."

The key findings of that report were as follows:

> *"In the lowest value areas of Gosport, viability remains challenging, even when existing/alternative use values are very low. This reflects the fact that sales prices are not sufficiently higher than build costs, particularly when affordable housing and other costs are added in.*
>
> *Where existing use values are high, only schemes capable of achieving the highest values remain viable at 40% affordable housing."*

A2.3.7 Its starting point, as with the current study, was to assess the viability of housing before any obligations were imposed, as a base case for determining under what circumstances the Council's preferences in terms of affordable housing obligations would be viable.

A2.3.8 Whilst the current study re-opens this issue because of the decline in overall development viability since 2010, and the fact that affordable housing and CIL both reduce project viability and are in competition with each other, the findings of the affordable housing viability study remain relevant for this study.

A2.3.9 Also we have considered the findings of the **Annual Monitoring Report 2012**. There are a number of Key Development Sites identified and coming forward. These include:

- Gosport Waterfront
- Daedalus
- Priddy's Hard Heritage Area
- Royal Clarence Yard
- Rowner
- Haslar

Several of these sites have advanced already and benefit from planning permissions. Daedalus benefits from Enterprise Zone status. As a result many of these sites will not be affected by new CIL charging although they may be expected to contribute to infrastructure costs on a site-specific basis through s.106 and s.278 contributions.

A2.3.10 We have also taken into consideration new or windfall sites and those smaller opportunities that may be 'brownfield', replacement development and changes of use.

A2.3.11 The **Draft Local Plan** identifies the **Gosport Waterfront** regeneration site and we conclude that it is the most likely to be affected by any new CIL charges. The Draft Local Plan allocates the site for up to 10,500 m^2 of retail floor space and 26,000 m^2 of employment floor space in addition to 700 dwellings. It is anticipated that the development will have abnormal construction costs due to decontamination requirements as well as its location on the shoreline and the subsequent need for more complex, and therefore more expensive, foundation design and flood defences. These abnormal costs have been estimated by Gosport Borough Council to be in the order of £6-7 million for the Waterfront site.

A3. CIL in Neighbouring Boroughs

A3.1 In accordance with DCLG guidance, we have also taken into consideration the CIL charging schedules being proposed by all of the neighbouring local authorities.

A3.2 It is important to take into consideration the impact of neighbouring CIL charges on the prospects for future development. Disparity across borough borders is likely to have an effect on the viability, and hence the likelihood of development, from one borough to another. For instance, where one authority is levying a charge for a type of development and a neighbouring Council is not making a charge, it is probable that a developer or occupier is going to favour the site in the borough where no CIL charge is being made.

A3.3 The CIL levels being recommended are broadly in line with those in the adjoining boroughs, as shown in Appendix 15. This compares CIL in the adjoining boroughs with the recommended Gosport CIL.

A4. Study Process

A4.1 At this point we should mention some notes and limitations of a report of this nature.

A4.2 We discuss viability, partly in terms of notional sites and a series of scenarios that result in land values per hectare, applicable to that scenario. These land values give a broad indication of viability; as stated above, they are not intended to suggest that land values will be at these levels in all specific circumstances.

A4.3 We relate land values per hectare, arising from the different scenarios, to viability thresholds. Different thresholds will apply to residential and non-residential sites. These thresholds are expressed as sums per hectare and are designed to offer a general overview of potential alternative uses, based upon available information. The thresholds will not be applicable to every specific site and it is accepted that some negotiation over viability might be required in individual circumstances.

A4.4 Notional sites should be assumed to be speculative developments that exclude any unique design or specification items. It is assumed that these will be "serviced" sites with no significant off-site infrastructure requirements, such as abnormal highways or service reinforcement.

A4.5 In connection with sales values, we discuss different geographical locations, in connection with sales values that might be applicable to the notional sites.

A4.6 The study is based upon a series of land valuations of notional sites for both the residential and non-residential uses. We will explore the assumptions made in respect of the sites later in the report, but at this stage it is worth noting that we consider these notional sites to be a means of testing viability, without the site-specific issues that can obstruct the production of more generic policy. They are not actual sites. To this extent they should be considered as speculative developments that exclude any specific design requirements or abnormal costs. The applicable criteria for the local context are, however, taken into account, for example sales values and build costs.

A4.7 The purpose of producing the land valuations is to identify land values per hectare for different development scenarios and compare them with the viability thresholds, which are also expressed as sums per hectare. We would assume a margin of viability either side of the threshold, rather than having a strict cut-off point but would, broadly, say that land value outcomes above the viability thresholds will be viable, whilst those outcomes below the threshold will not be viable.

A4.8 The study has a reporting date of May 2013. It is in the nature of studies such as this to reflect a viability position at a single point in time, whereas policy decisions will relate to a much longer timeframe. It is necessary, therefore, to be able to adapt any recommendations coming out of the study to differing market conditions. In this way the Council will be able to ensure that it receives a fair contribution to affordable housing and infrastructure, while also maintaining a supply of new housing that will make these contributions.

A4.9 It is worth affirming that the report's methodology focuses upon two means of assessing viability that merit explanation and qualification at this stage. First, it will be seen that we are calculating land values through the residual method of valuation. Whilst this is common practice in the context of viability exercises, it relies upon a number of inputs, changes to which will result in varying degrees of change to the end land value.

A4.10 Second, we are comparing resultant land values to viability thresholds that represent an overview of the value of alternative land uses, in the context of notional sites. These viability thresholds are not intended to represent market values that might apply to individual developers' sites.

A4.11 The 2013 Draft CIL Regulations include a requirement that an appropriate balance between CIL rates and local development viability is demonstrated.

We have already reached this conclusion in believing that the study methodology is sound.

A4.12 The soundness of the methodology is demonstrated by the fact that the recommended CIL rates are broadly similar to those adopted or recommended in the adjoining boroughs, which are located broadly within the same land market as Gosport. As in Gosport, there are variations within the adjoining boroughs' land markets.

A4.13 In addition the recommended residential CIL rates are not greatly above those the Council is presently charging by way of s.106 tariffs. The s.106 tariff is based on the number of bedrooms in a dwelling, but using average sizes for dwellings of each number of bedrooms, the rate equates to around £74/m², whereas as the CIL recommendations are from £60-100 when no affordable housing is required, and £0-100 when affordable housing is provided as part of a development.

A4.14 By way of comparison with possible future CIL rates, the contribution rates under s.106 (with or without affordable housing being provided in the development) are as follows:

Dwelling Size (Bedrooms)	Open Space & Transport Contribution (£)	Average Dwelling Size (m²)	Contribution (£/m²)
1	3198	45	71.07
2	5384	66	81.58
3	5868	88	66.68
4	7580	106	71.51

However, these s.106 obligations have not been included in the modelling and so the recommended rates could be levied partly under CIL and partly under s.106.

A4.15 Because CIL rates are lowly geared in terms of their impact on development viability – i.e. a large change in the CIL rate has little impact on residual land value and thus project viability – there is little difference in project viability between charging the same rates as are presently being charged, and the slightly higher ones that the study recommends. It is therefore felt that the recommended CIL levels will not put development at risk.

A4.16 By way of confirming that current contribution rates are able to be supported by development, the Council advises that it has no evidence of the current rates making development unviable. This is based on the fact that over the past two years there have been no instances where developers have sought to negotiate a lower contribution rate for their developments. If the contribution rates risked making development unviable, it would be expected that, at least in some instances, developers would be approaching the Council to seek reduced charges.

PART B – RESIDENTIAL ASSESSMENT

B1. Introduction

B1.1 Part B of the report begins by describing the methodology and inputs used to generate development scenarios which are then tested for viability. It describes the assumptions that have been adopted in connection with the residential land uses, in order to generate the notional sites. Under this section we discuss the valuation method that is used, together with the assumptions made in respect of the different valuation inputs, such as sales values and profit. We also discuss the concept of viability and the different ways in which it needs to be considered in different circumstances, for example between the different existing uses that arise from the anticipated sites that form the bulk of the Council's identified housing land supply.

B1.2 From this we propose viability thresholds, being land values per hectare to represent realistic alternative land uses, that are used to assess the viability of the specific valuation scenarios. The question of viability will be discussed later in the report but, essentially, we are considering the position of a landowner and whether a residential development produces a land value to him that is greater than that attributable to any alternative uses, for which planning permission might be obtained. We can expect that the land would only come forward for development if the value of alternative uses is at least matched, if not exceeded.

B1.3 Following the methodology is discussion of the content and meaning of the residential appendices. By way of an explanation of the residential appendices we should point out that, in connection with the notional sites, the study is based upon the outcome of a series of valuations, each of which reflects a particular scenario, such as unit numbers, mixes and proportions of affordable housing. These scenarios were agreed with the Council at the outset. The appendices build up, therefore, to valuation outcomes, from which we can make assessments of viability.

B1.4 Following on from the methodology and assumptions in the conclusions section, we discuss our findings in relation to the notional sites. We do this by specific reference to the attached appendices. At the end of this section, we address specifically the issue of the cumulative impact of differing potential policy positions on the viability of the sites.

It should be noted that we are treating CIL as being an overall contribution to infrastructure, since we have not allowed any other s.106 costs as part of our appraisals that test viability. The allocation of these infrastructure costs, between CIL and s.106 will be made by the Council, such that the CIL charging schedule will be set at a level that still allows s.106 costs to be levied, while maintaining viability.

B1.5 From the findings, we then draw our conclusions.

B2. Methodology

B2.1 In this section we discuss the means by which we have sought to respond to the Council's brief in testing viability across a range of residential scenarios.

B2.2 The report has modelled CSH Levels 3, 4 and 5 against a range of notional development scenarios that would represent those unit numbers and densities that could come forward for development. The notional scenarios are valued using the residual method of valuation, producing land values that can be compared to values of either existing or alternative uses that might be expected to receive a planning permission.

B2.3 This report follows the Council's affordable housing viability study, produced by DTZ in 2010. The broad methodology of the two studies is similar, although this current assessment focuses upon appropriate levels of CIL against the Council's preferred affordable housing position.

B2.4 We believe that the methodology adopted for this study accords with guidance produced by Government and other bodies such as RICS and HCA.

B2.5 The modelling does not make an allowance for S106 infrastructure contributions, as it is envisaged that CIL will replace these. The recommended charges could, however, be levied partly under CIL and partly under s.106.

B2.6 For the purpose of assessing viability, we have suggested different viability thresholds to reflect the value of alternative uses. The main alternative uses are established by the identified residential sites forming the anticipated housing supply in the Council's Draft Local Plan. In connection with the calculation of the residential CIL, these thresholds are:

Greenfield	£450,000 per hectare
Garage Courts	£550,000 per hectare
MOD sites	£650,000 per hectare
Employment sites	£900,000 per hectare
Residential low value	£1,015,000 per hectare
Residential medium value	£1,285,000 per hectare
Residential high value	£1,530,000 per hectare

B2.7 The report highlights the fact that the study has taken place at a low point in the market and that future monitoring of market values will be necessary to inform the Council's future monitoring of appropriate CIL levels.

B2.8 In terms of residential development the study identifies three different levels of sales value that could be applied to different locations in the Borough. The lowest value would be applicable to some locations chiefly in the north of the Borough, the mid-range to locations in the centre and rest of the north of the Borough and the highest value applied to locations in the south and west of the Borough.

B2.9 Valuation outcomes show that there is, currently, no viable means of charging CIL in the lowest value locations. In other locations the report suggests a CIL rate of up to £100 per square metre, although there are likely to be specific instances in the mid-range locations where flexibility is required in the imposition of preferred affordable housing requirements if this level of CIL is to be achieved.

B2.10 We have suggested that the Council could also consider a CIL charge of up to £100 per square metre on those developments in mid to upper range locations that fall below the policy threshold for providing on-site affordable housing.

B2.11 The ability to charge CIL, while also maintaining viability, relies upon the total sales revenue from a development exceeding the development costs, such that the residue will provide for both the CIL charge and an adequate land value, when measured against the above viability thresholds. In this report, we have represented residential sales values through the Value Points table (see Appendix 2), where lower Value Points imply lower value. It should be noted that, whilst Value Points 2-4 represent researched values, Value Point 1 would imply a fall in value from Value Point 2, while Value Point 5 would imply a rise in value from Value Point 4. In this way we can see the impact of a rise or fall in the sales market, from the researched values.

B2.12 The broad locations of different CIL charges are shown on the map at the end of the report, represented as zones 1, 2 and 3, with a separate category for the Waterfront site.

B2.13 More specifically we could say, therefore, that the Value Points are designed to apply to these locations, such that Value Point 2 would relate to the lower value locations, at zone 1, Value Point 3 would relate to mid-range locations, at zone 2, and Value Point 4 would relate to the higher value locations to the west and south of the Borough, at zone 3.

This is also discussed in section B9.2, below.

B2.14 The broad conclusions of the residential section of the study are in line with those of the DTZ 2010 affordable housing viability study, namely the fact that viability remains challenging in the lowest value locations.

B2.15 However, the report also makes clear that unless the economic climate improves before the introduction of CSH level 5 in 2016, almost all residential development in the Borough will struggle to achieve viability.

B3. Hypothetical Sites

B3.1 The first fundamental point to make is that part of the study consists of the testing of hypothetical, or notional sites. These are not actual sites, but are developed by parameters that have been agreed with the Council. The implication of this is that we are creating a series of unit numbers and densities that reflect those that might be experienced across the Gosport Borough Council area.

B3.2 The advantage of notional sites is that they can be created to represent a full spread of scenarios, in such a way that maximises the chances of the outcomes reflecting most situations. To rely on actual sites for this part of the study would risk the study being based upon a narrow range of scenarios, particularly at a time when a reduced number of developments is being undertaken.

B3.3 One of the considerations in assuming notional sites is to ensure that the valuation inputs reflect the experience of developers on the ground in the area. We have addressed this situation by seeking information locally for the inputs into the study, as discussed further below and have combined this with our wider experience of these studies, alongside published data for such inputs as build costs.

B3.4 In formulating the mixes, our methodology has been to set targets for floor area per developable hectare and then apply an appropriate mix that sits within this floor area.

B3.5 Appendices 1A and 1B shows the adopted mixes for the study at various densities, together with the assumed floor areas for the different dwelling types. They also show the split of tenure types, at 40% (as per Council policy) and 30% (for sensitivity testing) affordable housing.

B3.6 In drawing up these mixes, we needed to adopt a standard that would allow us to say that a particular mix is appropriate for the scenario in question. Since we are using land values per hectare as our viability criteria, we are applying the unit numbers to sites of specific sizes, dictated by the different densities. For example, 25 units at our density level of 80 dwellings per hectare results in a site area of 0.31 hectares. On the other hand, 15 units at a density of 35 dwellings per hectare results in a site area of 0.43 hectares. Each density scenario will imply, therefore, a different mix of units, as shown in Appendices 1A and 1B.

B3.7 We adopt a standard that relates to the floor area that can reasonably be accommodated on a site for a speculative housing development. Through past experience and discussions with developers, we believe that it is reasonable to base our housing mixes on an accommodation level of between some 3,800 square metres per hectare, and 4,800 square metres per hectare. The latter might apply where a block of flats has a particularly high number of floors. The resultant accommodation levels per hectare can be seen in the right hand columns of the tables at Appendices 1A and 1B.

B3.8 It was agreed that we would test sites of 10, 15 and 25 units for viability with on-site affordable housing. These were to be tested at densities of 35, 45, 60 and 80 dwellings per hectare, with developments of 25 units to be also tested at 100 dwellings per ha. These numbers and densities are designed to reflect the range of developments that might arise across the plan area, although they are not intended to include more strategic sites, where an element of off-site infrastructure might be required.

B3.9 The study does not cover instances where an entire development is intended to consist of affordable housing, since the Council's policy is that no CIL will be payable on affordable dwellings. In these instances, CIL will have no impact on a site's viability.

B4. Appraisal Modelling

B4.1 In order to assess the viability of the different sites, we use a valuation toolkit that carries out a residual land valuation, the result of which is then compared to either existing or alternative land values. The residual appraisal is, essentially, a calculation of land value that deducts all anticipated costs of a project from the expected revenues to leave a "residue" that will be available for the land purchase. It needs to be remembered that this residue will include the costs of acquiring and financing the land, so it is the net land figure that is of interest, when comparing to other potential uses for viability purposes. This is discussed further below.

B4.2 The residual land valuation relies upon a series of inputs. These inputs would set out:

- The number, mix and floor area of the units to be built.
- The values attributable to these units, leading to a total sales revenue.
- The build costs of the units, leading to a total build cost.
- The professional fees and pre-start site investigations that would be required.
- The finance costs.
- The required profit.

These inputs should relate to the same moment in time, since many of the values will vary with market conditions.

B4.3 With regard to methodology around the appraisal inputs, we would make the following comments:

B4.3.1 In order to ascertain the current appropriate levels of the various valuation inputs, we made contact with developers who build either in or close to the plan area. We conducted telephone discussions with them, focussing primarily upon the key valuation inputs of build costs, finance cost, fees and profit. The other major input of sales values was covered separately by ourselves as part of the market research.

B4.3.2 The developer response was limited, but we believe that our experience of these studies, together with published data, has allowed us to derive robust inputs for the local area.

B4.4 The following headings set out the background to both assessing viability and creating the valuation inputs that result in the land values for each scenario.

B5. Viability and Viability Thresholds

B5.1 Viability is at the heart of a study such as this and it is, therefore, important that we define what we mean by the term.

B5.2 In essence, viability is the measure by which a project will be judged to be worth pursuing. The way in which viability is measured will depend upon individual circumstances, which will vary between, for example, a landowner and a developer that might be interested in purchasing the land.

B5.3 From the developer's point of view, the main measure of viability will be the profit generated by the project, assuming a specific land value. Sufficient profit is required in order to provide an incentive to proceed with a project, while also being necessary to attract funding. The attitude of lenders will relate to risk and the required profit level will rise and fall with the assessment of that risk. In times of economic difficulties, such as we are currently experiencing, there will be a perception that sales will be slower and at, possibly, falling levels, with the result that more profit is required.

B5.4 The landowner, on the other hand, has other considerations when deciding to bring his land forward for housing, the main ones being an existing use value or the value of an alternative use that might receive planning permission. The levels of any alternative value will vary, depending upon both locational factors and the specific alternative use that might be feasible.

B5.5 For the purpose of studies such as this, we are basing our assessment of viability on the land values that arise from the valuations of the different residential development scenarios. Each scenario will produce a different land value, based upon factors such as density, sales values and build costs. If we express the land values, produced by the valuations, in terms of sums per hectare, then we can compare these to the existing or alternative uses that could apply to the site.

B5.6 In this connection, we use the term "viability threshold" to describe the point at which a land value per hectare exceeds either the existing use value or the value of alternative uses.

B5.7 In order to make viability comparisons with different land uses, we need to establish values for the range of alternative uses that might be applicable. For the current study, we have considered the existing/previous uses of sites that form the anticipated housing supply of the draft Local Plan 2011-2029. These sites are listed as follows:

Site	Existing use
Gosport waterfront	Industrial
Daedalus	Former MOD land, with aviation hangars etc
Royal Hospital, Haslar	Former MOD hospital. Heritage issues.

Priddy's Hard Heritage area	Former MOD industrial site. Heritage issues
Stoners Close	Residential garage court
Wheelers Close	Residential garage court
Lapthorn Close	Residential garage court
Magister Drive, Cherque Farm	Greenfield
Windfall sites	Residential, industrial and derelict sites

B5.8 From this list, it will be seen that the identified sites have a range of existing uses, from the Greenfield use of the site at Cherque Farm to the residential uses, of some of the anticipated windfall sites. Each of these uses will have its own existing value, although this needs to be considered alongside the likelihood of planning policy allowing a continuation of the same use. We will, therefore, discuss each of the most likely alternative uses in turn.

B5.9 Greenfield

B5.9.1 It is accepted that there will be few Greenfield sites in an urban location such as Gosport. We need to establish, however, an existing use value for those sites that might arise. In light of the fact that Greenfield sites are usually a lower priority for development than brownfield sites, that have been previously developed, landowners will often agree to sell the land through an option agreement. This option agreement would, typically include a minimum land price to be achieved before a sale will take place. In our experience, this minimum price is set at around £450,000 per hectare, reflecting the relatively low value of what would, otherwise, be an agricultural use.

B5.10 Industrial/Employment

B5.10.1 We also need to consider, however, sites that might be in an existing employment or commercial use, such as the Waterfront site. In this connection, we can consider both published information and also the outcomes of our work on the non-residential uses for this study. The latest published information from the VOA dates from January 2011, at which time they gave an industrial land value for Southampton of £1,145,000 per hectare. We believe that Gosport values would be some 20% less than Southampton, resulting in a level of £916,000 per hectare. In this connection we should note the mid-range employment use figure of DTZ at £995,000 per hectare whilst their lowest value for employment uses is £290,000 per hectare. Taking this into account alongside our work on the non-residential uses, we believe that it would be appropriate to adopt a figure of £900,000 per hectare for existing industrial/employment uses.

B5.11 Former MOD Land

B5.11.1 From discussions with Council officers, we believe that it would be reasonable to apply an employment-based alternative use to the MOD sites that form part of the

Council's anticipated housing supply. It is the case, however, that these sites are characterised as including existing buildings that would need to be retained and converted, as well as heritage features that would need to be retained in any new scheme.

B5.11.2 In order to assess a viability threshold for such sites, we have referred to the office appraisal that is included as part of the non-residential report, specifically to the section that deals with the existing use value. This is in light of the potential for the MOD buildings to be used as offices. We have applied the following assumptions, when arriving at an estimate of existing use value:

- The structure will offer a sufficient floor-to-ceiling height that would accommodate suspended floors and ceilings, as might be necessary to meet modern office standards.
- Site cover of 33%.
- Refurbishment costs at £540 per square metre.
- Fees at 10% of build cost.
- Net rental capitalised at 10%.

B5.11.3 In addition, it is likely that a refurbishment of these buildings to a different use would result in a longer build period than would otherwise be the case for a more conventional office building.

B5.11.4 The outcome of this appraisal is an alternative use value that would equate to £656,000 per hectare. We consider it reasonable to assess the development scenarios against this viability threshold, as part of the overall viability assessment.

B5.12 Garage Courts

B5.12.1 We have seen from the Council's anticipated housing supply that a number of new homes are expected to be provided on the sites of garage courts that are currently owned by the Council, being located within existing social housing complexes. We understand that these garages have a low level of usage, hence the justification for redevelopment. This low level of usage also results in a lower existing use value, especially if the locational factors imply that this situation is likely to persist.

B5.12.2 We do need to recognise, however, that these garage court sites will have a value to the Council that arises from the fact that they can facilitate new development, without the need to acquire land or redevelop existing housing. We would suggest that this value would be less than the value of employment land, but that it would be higher than the value of Greenfield sites. On the other hand, the Council might take the view that any notional value in the garage courts is cancelled out by the ongoing maintenance liability. We would propose, however, a viability threshold for the garage courts of £550,000 per hectare, but would need to bear in mind the fact that maintenance costs might result in a lower value.

B5.13 Residential

B5.13.1 We have seen, above, that the identified housing supply is expected to be provided on sites that are currently in employment, garage court or Greenfield use. It is also assumed, however, that a proportion of the expected windfall sites will be in current residential use, which is potentially the highest existing use value.

B5.13.2 An analysis of the impact of a residential viability threshold is limited by the fact that site-specific issues will have a significant bearing upon the viability outcome. For example, if only part of a residential property is being developed, then the extent of any fall in the value of the remainder will depend upon a number of factors. These will include the value and condition of the existing property, whether the new development enjoys a separate access and the physical impact of the new development upon the existing.

B5.13.3 On the other hand, if the entire property is being redeveloped, then the viability of the proposal will be dictated by the value of the existing in relation to the value of the completed development. If the existing house is in a good condition in a high value location, then viability is likely to be difficult. If the existing property is either in a poor condition in a good location, occupies only a small part of the site, or both, then the value of the new development in relation to the existing will be higher and viability will be improved. In most instances, we believe that viability will be better where only a part of a residential property is taken for development.

B4.13.4 In the above examples, we see that a viability threshold needs to exceed either a reduction in value resulting from development, or a total loss of an existing value.

B5.13.5 The VOA can offer some guidance as to prevailing levels of residential land value. The figure for Southampton is £1,700,000 per hectare. In order to assess the difference in values between Southampton and Gosport we have looked at Home.co.uk, which gives price comparisons for different locations. If we compare prices between Southampton and Gosport, we see that, based on August 2012 figures, the price of detached houses in Gosport is higher than in Southampton. For smaller houses and flats, however, Gosport is seen to be cheaper by 4 to 14%. We would estimate, therefore, that general Gosport prices would be some 10% lower than Southampton, and that this would translate into a residential land value for Gosport of approximately £1,530,000 per hectare.

B5.13.6 We need to adopt different residential thresholds to reflect the different sales value levels that are represented by the Value Points shown at Appendix 2.

B5.13.7 If we use the value of £1,530,000 per hectare as a starting point, then we need to make an assessment of where this value sits in terms of our sales values, as set out in the Value Points table at Appendix 2. This is because the different sales values across the Borough are likely to have the greatest impact on land values, thereby allowing us to assess the range of land values that should be adopted.

B5.13.8 In order to assess the price to be paid for a site, a developer is likely to carry out a similar valuation to those prepared for this study, taking into account prevailing planning policy in relation to such matters as affordable housing.

B5.13.9 The land value outcomes shown on the table at Appendix 5A relate most closely to current planning policy, requiring 40% affordable housing at CSH Level 3. The resultant land values per hectare could, therefore, be said to represent the prices that a developer might pay for land in current circumstances. From this Appendix, we would say that a land value of £1,530,000 per hectare would fall within Value Point 4. From here, we would then assess appropriate land values that would form the viability thresholds for Value Points 2 and 3.

B5.13.10 At this point we should stress that we are not expressing opinions on the value that land will inevitably achieve in the marketplace. This will be governed by not only the developer's appraisal, but also by the state of the market and the developer's own circumstances and attitude to risk. For this exercise, we are looking to generate a robust basis for proposing different viability thresholds in different value locations.

B5.13.11 If we conclude that a residential viability threshold of £1,530,000 would apply to our Value Point 4 on the Value Points table, then we need to assess the thresholds relative to Value Points 2 and 3. We have suggested above that the greatest influence on land value, in the residual appraisal, is the level of sales values. In order to apply viability thresholds to Value Points 2 and 3 we have, therefore, looked at the percentage difference in average sales values for the different house types, compared to Value Point 4. From this we see that Value Point 3 is 16% lower than Value Point 4, while Value Point 2 is 21% lower than Value Point 3. If we translate this into viability thresholds, we see the following:

Residential threshold VALUE POINT 4:	£1,530,000 per hectare
Residential threshold VALUE POINT 3:	£1,285,000 per hectare
Residential threshold VALUE POINT 2:	£1,015,000 per hectare

B5.13.12 By way of summary, the thresholds that we will use to assess viability in this residential section of the report will be:

Greenfield	£450,000 per hectare
Garage Courts	£550,000 per hectare
MOD sites	£650,000 per hectare
Commercial/employment existing use	£900,000 per hectare
Residential existing use	£1,015,000-£1,530,000 per hectare

Later in the report, in the Findings section, we discuss the valuation outcomes against these viability thresholds.

B5.13.13 We should repeat that these viability thresholds are not site valuations in the individual uses. A particular site would need to be valued on its own merits, using site-specific costs and values. The viability thresholds indicate the land values per hectare that, we believe, would need to be achieved in order to persuade landowners/developers to release land for development.

B5.13.14 Finally, in connection with the viability thresholds, we need to consider whether it is appropriate to add a premium to these values. In the non-residential report, we see that viability thresholds are calculated by making an assessment of site value with an assumed level of existing accommodation, prior to redevelopment. This reflects the current value of the site to the landowner, to which a premium of 20% has been added, providing an incentive to sell the land.

B5.13.15 With regard to the residential report, we have seen that it is possible to identify a number of sites that make up the anticipated housing supply, ranging from greenfield to industrial land and including the redundant MOD sites. With regard to these housing supply sites we believe that, in most instances, a decision has been made that a site is surplus to requirements and that it will be sold for development. In these circumstances, therefore, we do not believe that the incentive premium is necessary for the land to be delivered for development. It is, however, possible that some of the windfall sites would only come forward for development, in the event that a sufficient premium over existing use value was applied. We believe that this could apply particularly to the existing residential sites.

B5.1316 We shall not, therefore, apply a premium as a matter of course; we will, however, consider the impact on viability of the premium in certain circumstances, as part of the Findings section.

B6. Profit

B6.1 Profit is the point of a project, and so its measure is a vital factor in assessing viability. Profit requirements will vary according to market conditions and current conditions are leading to higher profit expectations, particularly from lenders. Since profit is, perhaps, most associated with anticipated sales risks, it is common to express it as a percentage of the anticipated sales revenue.

B6.2 On the other hand, sales risk is greater from the market housing than from the affordable housing. We adopt, therefore, different profit levels for each sector.

B6.3 The appraisal model produced by the Homes and Communities Agency is commonly used as a tool for carrying out residual land valuations. This assumes profit levels of 17.5% for market housing and 6% for affordable housing. With the uncertainties in the current market, however, the responses from the developers, along with our own experience, indicates that we should be assuming profit levels of 20% for market housing, with 6% for the affordable housing.

B7. Build Costs

B7.1 We asked developers for their views on build costs for both houses and flats, excluding abnormal costs, but including an allowance for Lifetime Homes and preliminary costs, and assuming CSH Level 3. The brief from the Council was to run the build costs, assuming Levels 4 and 5, so we have made additional allowances over Level 3 to cover this.

B7.2 For studies such as this, it is also common to have regard to the build costs produced by BCIS, being a building cost index for a range of property types and locations. We set out below the latest build cost figures from BCIS for the different house types, being the upper quartile levels that they have recorded from their sample sites. These are weighted by BCIS for Hampshire. It should be borne in mind that BCIS figures are quoted net of externals costs. As a rule of thumb, we add 15% to the costs to cover this item:

- Two storey estate housing — £908 per sq. m + 15% = £1,044 per sq. m
- Three storey estate housing — £921 per sq. m + 15% = £1,059 per sq. m
- Estate housing - terraced — £975 per sq. m + 15% = £1,121 per sq. m
- Flat - 3-5 storey — £1,098 per sq. m + 15% = £1,263 per sq. m

B7.3 For CSH Level 3, we have adopted build costs of £1,100 per sq. m for houses and £1,200 per sq. m for flats.

B7.4 For the extra costs above CSH Level 3, we referred to the CLG document "Cost of Building to the Code for Sustainable Homes Updated Cost Review" dated August 2011. From this we applied the additional costs to go from Level 3 to 4 and 5

The build costs used in each scenario are:

Cost of Code Level 4:	Houses:	£1,140 per sq. m
	Flats:	£1,240 per sq. m
Cost of Code Level 5:	Houses:	£1,300 per sq. m
	Flats:	£1,400 per sq. m

B7.5 We should point out that these costs are in addition to any s.106 cost or CIL charge. We have not made any allowance for section 106 costs for the notional sites.

Other valuation inputs used were:

- Percentage build cost for professional fees: 7%
- Percentage of sales revenue for sales and marketing costs: 3%
- Finance rate: 7.0%
- Build cost contingency: 3%

- Profit on market housing: 20%
- Profit on affordable housing: 6%

B7.6 It should be noted that the allowance for professional fees excludes planning application fees, surveys and insurances, for which additional allowances are made. Furthermore, we make an allowance for site surveys, which might include soils, topographical and ecology and take the view that a degree of site preparation is inevitable before construction of individual units can commence. A further allowance is made for this.

B8. Affordable Housing

B8.1 We agreed with the Borough Council that we would test the various scenarios at an affordable housing proportion of 40%, being the Council's preferred position. We then decided that, in the light of both the DTZ findings and potential emerging viability findings, that we should also consider an affordable housing proportion of 30%. A lower proportion allows the Council to understand the potential implications of reducing the affordable housing requirement in specific circumstances, depending upon the weight that it wishes to apply to various policy considerations.

B8.2 As stated above, we agreed with the Council that affordable housing should reflect both affordable rent and social rented tenures, as follows:

- Modelling with affordable housing at 40% of the total number of units in each scenario.
- The rented element of affordable housing should comprise 65%, with shared ownership making up 35%.
- The rented element should be made up of 75% affordable rent at 80% of market rent levels, and 25% social rent.

B8.3 With regard to the affordable units, our methodology has involved extensive discussions with local registered providers, as a result of which we have proposed revenue figures, as shown as part of the Value Points table at Appendix 2, for all three affordable rented tenures. Figures for the affordable rent tenure have been calculated on the basis of 80% of market rent, with different market rental assumptions at the different Value Points. The revenues for the affordable rented units vary, therefore, by the value of the location and equate to approximately 35% to 45% of the units' market value.

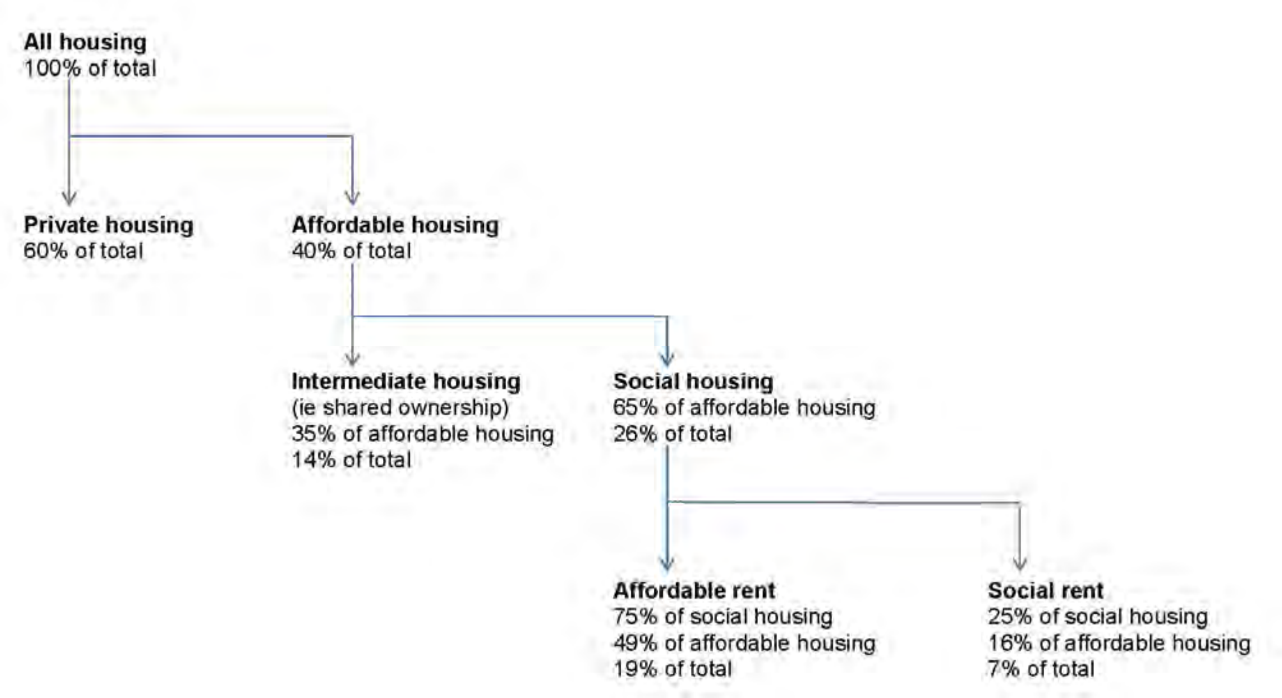
B8.4 The shared ownership units also vary by the value of the location and equate to approximately 65% of market value.

B8.5 We have not changed the revenues attributable to the social rented units for different market values. They remain the same for each house type across the value bands. As a guide, however, the revenues for the social rented units equate to between 25% and 35% of market value, with the lower percentage relating to the more expensive locations.

B8.6 We are attaching a table, Figure 1, which illustrates the breakdown of the assumed affordable housing tenures.

Figure 1

Percentage Splits of Different Housing Tenures - as per Gosport housing policies 2012



B9. Sales Values

B9.1 Our sales research was carried out during the second half of 2012. It took the form of both online research, mainly from Rightmove, and on-the-ground research in the locality. Our priority was to research values for newbuild developments across the plan area, since it is these developments that would provide a large proportion of the Council's affordable housing stock, whilst also incurring a level of CIL charge. Where there was a lack of newbuild evidence, we considered second-hand properties that had recently been built on speculative estates that would correspond as closely as possible to those that form the basis of our valuations, as set out in the tables of mixes and numbers, in Appendix 1A. The prices quoted to us for the individual properties will be asking prices. Our enquiries in respect of the newbuild developments revealed that developers would sell at a figure below the asking price, especially at the tail-end of a development or if the purchaser was in a good position to proceed. Our adopted values, for both the Value Points table and the Gosport Waterside, take this reduction into account.

Our initial comments are in respect of the notional sites.

B9.2 The CIL regulations allow different levels of CIL to be charged in different geographical areas, subject to viability. As part of the sales research, therefore, we considered which locations within the plan area might correspond to the individual Value Points on the Value Points table. We should point out that, in some locations, there is little evidence from which to draw robust conclusions as to prevailing value levels, but we would suggest that the area could be divided in the following way, according to the three Value Point levels. The different zones refer to the map at the end of the report.

Value Point 2 (map zone 1)	Lower value locations, mostly in parts of north of Borough
Value Point 3 (map zone 2)	Mid-range locations, generally in the centre and rest of the north
Value Point 4 (map zone 3)	Higher value locations, in the south and west.

B9.3 We would reiterate the fact that the researched value levels are represented by Value Points 2-4, as above. Value Point 1 represents a fall in values from Value Point 2, while Value Point 5 represents a rise in values from Value Point 4, in order for the modelling to retain a measure of relevance if prices move up or down.

B9.4 In some instances we consider that a particular location falls between two Value Points. This is taken into account when we assess land value outcomes from the appraisals. For example, a particular location might have values that fall between Value Points 3 and 4. In this instance, we would assess viability by taking into account the land value outcomes relating to both Value Points.

B9.5 In addition, the layout of the Value Points table allows the impact of differing market conditions to be assessed. For example, in a rising market we might see the values in Value Point 2 rise to those of Value Point 3, with corresponding movements in the higher Value Points. Conversely, a falling sales market might see a move from, say, Value Point 3 to Value Point 2.

B9.6 The sales research builds up to the figures that are shown in the Value Points table, attached as Appendix 2. The Value Points table shows the range of values that would be applicable to the house types being used in the study.

B10. What the Residential Appendices Show

B.10.1 Introduction – The Residential Sales Market

B10.1.1 In this section, we will begin with a consideration of the residential sales market, before we consider the findings of the individual appendices, which contain the results of our research and valuations.

B10.1.2 When considering a policy position in relation to CIL, it is important to understand the current state of the residential sales market, from which a feel can be gained of the potential financial pressures that house builders and developers might be experiencing. There is much published data about the residential market, but we have looked at two of the more significant surveys, being those produced by the Royal Institution of Chartered Surveyors (RICS) and the Homes and Communities Agency (HCA). It should be borne in mind that these two surveys are on a countrywide basis and will, therefore, mask the more positive situation that is sometimes reported for the south of England.

RICS Housing Market Survey February 2013

- Stable price picture at the national level.
- Surveyors remain optimistic about the next 12 months. Part of the reason for optimism is the improvements in the lending market.
- The London market remains the standout performer, with surveyors seeing more modest price gains in the south-east.
- One Portsmouth agent reports increasing instructions and viewings. Offers are moving closer to asking prices.

HCA Housing Market Bulletin April 2013

- London continues to be the main impetus to rising national house prices.
- Mortgage lending is increasing.
- Office for National Statistics says that average UK prices rose by 1.9% in the year to February 2013.
- The Land Registry says that prices in England and Wales increased by 0.1% in March
- Lending to first time buyers was 17.6% higher than in February 2012.

B10.1.3 Following is a description of the residential appraisal appendices (Appendices 1-7 of the report), and interpretation of the data they contain.

B.10.2 Appendices 1A & 1B

B10.2.1 These are the tables of housing mixes for the notional sites, assuming affordable housing proportions of 40% and 30% respectively. It is these sites (i.e. theoretical developments) on which the analysis is based. They represent typical developments that have occurred in Gosport, in terms of dwelling numbers, mix of dwelling types and sizes, and types of tenures.

B10.2.2 These tables are designed to illustrate the basis of the valuations for policy compliant sites. They are presented, therefore, as a matter of record, as opposed to offering particular findings.

B10.2.3 The unit numbers, affordable housing proportions and densities were agreed with the Council. Each table shows the number of units, the density as dwellings per hectare and the resultant land area for each scenario. The numbers of each house type, together with its floor area, are then shown and these result in total floor areas at the right hand end of the table.

B10.2.4 In order to satisfy ourselves that the mixes are reasonable, we have set a site coverage parameter of between approximately 3,800 square metres and 4,800 square metres of floor area, excluding garages, per hectare. The final column of each table shows the actual floor area per hectare of each scenario. This range is intended to reflect the different levels of accommodation that might be expected on sites of differing densities in the Gosport area.

B10.2.5 With regard to the affordable housing element, it was agreed with the Council that this would be modelled on the following basis:

- Initial modelling of affordable housing at 40% of the total number of units in each scenario.
- The rented element of affordable housing should comprise 65%, with shared ownership making up the other 35%.
- The rented element should be made up of 75% affordable rent at 80% of market rent levels, and social rent making up the other 25%.
- Subsequent modelling of 30% affordable housing, on the same split of tenures.

B10.2.6 The housing mixes also show numbers for 10 and 15-unit sites that exclude affordable housing, with a view to testing the impact on viability of the Council's current affordable housing policy (15 dwellings threshold) and proposed policy (10 dwellings threshold) on this basis.

B10.2.7 It should be noted that the number of units on a development affects the achievable mix of affordable dwelling sizes and types, especially in smaller developments, as the affordable housing requirement of 30% or 40% means that the full range of affordable dwelling types and sizes is restricted.

B.10.3 Appendix 2

B10.3.1 This is the Value Points table that results from the sales research. The sales research considers newbuild and, where there is little newbuild evidence, comparable second hand properties. It was carried out in two tranches, the first at the outset of the study and the second later on during the course of the study, with a view to obtaining a spread of values, from which the Value Points table could be produced. The Value Points table attributes both market and affordable housing values to the house types that are used in the subsequent appraisals.

B10.3.2 With regard to market values, the principle of the table is that it represents the range of values attributable to each house type as a series of Value Points, in this case ranging from Value Point 1 to Value Point 5. The values that result directly from our sales research are shown as Value Point 2 to Value Point 4. Value Point 1 is then showing the impact of a fall in values from Value Point 2, while Value Point 5 represents a rise in value over Value Point 4.

B10.3.3 The Value Points table can, therefore, be used to illustrate not only typical values for a location today, but also the viability effect of value movements, either up or down.

B10.3.4 Later in the report, we will be highlighting the percentage difference in value between the different Value Points. At this stage, it is sufficient to comment that Value Point 3 values are, on average 16% lower than Value Point 4, whilst Value Point 2 values are 21% lower than Value Point 3.

B10.3.5 In addition to market values, the Value Points table also shows our assumed revenues for the affordable housing tenures, being shared ownership, together with affordable rent and social rent.

B10.3.6 We should point out that the Value Points principle is only used in the context of the notional sites. For the Gosport Waterfront, we can apply specific values to the specific location.

B10.3.7 The sales research was carried out across Gosport Borough, in order to achieve as broad a cross-section as possible of prevailing values.

B10.3.8 The initial research was carried out at the beginning of the study, since the outcomes of this are required for the different valuations. In addition, however, we also revisited the information, with a view to obtaining as broad a cross-section of values as possible.

B10.3.9 The table of Value Points is a distillation of the sales research into Value Points 1 to 5. We would repeat the fact that the researched values span Value Point 2 to Value

Point 4 for each house type, while Value Point 1 represents a fall in values, with Value Point 5 representing a corresponding rise in values. In respect of the sales research, therefore, the main findings are, firstly the sales values as set out in the Value Points table and, secondly, the suggested hierarchy of settlement values, as set out above, but repeated below for ease of reference.

Value Point 2 (charging zone 1)	Lower value locations, mostly in parts of the north of the Borough.
Value Point 3 (charging zone 2)	Mid-range locations, generally in the centre and the rest of the north.
Value Point 4 (charging zone 3)	Higher value locations, in the south and west of the Borough.

B10.3.10 It is worth highlighting one particular finding from the Value Points table, where it will be noted that we are attributing similar values to both the 2-bedroom houses and apartments, whereas in most instances the houses would be worth more. In the context of Gosport, we see that a proportion of the apartments are in developments that have an element of sea view. We believe that this would allow the units to appeal to a wider market, including the buy-down market, with the result that prices rise for these apartments. On the other hand, we believe that a 2-bedroom house would be less likely to have water views. They will, therefore, appeal to a more restricted market, being the traditional buyer moving up the property ladder, for whom the availability of mortgage finance could restrict the ability to pay higher prices.

B10.3.11 We have commented above on the percentage difference in values between Value Points 2 to 4, where Value Point 3 is 16% lower than Value Point 4 and Value Point 2 is 21% lower than Value Point 3. We use these percentages when we are assessing appropriate residential viability thresholds, against which to measure the viability of the different scenarios in the following appendices.

B10.3.12 In connection with the lower value locations, represented by Value Point 2, it will be noted from the appendices that viability in these locations is not good, based upon the sales levels researched in the second half of 2012. We have considered more recently whether the sales market in early 2013 would allow a more positive view to be adopted, taking into account any later sales evidence. At the same time, we are also aware of work that has been undertaken by officers of the Council to assess the past sales performance of the area, particularly relating to that part of Rowner, into which significant sums of regeneration money have been invested by the Rowner Regeneration Partnership.

B10.3.13 Whilst we do not believe that the more recent sales research would allow a different view of viability at today's date, it would appear that the regeneration has resulted in comparatively faster rises in values for Rowner, compared to rises that might have been experienced elsewhere in the Borough. Whilst this growth might have been from a low base position, it could indicate the potential for Rowner to close the value gap with neighbouring areas, as the regeneration scheme approaches completion.

B.10.4 Appendix 3

B10.4.1 This relates to Appendix 2, in that it shows the build-up to the affordable rent revenues that are included in the Appendix 2 table. We have set the affordable rent revenues at 80% of market rent. Market rents have been assessed separately for the three charging zones suggested by the locations of the three different ranges of Value Points, from which a capital value is derived. We have used the capital value as the assumed revenue for this affordable housing tenure.

B10.4.2 This Appendix shows the build-up to the calculation of affordable rent revenues. These revenues have been used in the appraisals that are referred to in subsequent appraisals. We are not, therefore, looking for any particular findings from this Appendix.

B.10.5 Interpreting Appendices 4-6

B10.5.1 These tables indicate, by comparing the residual value of a proposal with the existing use value of the site, the viability of a notional project. The viability can be seen under the set of columns for each of the Value Points. Reading across the table for a given development scenario, as the CIL rate (£ per square metre) *increases*, it can be seen how the viability, as represented by the residual value, *decreases*. Where the residual value is notionally above 20% higher than the existing use value (this additional 20% representing the premium or additional amount needed to persuade site owners to sell for redevelopment), it demonstrates that, in a broad sense, the scenario can sustain the relevant level of CIL. If the figure is negative or less than 20% more than the existing value, the project is regarded as not being financially viable.

B.10.6 Appendices 4A and 4B

B10.6.1 Appendix 4A

This table models viability of developments of less than 15 dwellings (10 dwellings under the draft Local Plan), on which there is currently no affordable housing obligation, and which are built to achieve CSH Level 3. We are testing the extent to which they might be able to bear a CIL charge, and it replicates the current situation whereby contributions are collected under s.106 rather than CIL. It shows all development scenarios are viable at up to £100 CIL, from Value Point 2. This replicates the present situation for development in cases when no affordable housing is required.

Land value outcomes for notional sites, are expressed in three different ways:

- The first value is the actual land value, assuming a specific number of units in a particular development scenario.

- The second value is the percentage that the land value represents in relation to the total revenue, or Gross Development Value. This is often used by the housing industry as an approximate measure of a site's value.

- The third figure is the actual land value converted to the equivalent value per hectare. This allows a direct comparison with the viability thresholds, which are also expressed as values per hectare. The basis of these is discussed later in the report.

(Appendices 5A-5C and 6A-6C are set out in the same fashion.)

In this Appendix we are looking at scenarios with zero affordable housing contribution, i.e. scenarios that would fall below a policy requirement for on-site affordable housing (currently 15 dwellings, and proposed in the draft Local Plan, to be reduced to 10 dwellings), and at the current CSH requirement for construction to Level 3. We would expect, therefore, that these sites could bear a CIL charge whilst remaining viable. At Value Point 2 we see that viability against the thresholds would allow a CIL of £60 per square metre against an existing use value of £650,000 per hectare, being the rate that we have attributed to the MOD sites. However against a residential existing use of £1,015,000 per hectare, there is a limited number of scenarios that are viable. At Value Point 3, however, we see that a CIL charge of £100 per sq. m results in land values per hectare that exceed our higher residential threshold of £1,530,000. This position is clearly improved further at Value Point 4.

B10.6.2 Appendix 4B

This table is based on the same policy settings as the table at Appendix 4A, other than CSH being set at Level 4, which will apply from October 2013. It also models the viability of developments of 10 and 15 dwellings.

B.10.6.3 Appendices 5A-5C

We should preface our findings in respect of Appendices 5A-5C by making a number of points.

First, we should confirm that we are looking at the land value outcomes against the viability thresholds that we discussed earlier, being those related to various employment and residential alternative uses.

Second, when we are considering viability against the different Value Points, we should relate this to the different geographical locations and values, as identified above. From this, the Council should then consider the potential locations of its future housing stock to assess the likely viability issues that might arise, depending whether that stock is likely to come from lower value locations at Value Point 2, medium value locations at Value Point 3, or higher value locations at Value Point 4.

Third, a pattern emerges from the valuation outcomes, whereby the lowest and highest density scenarios are showing the best viability, whilst the mid-range densities are showing the weakest viability. We believe that this situation would stem from a combination of the mid-range housing mixes and related tenure mixes, and the sales values that have been attributed to them. In setting a CIL rate, therefore, the Council needs to be mindful of the potential viability of different housing mixes and the density levels that are likely to come forward in its housing supply.

Fourth, we need to bear in mind that this exercise is being undertaken at a low point in the sales market, resulting in a particular picture of viability at a single point in time.

B10.6.4 Appendix 5A

Shows a table of land valuations for the notional sites at different densities and testing different levels of CIL, with affordable housing at a proportion of 40% to the total number of units and build costs at CSH Level 3 (the current requirement). For each scenario, we are showing three figures, the last of which is the land value per hectare that we are using as the viability test alongside the viability thresholds, or alternative uses.

It is Appendix 5A that represents most closely the aspirations of the Council in providing on-site affordable housing under current CSH requirements (Code Level 3). At Value Point 2, we see significant viability problems against all the viability thresholds. We see that there are scenarios, at Value Point 3, in which the residential thresholds begin to create viability pressures, although these tend to be in the mid-range densities. The highest density scenarios are comfortably within our highest adopted residential threshold. At Value Point 4 we are seeing viability across all the viability thresholds at up to £100 per square metre. However, this Appendix has been generated using CSH Level 3, whereas the requirements of CSH Level 4, with consequent increased building costs, come into effect later this year (as modelled in Appendix 6B).

B10.6.5 Appendix 5B

This Appendix tests the scenarios at 40% affordable housing, but at CSH Level 4 (applicable from October 2013). In this instance, we still see good viability at Value Point 3, at the lower threshold levels. At the residential threshold for Value Point 3, being £1,285,000 per hectare, we would see viability at the highest development densities, but not elsewhere. At Value Point 4, we believe that there is good viability, to justify a CIL level of £100 per square metre.

B10.6.6 Appendix 5C

We are testing the same scenarios as in Appendices 5A and 5B, but using CSH Level 5 build costs (applicable from 2016). In these circumstances, Value Points 2 and 3 show poor viability, while Value Point 4 shows good viability up to the lowest residential threshold. Beyond this, viability is more marginal, although the highest densities show improved positions.

B.10.6.7 Appendices 6A-6C

As opposed to testing at 40% affordable housing in Appendices 5A-5C, in Appendices 6A-6C we are testing outcomes at 30% affordable housing, again under a range of CIL levels. A 30% affordable housing requirement clearly represents a more favourable position to the developer and this is seen in the land value results. Value Point 2 still shows viability problems, but Value Points 3 and 4 show good viability at all levels, with the exception of some of the mid-range densities.

As with Appendices 5A-5C, we should confirm that we are looking at the land value outcomes against the viability thresholds that we discussed earlier, being those related to various employment and residential alternative uses.

Similarly, when we are considering viability against the different Value Points, we should relate this to the different geographical locations and values, depicted by Value Points 2, 3 and 4.

As with Appendices 5A-5C the lowest and highest density scenarios show the best viability. Even at 30% affordable housing the Council would need to be mindful in setting a CIL of the potential viability of different housing mixes, and the density levels that are likely to come forward in its housing supply.

We repeat that this CIL appraisal is being undertaken at a low point in the sales market, resulting in a particular picture of viability at a single point in time.

B10.6.8 Appendix 6A

Shows a table of land valuations for the notional sites at different densities and testing different levels of CIL, with affordable housing at a proportion of 30% to the total number of units and build costs at CSH Level 3. It is therefore the same as Appendix 5A, but with the affordable housing requirement reduced from 40% to 30%. The purpose of this is to test the impact of affordable housing requirements on the ability of development to sustain CIL.

B10.6.9 Appendix 6B

Shows a similar table to Appendix 6A, but assumes CSH Level 4 (applicable from October 2013). At Value Point 3 we see viability starting to come under pressure against a residential threshold of £1,285,000, while Value Point 4 shows good viability against all thresholds, up to a CIL Level of £100 per square metre.

B10.6.10 Appendix 6C

This shows the 30% affordable housing scenario at CSH Level 5 (applicable from 2016). At Value Point 3 we see marginal viability at the lowest viability thresholds, while Value Point 4 shows good viability in all but the highest residential threshold. There is no viability for any scenario at Value Point 2.

B.10.6.11 Appendix 7

Appendix 7 is a summary viability table, where we indicate the degree of viability through the use of a "traffic light" system of red, orange and green, to allow a quick identification of those scenarios that are showing viability (green), those that are not (red) and those that are marginal (orange). This table summarises the land value outcomes of Appendices 4A/B, 5A/B/C and 6A/B/C and compares them to a series of existing use values.

In addition, it shows the likely viability of development of the Council's residential site allocations. Existing use values were discussed under the Viability and Viability Thresholds heading (part B5) and it will be recalled that that they derive from both existing residential uses and the alternative uses that might apply to the identified sites in the draft Local Plan.

B10.6.12 Whilst Appendices 4A/B, 5A/B/C and 6A/B/C do not make direct reference to the adopted viability thresholds, against which we are measuring the land value outcomes, Appendix 7 now introduces these thresholds and is, therefore, the most significant Appendix when considering appropriate CIL levels in different circumstances. These circumstances are represented in the left hand columns through different unit numbers, affordable housing proportions and Code Levels.

B10.6.13 The "traffic light table" is a more pictorial representation of the outcomes in Appendices 4A, 5A/B/C and 6A/B/C. It assesses each scenario from the appendices 4A/B, 5A/B/C and 5A/B/C against each of the adopted viability thresholds and summarises the viability for all densities within that Appendix. We would summarise the outcomes as follows:

- Appendices 4A and 4B shows outcomes with no on-site affordable housing, at CSH Levels 3 and 4 respectively. There is, therefore, a greater ability for these sites to absorb a higher level of CIL, since the affordable housing cost is zero. This is reflected in the ability of Value Point 2 locations to absorb a CIL of up to £60 per square metre, when measured against a threshold value of £650,000 per hectare, while Value Points 3 and 4 might take a level of up to £100 per square metre, even when measured against their higher residential thresholds.

- In other scenarios, with on-site affordable housing, Value Point 2 is not showing sufficient viability to warrant a higher CIL charge.

- Value Points 3 and 4 generally show good viability, except in residential locations with the highest existing use values.

- The table shows the impact on development viability and thus CIL viability of increasing the CSH levels, as from Appendix 5A, to 5B and then to 5C. It also shows the additional viable scenarios in Appendices 6A, 6B and 6C, as a result of a theoretical lower affordable housing proportion of 30%.

B10.6.14 From the range of combinations of factors influencing the viability of each notional site, as set out in Appendices 4, 5 and 6, the implications that can be drawn from these are discussed in the next section.

B11. Residential Conclusions

B11.1 The background information for this study has been gathered at a low point in the housing market cycle, producing a particular picture of viability at a single point in time. This should be borne in mind when setting policy in connection with Community Infrastructure Levy.

B11.2 We believe that the Council should consider regular reviews of its CIL charge levels to take advantage of either any significant rise in the market or other adverse impacts upon viability. It should be borne in mind that a variation to the adopted CIL level is likely to require a further viability and consultation exercise. The timescale of this will impact on the intervals between CIL reviews. We do believe, however, that the house price surveys, to which we refer above, point to increasingly optimistic sentiment for the sales market which, in the context of Gosport, should benefit from both the "ripple" effect out of London and the apparent greater activity in the first time buyer sector.

B11.3 The study uses notional, but not actual, sites to form the basis of the appraisal modelling, which leads to the land value outcomes, as set out in the tables in Appendices 4-6.

B11.4 To recap, these appendices model the CIL viability of the notional sites, with the variables set as follows:

- Appendix 4A – no affordable housing, at CSH Level 3 (current situation for sites of less than **15** dwellings; reduced to **10** dwellings under draft Local Plan).

- Appendix 4B – no affordable housing, at CSH Level 4 (to apply after CSH Level 4 is introduced in October 2013, and to sites of less than **10** dwellings when Local Plan commences).

- Appendix 5A – 40% affordable housing, at CSH Level 3 (currently situation for sites of more than **15** dwellings; and will apply to sites of more than **10** dwellings under draft Local Plan).

- Appendix 5B – 40% affordable housing, at CSH Level 4 (to apply after CSH Level 4 is introduced in October 2013 to sites of more than **15** dwellings, reducing to sites of more than **10** dwellings under draft Local Plan).

- Appendix 5C – 40% affordable housing, at CSH level 5 (to apply after CSH Level 5 is introduced in 2016 to sites of more than **10** dwellings under draft Local Plan).

- Appendices 6A-6C – are the same at 5A-5C, but with affordable housing at 30% to test the impact of this reduction on CIL viability:

- Appendix 6A – 30% affordable housing, at CSH Level 3
- Appendix 6B – 30% affordable housing, at CSH Level 4
- Appendix 6C – 30% affordable housing, at CSH Level 5.

B11.5 Whilst, in some instances, the land values of the notional sites are very low, this does not indicate that all individual specific sites will have equally low values. The land values in this report are the result of a residual land valuation, in which the outcome is dictated by a series of values attributable to a number of valuation input headings. Ultimately the value of individual specific sites will be dictated, not only by a land valuation exercise, but also by their attractiveness to a buyer in the open market.

B11.6 Community Infrastructure Levy rates should be set at a level that does not push development viability to the limit. We need, therefore, to make assessments of the likely pressures on development, arising out of particular CIL rates, allowing a "buffer" that will accommodate abnormal costs that might arise in site-specific circumstances. We have suggested above that the Council might consider a smaller buffer at a low point in the sales market, reflecting the likelihood of future price rises, rather than falls. In connection with the findings, above, it will have been seen that we have discussed the buffer at a range of 10 to 20% above the relevant viability threshold figure. We believe that this represents an adequate buffer at this level of the market.

B11.7 The valuation outcomes illustrate the differences in viability that can arise both in different value locations and at different densities of development. The higher densities will inevitably imply the provision of smaller units, whilst lower densities will imply larger units. Each of these types will vary in value at different phases of the market, with a resultant impact upon viability. The Council should consider, therefore, the weight that should be attached to achieving viability at different densities and in different value locations, in connection with the anticipated housing supply. Overall the valuation outcomes in the Appendix tables show that, at lower and higher densities of the density ranges tested, there is less development viability and, thus, lower CIL viability, whereas the medium densities show better viability.

B11.8 In today's market, we believe that developers will prefer to develop family houses, as opposed to flats, given the funding constraints that currently exist for first time buyers. At the same time, we believe that a proportion of the future supply of flats in Gosport could have a waterside connotation, resulting in a wider market appeal and a resultant positive viability position for some of these sites. The Council needs to be aware of these development industry preferences in understanding the relative viability of the preferred forms of housing development expressed in its draft Local Plan.

B11.9 Regarding the 10-20% premium over existing use value that might act as an incentive for a landowner to release their land, we do not believe that it is necessary to apply this to the identified, Local Plan sites due to the fact that they have, we understand, been declared surplus to requirements. This means that their owners are prepared to dispose of them whereas, in some cases, an owner will require a premium over the existing use value, in order to offset the costs of relocating, in order to make a site available.

B11.10 It is likely, therefore, that a premium would be applicable to the windfall sites. As a general point, we believe that it is not possible to conclude that a specific premium should be applied in all circumstances. We can say, however, that the level of required premium could have a significant bearing upon viability, to the extent that development land might not come forward for development if the requirements of landowners, in this regard, are too great.

B11.11 We have seen, above, that, in order to ensure a supply of new housing, plan policies should not undermine viability for those sites, on which the Council is relying for its future supply. We have listed those sites above, as shown in the Council's draft Local Plan, and we have noted that they have existing uses that are employment, MOD or residential garage courts. We have also noted that a number of windfall sites are likely to come from existing residential uses.

B11.12 From this, we would conclude that the Council does not need to attach significant weight to sites currently in residential use for its future housing supply and that it can, therefore, consider a CIL charge against less valuable existing sites. In terms of our suggested CIL charges, it is possible that site-specific viability issues might arise on those sites in an existing residential use. We believe, however, that it is difficult to identify the extent of these issues, since it is expected that these sites will come under the heading of windfalls, with no certainty as to their numbers.

B11.13 In Appendices 4A and 4B, we have examined the level of viability for a CIL charge on those sites that fall below the policy threshold for on-site affordable housing. These sites will not be subject to the cost of on-site affordable housing and because all sales would be private market sales would benefit from higher sales revenues. We believe that it is reasonable for this benefit to be reflected in the CIL charge, at a generally higher rate than would apply to those sites that provide on-site affordable housing. In these circumstances, with no policy requirement for on-site affordable housing, we believe that the Council could consider a CIL Level of £60 per square metre in Value Point 2 locations (charging zone 1), and £100 per square metre in Value Point 3 and 4 locations (charging zones 2 and 3).

B11.14 Appendices 5A and 6A (modelled with 40% and 30% affordable housing provision respectively) show that even while the Code for Sustainable Homes remains at Level 3, there is no development viability at Value Point 2, even without CIL, while at Value Point 3, it is only at high densities that development is viable, again, even without CIL. However, when viable, development can sustain up to £100 with 40% affordable housing. At Value Point 4, it is the low and high densities developments that are viable and able to support CIL.

B11.15 Appendices 5B and 6B show that at Code Level 4 (applicable from October 2013), this pattern is repeated, with no viability even without CIL at Value Point 2, whereas the high densities are able to sustain CIL at Value Point 3, and at Value Point 4 the low density developments can also sustain CIL. Although the residual values are slightly lower than at Code Level 3, this suggests that in many cases, the increased burden of Code Level 4 will not have a serious impact on viability.

B11.16 Appendices 5C and 6C show that, regardless of the proportion of affordable housing, the imposition of CSH Level 5 build costs has a significant impact upon viability. A number of points should be borne in mind in connection with this. First, we are imposing current estimates of Code 5 costs, that will only come into effect in future years. It is likely that, by this time, the actual costs of implementing Code 5 will have reduced, largely as the result of improved technology and the cost benefit of higher production levels. Second, these costs are being added to the appraisals, whilst maintaining today's sales values. It is clearly possible that, at the time that CSH Level 5 is implemented, sales values could be higher, thereby improving viability.

B11.17 In summary, where affordable housing is provided on site, we have seen that viability occurs reasonably well at Value Point 4 and in specific circumstances at Value Point 3, with these points tending to represent different broad areas within the Borough. We are not, however, seeing viability at Value Point 2, which reflects the lower value Rowner regeneration area. We believe that differential CIL charges to take this into account are justified.

B11.18 Based upon research carried out within the Council, it is worth noting in respect of the Rowner regeneration area, represented by Value Point 2, that since 2007, values have increased faster than, for example, the adjoining Bridgemary area, which is regarded as being an average part of the Borough in terms of property values. In 2007 Rowner property values were at less than 60% of those in Bridgemary, whereas by 2012, they had increased to nearly 75% of those in Bridgemary. This equates to a 41% increase in values in Rowner, but 11% in Bridgemary over this period. Nonetheless, despite these increases, values are not high enough at present at Value Point 2 to be able to charge CIL when affordable housing is required.

B11.19 The report echoes the findings of the DTZ 2010 affordable housing viability report, in that viability remains challenging in the lowest value areas of Gosport.

B11.20 If the trends of the last five years continue however, CIL with affordable housing is likely to be achievable in the future at Value Point 2. It is important to be aware that CIL viability is a point-in-time analysis, and CIL can only be imposed where the data from current values can justify its being levied, not where there have been past increases.

B11.21 The recommendations arising from these conclusions appear in Part E of the Report.

PART C - NON-RESIDENTIAL DEVELOPMENT ASSESSMENT

C1. Introduction

C1.1 Part C of this report covers development for non-residential uses. At the beginning of the report it was stated that Adams Integra were tasked to consider the viability of a broad range of non-residential uses as categorised under the Town and Country Planning Act (Use Classes Order) 2010. Under the DCLG CIL Guidance there is no obligation for the Council to be constrained by the Use Classes Order for categorising appropriate CIL charging rates. Rather it is whether a particular use is deemed financially viable as to whether a CIL charge is appropriate.

C1.2 Nevertheless the Use Classes Order provides a useful reference point. As many of the Use Classes listed have sub-categories we have looked at all of those types of development we consider most likely to be constructed in the area.

C1.3 These have been broken down into the following:

- Offices (B1a)
- Industrial/warehousing (B1 (b), B1(c) , B2 and B8)
- Retail (including A1, A2, A3, A4 and A5)
- Hotels (C1)
- Student Housing (Sui Generis)
- Residential Care Homes/Nursing Homes (C2)
- Leisure Facilities (D2)
- Community Facilities (D1)

C1.4 Each of these is considered in more detail in the following sections. What should become clear is that the non-residential development industry works on a different basis from the residential markets. The value paid for a residential property is predicated on a quite different set of economic factors. Particularly the demand for a residential property is much more homogenous. Whereas a non-residential occupier may be a number of different types of businesses able to pay quite different values because of the sector they are in. For instance an office-based business considers their property needs in a very different and transient way to a supermarket operator.

C1.5 Furthermore the majority of the non-residential sector needs to factor in growth or negative growth. Hence more 'liquid' leasehold property assets are preferred than freehold property which is traditionally slower to sell and also consumes large amounts of otherwise 'working capital'.

C1.6 As a result of these factors, in most non-residential sectors the freeholds of the leased properties are transacted as investments by the likes of pension funds and property companies. The values that these investors will pay are determined by a range of factors which are explored further on in this section.

C2. Methodology

C2.1 Our methodology follows standard development appraisal conventions which are similar to those used in the report for residential development. We use assumptions that reflect local market and planning policy circumstances. We also consider the approach of neighbouring authorities to ensure consistency.

C2.2 As the Guidance Notes recommend we have used appropriate and available evidence. This has included discussions with local commercial property agents and valuers, research of local values through published data such as from the VOA Property Market Report, the Non-domestic Rating List, EGi, Estates Gazette, Property Week, EG Property Link, Novaloca and other available sources. This has ensured that the data used is up-to-date. Some developers known to be active in the area were contacted to assist in substantiating such data as build costs, land values paid and sales or letting information. Overall the response from this sector was poor and the information gathered from these efforts at local engagement produced limited factual evidence largely due to the commercially sensitive nature of the information being sought.

C2.3 Construction costs for the appraisals are taken from the Building Cost Information Service (BCIS) indices with appropriate regional adjustment. This is an industry standard source based on accumulated actual data.

C2.4 It is noted that the draft Local Plan 2011-2029 at policy LP 38, seeks to ensure that all new non-residential development from 2013 over 500 m^2 achieves a BREEAM 'Excellent' rating unless it is demonstrated to be economically or technically unviable.

C2.5 The Building Research Establishment Environmental Assessment Method [BREEAM] sets the standard for best practice in sustainable building design, construction and operation and has become a widely recognised measure of a building's environmental performance. The BREEAM score is achieved against a number of sections with various sub-divisions of items within those sections. The sections are listed below:

- Management
- Health and Wellbeing
- Energy
- Transport
- Water
- Materials
- Waste
- Land Use and Ecology
- Pollution

C2.6 Environmental weightings are applied to the various sections to produce the final rating. An 'Excellent' rating requires a score of 70% or above.

C2.7 The objective is to achieve a reduction in carbon emissions and to lower the life-time running costs of the building. However there are additional costs that have to be incurred to achieve this goal including the cost of assessment and accreditation. There is little published empirical data available as to what the additional cost of construction is likely to be for the purpose of this report. A study commissioned by the South West Regional Development Agency in 2010 found the 'on-costs' to achieve an 'Excellent' rating in an otherwise naturally ventilated office building is in the region of 4.9%-10.2% of the overall construction costs. The BCIS office construction cost used for Gosport is £1,324 per sq. m meaning an additional £64.88- £135.05 per sq. m.

C2.8 To date a BREEAM rating has rarely been sought by developers in the regional context because of this on-cost and particularly where sales values do not warrant the additional construction costs. Furthermore, the lifetime running cost savings would fall to the occupier where as the developer would usually sell the investment making little if any capital gain.

C2.9 As will be shown later the majority of the non-residential uses covered do not prove viable even without an allowance for a BREEAM 'Excellent' rating. Therefore for the purposes of this report it is assumed that all non-residential development will be constructed to comply with Building Regulations and attainment of the highest Environmental Performance Certificate rating only without an allowance to achieve a BREEAM Excellent rating.

C2.10 However the only non-residential uses where we are recommending a CIL charge is for supermarkets and retail warehouses. Therefore we have tested the viability of these uses only with an additional BREEAM Excellent allowance based on a figure of £70 per square metre as well as compared to outcomes without an allowance. The outcomes are discussed later.

C2.11 When there is more and better evidence available a review of the construction costs can be considered.

C2.12 The other inputs such as interest rates, fee percentages and other costs are taken from standard industry practice appropriate to the type of development.

C2.13 As a result the methodology used has been demonstrated to be robust and compliant with the appropriate guidance.

C2.14 Other than for supermarkets and retail warehouses (discussed later), the appraisals do not make an allowance for S106 contributions so that, in cases where the appraisals produce a surplus available to fund CIL, this recommended CIL rate could be collected under S106, under CIL or under a combination of the two.

C2.15 In order to test the viability of each use we have adopted the same approved residual valuation approach whereby assessing the value left to pay for a notional site after one has sold the development in the open market (i.e. the Gross Development Value – GDV) and having allowed for the costs of the construction of the proposed development with all associated fees and costs (i.e. Gross Development Costs – GDC) with an element for the developer's profit.

C2.16 Where different sectors use traditionally different methods of assessment we have taken these into account and adopted the market convention. For example offices are generally valued on a net internal floor area basis, whereas light industrial and warehouse property is valued on a gross internal basis. Hotels are valued on a per room basis and so on.

C2.17 It should be noted that due to the large number of variables and different financial inputs required using this technique, the results can only be used as a guide. Furthermore, there may be site-specific attributes that would affect the outcome that need to be taken into consideration when making assessments on a site-specific basis. Therefore, in accordance with Government guidance, it is essential that proposed CIL charges are set at levels that allow sufficient margins for these variations and:

> *'must aim to strike what appears to the charging authority to be an appropriate balance between' the desirability of funding infrastructure from CIL and 'the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area'.*

C3. Threshold Values

C3.1 When testing the impact of values on viability it is necessary to establish a threshold value against which one can assess whether the new form of development will prove financially viable given the rate of CIL proposed. The RICS has issued a new guidance note 'Financial Viability in Planning' (1^{st} Edition 2012) which recommends the use of Site Value as the threshold. It is defined as:

C3.2 Site Value (for area-wide financial viability assessments)

C3.2.1 Market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.

C3.2.2 Site Value may need to be further adjusted to reflect the emerging policy/CIL charging level. The level of the adjustment assumes that site delivery would not be prejudiced. Where an adjustment is made, the practitioner should set out their professional opinion underlying the assumptions adopted. These include, as a minimum, comments on the state of the market and delivery targets as at the date of assessment.

C3.2.3 We comment on the state of the market at C4 below. There is very limited evidence of non-residential land transactions in Gosport Borough to reach an adequate judgement for the different use categories. Therefore in the absence of appropriate and available evidence we have arrived at a range of threshold site values for the different uses from a broad judgement of comparable evidence from local market data, published reports and discussions with local agents. We have adopted the method of allowing a 20% landowner premium on the site value used to provide a higher value considered necessary to encourage that landowner to bring the site forward for development. This is considered appropriate to incentivise an otherwise unwilling seller and to off-set possible relocation costs, re-investment costs and/or forgoing a future increase in value.

C3.2.4 In each of our residual appraisals we have made the assumption that the landowner has judged that the current building does not optimise the best use for the site and a higher value can be obtained by increasing the density by replacement with a larger building. This may be because of the lack of demand for the existing building due to such issues such as age, quality, layout or amenities. We consider that this method produces a more robust threshold value in the absence of significant numbers of recent open market commercial land transactions. Furthermore it introduces more appropriate local values and costs that are more readily available rather than relying on adjusted data from outside of the area. It can also be demonstrated that the resultant values can be converted into appropriate rates per hectare for comparison purposes.

C3.2.5 Redevelopment proposals that produce residual land values below the threshold site value are unlikely to be delivered.

C4. State of the Market

C4.1 It is important to set the tone of this study in the context of the current market for commercial development. As stated there are a broad range of use classes being covered and it is not appropriate to analyse each sector in great detail. It is sufficient to state that due to the current national and global economic situation, commercial development has generally been extremely subdued since the failure of Lehman Brothers in September 2008.

C4.2 The majority of commercial development is funded from sources external to the developer. Due to the ongoing banking 'crisis' the usual sources of development funding have effectively ceased or are only offered on onerous terms. This has largely been due to the banks' exposure to significant debts and their unwillingness to take on any further risks. Commercial property development, and in particular speculative development, is considered more risky than residential development and is now generally very scarce due to this lack of funding. This situation is likely to continue for several more years and until the usual sources have 'repaired' their balance sheets.

C4.3 Despite these comments, the development market will respond to occupier demand. Those sectors that are active will usually be due to occupiers seeking economies of scale such as some retailers and hotel operators expanding their chains; logistical efficiencies being required such as new distribution warehouses or a need for research and development accommodation, particularly in the field of technology. Otherwise it may be due to cost savings where property overheads are too substantial and more efficient or smaller accommodation is considered more economically viable.

C4.4 By its very nature the development market will always be creative and will find alternative sources of finance such as investors from overseas. In due course the Government's initiatives will also work through the system and help to address this issue. However, it is still unclear as to how long it will take to see a recovery in values and hence a recovery in development activity.

C4.5 For the purposes of this study we are guided to use current values and costs. CIL charging provisions allow for the calculations to be index-linked to the BCIS building costs index which will account for inflation. We are instructed to test on inflated and deflated costs and values and the sensitivity to different CIL charge rates. It is recommended that the charging schedule is reviewed after allowing sufficient time for developers to budget accordingly and being an appropriate amount of time to lapse to be able to identify changes in values.

C5. Rents

C5.1 Unlike the residential market it is more complex to analyse commercial property transactions to reach an opinion for the purposes of comparable evidence. A leasehold transaction is usually analysed into a rate per square foot or per square metre after allowing for such issues as lease term, rent review cycles, repairing obligations, security of tenure, stepped rental deals and rent free periods or other incentives. Similarly freehold transactions are analysed into rates of capital value per square foot/per square metre or per acre/hectare in the case of land where location, access, planning restrictions and other matters are taken into consideration.

C5.2 Accessing all of this information is often a challenge for valuers because it is more likely to be commercially sensitive. For instance a supermarket operator may not want competitors to know what rent they have agreed to pay on a particular property or a developer may not want the tenant to know what price they paid for a site. Certain information is available through the Land Registry but there is the ability to withhold certain information or to use Confidentiality Agreements or other mechanisms to protect certain details.

C5.3 Consequently, in forming their opinion, valuers must rely on a mix of verbal, anecdotal and published data as well as market reports, details of available property and the like. Providing all of this information for the broad range of different uses is neither practical nor appropriate for the purpose of this report.

C5.4 In order to demonstrate that this research has been undertaken, samples of evidence have been provided in Appendix F2.

C5.5 It is possible that non-residential uses with similar rental levels will show differing degrees of viability as a result of different capital values. This will generally be due to the appropriate capitalisation yield being used for the differing uses.

C6. Yields

C6.1 To understand the basis of the residual appraisal technique for non-residential development, one must have some understanding of the use of yields in reaching a capital value. The yield or more fully the 'All Risks Yield' is used by investors to calculate the 'return' they will receive in the form of rent when a particular price is paid for the ownership of that income. Thus the yield is used to multiply the net rental income to produce a capital value. The figure used for the yield is drawn from a combination of the valuer's experience in considering such factors as the state of the market, likely prospects for rental growth, the covenant strength of the tenant, the type of use, the quality of the building and location, the terms of the lease and any other factors relevant to a purchaser wanting to buy the completed development. These factors all contribute to the overall security of the income from the investment which is usually seen as of the greatest value to investors.

C6.2 The yield is stated as a percentage and the outcome is inversely proportional to its size, i.e. the lower the yield figure the more times the rent is multiplied and hence the higher the value.

C6.3 Since 2008 the yields for commercial properties have generally increased therefore producing lower capital values. This is as a result of the limited amount of funds in the market place, weakening occupier demand and hence lower rents, shorter leases and a general lack of confidence in capital growth. The investment market is historically cyclical and yields are expected to reduce again in time although it is not clear whether this will be in the medium or longer-term.

C6.4 The yields used for this study are set below. The investment market for each category will change from time to time and hence it is advisable to review the CIL charging schedule at suitable intervals to ensure appropriate rates are used as small changes in the yield can have more significant impact on the outcome of an appraisal especially where large rental values are being used.

C6.5 The yields used in this report which have been considered to be appropriate to the market at the time of this report and suitable for the location, are as follows:

Offices	7.5%
Industrial/Warehouse	8.0%
Comparison Retail	7.0%
Convenience Store	6.75%
Retail Warehouse	7.5%
Supermarket	5.5%
Student Housing	6.75%

C6.6 The viability impact of different yield levels can be seen from examples based on supermarket and convenience retailing uses. The supermarket might benefit from a tenant of greater covenant strength and a reduced yield of, say, 5.5% resulting in a higher capital value per square metre. The convenience store might have a tenant of weaker covenant strength, resulting in a higher required return of, say 6.75% and consequently a lower capital value per square metre. The example below shows a differential of over £500 per square metre or 22% results when there is a difference of only 1.25% in the yield used:

Supermarket:	Rent per sqm	£150
	Return/yield	5.5%
	Capital value	£2,727 per sq. m
Convenience store:	Rent per sqm	£150
	Return/yield	6.75%
	Capital value	£2,222 per sq. m

This yield difference can, therefore, give rise to viability differences, even when rents are similar.

C7. Development Inputs

C7.1 The residual appraisal method requires a number of inputs to be deducted from the Gross Development Value. By the nature of using notional sites, site-specific abnormal costs cannot be taken into consideration.

C7.2 The input costs include all of the costs of construction and includes professional fees, demolition costs, site acquisition costs, with interest charges for holding the land and on the construction costs and fees, with a contingency to reflect uncertainties. The levels of these inputs have been taken either from industry norms or from interviews with local surveyors or other appropriate sources. For instance professional fees are set at a percentage of the construction costs and will allow for such items as planning and architects fees.

C7.3 Developers' profits have been calculated using the industry norm as a percentage of total development costs. This reflects the current market conditions where developers place more emphasis on achieving a profit on the capital actually employed rather than reliance on a notional value that may be achieved at some uncertain time in the future from the sale of the completed development. This approach differs to the residential industry where there is currently more certainty and hence the developer's profit is calculated as a percentage of the Gross Development Value [GDV].

C7.4 S.106, s.278 and other site-specific costs are not included, as these are notional sites with generic assumptions. With CIL charges intended to replace s.106 contributions in respect of funding for general infrastructure provision, it is the general provision contribution element that is being tested. Where there are site-specific issues justifying contributions to off-site mitigation, the s.106 and s.278 system of contributions is still available to the Council, subject to the items not being already accounted for on the Regulation 123 list, which would otherwise be considered as 'double dipping'.

C7.5 We have carried out consultations with representatives of supermarket operators. In particular these two categories of development have been incurring additional planning costs through the need for extra consultation and mitigation due to the larger impact on the surrounding community. This is best demonstrated by recent s.106 agreements by Winchester City Council for a Sainsbury's supermarket in Bishops Waltham where s.106 contributions for such items as Nature Trail Improvements, Public Realm Improvements, Travel Planning and other items amounted to approximately £149 m^2. Aldi at Burnett Close in Winchester were required to contribute £84 m^2 for footpath and highway undertakings and Waitrose in Stockbridge Road in Winchester were required to make s.106 contributions of £122 m^2 for items such as Movement and Access Plans, Puffin Crossings and other Highways works. Based on this evidence we have added an additional 10% to the development costs for these two categories only to allow for additional planning costs that other uses are not usually subject to.

C7.6 Within all of these development costs we have tested a range of CIL charges to test the sensitivity of any surplus to a range of charges from £0 per m^2 up to £280 per m^2. However this testing shows that development viability is far more sensitive to changes in rent and yield rates than CIL rates. This is best demonstrated by looking at the Supermarket appraisal [Part F2 - Appendix 10C] where a £10/m^2 change in the CIL charge creates only a 7.5% change in the surplus, whereas a £10/m^2 reduction in the rental rate can create a 92% reduction in the surplus. Similarly a relatively modest 0.25% increase in the yield can create a 32% reduction in the surplus.

C7.7 It should be noted that, where there is a zero land surplus, we have not applied any further land costs, such as acquisition fees or stamp duty. It will be seen from the commercial appraisals (Appendices 8 to 12) that, in these circumstances, these costs are disregarded.

C8. Understanding the Viability Appraisal Outcomes

C8.1 We provide in the appendices at Part F2 a selection of the appraisals for various non-residential uses. As stated earlier there are a large number of inputs and there is the need to test the sensitivity of several of the variables such as rent against yield shifts; rent changes against construction cost changes; yield shifts against construction costs and so on. Consequently it would not be appropriate to provide an appraisal for each and every combination here. Rather we have provided a 'snapshot' at the £nil CIL rate with a table against each appraisal showing sensitivity of the surplus to changes in the rent and yield shifts (or other equivalent variables appropriate to Hotels and Student Housing).

C8.2 Each appraisal shows the inputs used and starts with calculating the GDV based on an assumed size of building. From this the purchaser's costs of acquiring the completed development are taken off on the standard assumption that the development will be sold and the purchaser will have stamp duty land tax, legal and agents/valuers fees to pay for.

C8.3 The next section demonstrates the Gross Development Costs [GDC] incurred in the construction of the building. As stated these are generic with construction costs drawn from the BCIS Index and do not allow for site-specific items. Within these costs is the tested CIL amount which is where the developer would allow for the charge. The costs also include the standard developer's profit of 20% of the development costs which is the reward for the risk of the development.

C8.4 The following section calculates the difference or residual amount left after the costs (GDC) are deducted from the end scheme value (GDV). This is the surplus left to acquire the land/site. It is this amount which is then tested against the notional threshold value to establish the viability.

C8.5 Therefore the final section shows how the threshold value is calculated, which in itself is a brief residual valuation assuming the notional building of half the size and its GDV. The other inputs are a sum for refurbishment, finance costs and a final value. To this is added the 20% landowner's premium identified as necessary for him to bring the site forward for development. We subtract this figure from the earlier residual land value of the proposed scheme and the result is referred to as the 'Surplus to fund a CIL'.

C8.6 The sensitivity of the surplus is tested against different levels of inputs such as rent and yield. It is also tested against different CIL charges from £0/m^2 up to £280/m^2. As the Guidance states, the amount of the surplus must not be as small as to make the scheme unviable or appear so risky as to deter a developer from bringing the project forward. The amount of this surplus is after a developer's profit has been allowed for and can be seen as the safety margin or 'buffer'. The amount of this buffer will vary subjectively from the type and size of development and hence the level of perceived risk. Consequently because these appraisals are based on notional sites the outcomes are hypothetical and can only be provided as a guide for setting CIL charges and cannot be considered to provide a definitive answer.

C8.7 A proposed scheme is deemed viable if the surplus left is sufficient to provide an adequate buffer for site-specific abnormal costs. This buffer will be relative to the size of the overall costs. A negative result indicates that the scheme is not viable as either the scheme's value is insufficient to cover the costs, or the costs are so high that no surplus is generated in which case the land or site is unlikely to be brought forward for development.

C8.8 Whilst a surplus may appear large enough to support a CIL charge this figure must be read in the context of the relative use class and the factors affecting the various inputs along with the desired outcome for encouraging new development in that use category. As previously stated minor shifts in values and or yields can significantly affect the outcome. When assessed in the context of the proposed buffer, we do not believe that the resultant surplus is sufficient to justify a CIL charge for the majority of non-residential forms of development.

C8.9 In looking at the viability appraisals of the use types which were modelled for this report, it can be seen that there appear in some cases to be surpluses available to sustain CIL.

C8.10 However it is important to remember that these are notional development scenarios only and that they therefore need to have an in-built 'safety margin' or 'buffer'. This is so that in setting any CIL charge, it will not be set at a level which could undermine the viability of actual development of that use type.

C8.11 Therefore it needs to be appreciated that small changes in the level of rent or yield can eliminate a surplus that could otherwise sustain a CIL charge. For example the impact of changes in rents and yields on the viability surplus is demonstrated in the following table:

Rent £/m^2	**£140.00**	**£160.00**	**£180.00**
Yield			
5.25%	£573,003	£1,416,943	£2,260,883
5.50%	£302,481	£1,107,775	£1,913,069
5.80%	£8,638	£771,954	£1,535,270
6.00%	-£170,933	£566,730	£1,304,393
6.25%	-£379,235	£328,670	£1,036,576
6.5%	-£571,514	£108,923	£789,360
7.0%	-£914,870	-£283,483	£347,904

For this model using a rental income of £160/m² at a yield rate of 5.8% produces a notional surplus of £771,954 when compared with the existing value. This is considered high enough to sustain a CIL charge. However the table shows what happens when the rent and/or the yield rates change. The rent would need to fall by only 12% to £140/m² and the yield would need to rise by only 0.2% to wipe out the margin which makes it viable to sustain a CI charge.

C8.12 The rent and yield rates vary between development types but this table shows what can happen when they are subject to small changes. It demonstrates the need for the study to adopt suitably large buffers to allow for these relatively small changes.

C8.13 The amount of the buffer applied to each category is not a fixed percentage. Rather it is dependent on a range of factors that the valuer considers relevant which includes the level of volatility in that sector and the consequential effect on the level of rents that are affordable by tenants as well as the investment markets perception of the category as a suitable investment vehicle.

C9. Development Type Findings

We now comment on the assumptions and findings for the various non-residential uses. The Regulations allow charging authorities to articulate differential rates by reference to different intended uses of development provided that the different rates can be justified by a comparative assessment of the economic viability of those categories of development. The definition of "use" for this purpose is not tied to the classes of development in the Town and Country Planning Act (Use Classes) Order 1987, although that Order does provide the most useful reference point.

C9.1 Offices

C9.1.1 The office market is currently offering the least ability to afford CIL charges. This is due to lower rents resulting from weak occupier demand and higher yields resulting from shorter leases and weaker covenants.

C9.1.2 It is recognised that the area generally has a stronger economy compared to many other areas such as in the north of the country. However, the fragile economic viability of commercial development is sensitive to increased costs and we have concluded, similar to many other authorities, that despite a perception that values will strengthen, there is insufficient buffer in the residual appraisals to support any CIL charge in the Use Class 'B' categories (offices, industry and warehousing). A CIL rate of zero is therefore recommended for office development.

C9.1.3 The appraisal calculations for office uses appear at Appendix F2. The sensitivity of the surplus to fund a CIL charge are set out in the table below showing the effect of rent and yield changes:

Office
Surplus to fund CIL - sensitivity

Rent/sqm	£168.00	£178.00	£188.00
Yield			
7.00%	-£1,179,825	-£929,715	-£679,604
7.50%	-£1,462,755	-£1,229,485	-£996,216
8.00%	-£1,710,319	-£1,491,785	-£1,273,251
8.50%	-£1,928,757	-£1,723,225	-£1,517,694

C9.2 Industry and Warehousing

C9.2.1 Very similar to the office market, the industrial and warehouse markets are also currently offering the least ability to afford CIL charges. This is for the same reasons of lower rents resulting from an adequate supply of stock, weak occupier demand and higher yields resulting from shorter leases and weaker covenants.

C9.2.2 As already stated it is recognised that the area generally has a relatively strong economy compared to many others areas such as in the north of the country. However, the fragile economic viability of commercial development is sensitive to increased costs and we have concluded, similar to many other authorities, that despite perceived strengthening of values, there is insufficient buffer in the residual appraisals to support any CIL charge in the Class B category.

C9.2.3 Therefore a CIL rate of zero is recommended in line with the findings of virtually all other local authorities.

C9.2.4 The appraisal calculations for industry and warehousing uses appears at Appendix F2. The table shows the sensitivity below:

Industrial
Surplus to fund CIL - sensitivity

Rent/sqm	£65.00	£75.00	£85.00
Yield			
7.5%	-£697,081	-£414,243	-£131,404
8.0%	-£813,345	-£548,393	-£283,442
8.5%	-£915,931	-£666,762	-£417,592
9.0%	-£1,007,119	-£771,978	-£536,837

C9.3 Retail

C9.3.1 Classes A1 to A5 cover property used for example as small newsagents, estate agents, takeaway food establishments, pubs, retail warehouses and large scale food stores.

C9.3.2 Retail Definitions

For the purposes of this study, comparison retail has been defined as 'sales floor space used for the sale of clothing, shoes, furniture, household appliances, tools, medical goods, games and toys, books, stationery, jewellery and other personal effects'. Comparison retailing is found in prime positions commonly referred to as the High Street where the footfall is highest and sales revenue is able to support higher rents. Comparison retailing is also found in secondary locations where footfall is lower and consequently sales revenue is usually lower. This usually results in rents being less than High Street locations, the tenants often being smaller businesses with lesser covenants than High Street retailers and therefore producing less attractive investment property.

C9.3.2.1 For the purposes of this study the definition of a Convenience store can be taken from the one used by the Institute of Grocery Distribution as follows:

1. Size: The store must be under 278 m^2 [3,000 ft^{22}] sales area.

2. Opening Hours: Not subject to restricted opening hours under the Sunday Trading Act.

3. Product Categories: Stock at least seven of the following core categories:

- Alcohol
- Bakery
- Canned & packaged grocery
- Chilled food
- Confectionery
- Frozen food
- Fruit/Vegetables
- Health & beauty
- Hot food-to-go
- Household
- National lottery
- Milk
- Newspapers/Magazines
- Non-food
- Sandwiches
- Savoury snacks
- Soft drinks
- Tobacco

The convenience sector is divided into five segments according to the type of ownership:

1. **Co-operatives** (e.g. The Co-operative Group, The Southern Co-operative)
2. **Convenience forecourts**
3. **Convenience multiples** (convenience specialists and some supermarket based chains, e.g. Tesco Express, Sainsbury's Local and McColls)
4. **Symbol groups** (eg SPAR, Londis, Premier)
5. **Non-affiliated independents**

C9.3.2.2 For the purposes of this study a Supermarket is defined as 'a food-based, self-service, retail unit greater than 280 square metres and governed by the Sunday Trading Act 1994', where a 'large shop' is defined as having a 'relevant floor area exceeding 280 sqm' which may be affected by restricted opening hours on Sundays.

C9.3.2.3 Retail warehouses are defined as non-food stores displaying and selling comparison goods, such as bulky household goods (including carpets, furniture, and electrical and DIY items), clothing, and recreational goods, within large format shed like buildings, often (but not necessarily) on one level, with associated adjacent car parking so as to cater mainly for car-borne customers.

C9.3.2.4 It should be noted that CIL charges are calculated on the net new gross internal floor space created by the new development. Therefore, where an existing building is to be demolished, the floor area of the old building is deducted from the floor area of the new building. The resultant figure is then multiplied by the appropriate levy rate per square metre.

C9.3.2.5 We have looked at CIL rates up to £120 per m^2 as being sustainable on retail warehouse and supermarket development. However, minor changes of £10.00-£20.00 per m^2 in rent levels and yield changes of 0.5%-1.0% can significantly affect the viability.

C9.3.2.6 To further illustrate this point a reduction in the rent of £10 per m^2 on a 1,000 m^2 building which is valued using a yield 0.5% higher can produce a 16.5% reduction in the capital value as follows:

£100 m^2 x 1,000 m^2	£100,000 per annum rent
Years Purchase in perpetuity @ 6.5%	15.384
Capital Value	£1,538,400

Compare this to:

£90 m^2 x 1,000m^2	£90,000 per annum rent
Years Purchase in perpetuity @ 7.0%	14.285
Capital Value	£1,285,650

C9.3.2.7 In terms of the size of retail development and the potential for differentiation, we have looked at the case of Sainsbury's challenging the Borough of Poole on their proposed differential rates for retail and 'super stores' above 3,000 m^2. Poole accepted that because there was no clear guidance in the CIL Regulations to allow differential charging rates for the same use, Sainsbury's detailed evidence was accepted due to this lack of clarity. Therefore, Poole decided to change their schedule to allow all A1 Retail development under 500 m^2 to be charged £nil and all A1 Retail development over 500 m^2 to be charged £211 m^2.

C9.3.2.8 The Examiner found this approach unsound and as a result the higher rate has been changed to nil. The Examiner stated in her final report that:

> *"There is nothing in the CIL regulations to prevent differential rates for retail development of different scales. However paragraph 25 of the CLG guidance (CIL Guidance: Charge setting and charging schedule procedures) states that where a charging authority is proposing to set differential rates, it may want to undertake more fine-grained sampling to identify a few data points in estimating the zone boundaries or "different categories of intended use."*

This 2010 guidance has been updated by the 2013 CIL Guidance as follows:

> *"Regulation 13 also allows charging authorities to articulate differential rates by reference to different intended uses of development provided that the different rates can be justified by a comparative assessment of the economic viability of those categories of development. The definition of "use" for this purpose is not tied to the classes of development in the Town and Country Planning Act (Use Classes) Order 1987, although that Order does provide a useful reference point."*

C9.3.2.9 We have taken into consideration the subsequent Examiner's Report on Wycombe District Council's Draft Charging Schedule. He states that there is nothing in the CIL Regulations to prevent differential rates for retail developments of different sizes and differing retail characteristics or zones providing they are justified by the viability evidence.

C9.3.2.10 We have also looked at the Examiners Report on Southampton City Councils' proposed charging schedule where he states:

> *"Although limited in scope and extent, the Council's evidence clearly demonstrates that the proposed CIL rate of £43 per square metre (psm) for new build retail floorspace would be currently viable across the city at both the supermarket and neighbourhood convenience store scale. Moreover, in a relatively small and compact city, there are insufficient economic viability, geographical or any other important differences between the various parts of Southampton that might, individually or collectively, help to justify a need for separate retail charging zones."*

We have also considered the Examiner's comments on the New Forest District Council's proposed charging schedule and the Council's response that defended a size differential based on 1,000m^2. These comments can be found at: www.newforest.gov.uk Preliminary Conclusions on CIL retail charge.

C9.3.2.11 Furthermore the draft CIL Regulations published in April 2013 make it clear that, provided the evidence justifies it, different CIL rates can be set for different sizes of the same type of development.

C9.3.2.12 Having looked at the sensitivity of the different retail uses to different rental values and yields, we believe that, in Gosport, there is sufficient 'fine grained' evidence that demonstrates that certain retail categories within the A1 Use Class are sufficiently viable to support a CIL charge in the Borough and others are not.

C9.3.2.13 There is no predetermined size for new retail development. For instance comparison retailing takes place in small boutiques up to large department stores. Similarly convenience retailers can trade as a sole trader from a kiosk or small newsagents up to larger One Stop or Co Op style store. Similarly supermarket traders can occupy different size stores from the smaller deep discount stores of Aldi or Lidl up to much bigger superstores such as the Tesco Extra format. Often the size of the site shape and location will determine the design and size of the building.

C9.3.2.14 However the valuation inputs remain largely the same within the various categories when compared on a per square metre basis and the nature of the residual appraisal permits testing of different sizes of development.

C9.3.2.15 The difference between the larger convenience formats is beginning to overlap with smaller supermarkets as the large 4 supermarket operators (Tesco, Asda, Mossisons and Sainsburys) are now opening much smaller local stores to service the demand for convenience shopping.

C9.3.2.16 However there is still a yield differential between convenience stores and supermarkets. This can largely be put down to the length of lease the retailers are taking for convenience stores which is usually 15 years with a tenants option to break at year 10. Whereas supermarkets will usually require a 25 plus year lease because of the longer term required to recoup the higher development costs.

C9.3.2.17 Also the new convenience store lease will usually have a rent review that has restrictions on increases known as a 'cap and collar' which restricts the growth in the rent - hence protecting the tenant from the potential for large increases in the rent but also removing the attractiveness for investors to benefit from above inflation rent increases.

C9.3.2.18 It becomes more difficult to compare supermarket sales revenue generated per square metre with convenience retailing per square metre just based on the impact of Sunday Trading Act restrictions. Convenience stores will open for much longer year round week day and week end trading hours. However they stock a more limited range and amount of stock compared to the much bigger offer of a supermarket.

C9.3.2.19 Whilst the impact of sales revenue will lead to a higher affordable rent for the purposes of testing viability the most significant variable is the yield for the reasons stated.

C9.3.2.20 The given definitions between these two categories are considered clear and robust. The appraisal evidence has tested for the different sizes and yields and demonstrates differing viability.

C9.3.2.21 We have also taken into account the GVA Grimley Retail Study findings that recommend the need to encourage retail development and we consider that any CIL charging may prove a barrier on otherwise marginally viable sites.

C9.3.2.22 In the tables below we set out the surplus left to fund a CIL contribution for the various categories after changes in two sets of variables. The greyed out box is assessed as the appropriate result for the local market conditions:

Convenience Retail
Surplus to fund CIL - sensitivity

Rent/sqm	£135.00	£145.00	£155.00
Yield			
6.50%	-£12,362	£19,571	£51,503
6.75%	-£28,486	£2,253	£32,991
7.00%	-£43,458	-£13,828	£15,801
7.25%	-£57,397	-£28,800	-£203

Comparison Retail
Surplus to fund CIL - sensitivity

Rent/sqm	£313.00	£323.00	£333.00
Yield			
6.50%	£301,854	£323,245	£344,635
7.00%	£253,538	£273,385	£293,232
7.50%	£211,664	£230,173	£248,682
8.00%	£175,024	£182,363	£209,701

Retail Warehouse
Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
6.75%	£876,360	£1,080,166	£1,283,972
7.00%	£764,587	£961,040	£1,157,493
7.25%	£660,523	£871,474	£1,039,736
7.50%	£563,396	£850,129	£929,829

Supermarket
Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
5.00%	£1,136,921	£1,586,546	£2,036,172
5.25%	£809,208	£1,237,273	£1,665,338
5.50%	£511,287	£919,752	£1,328,217
5.75%	£239,272	£629,841	£1,020,410
6.00%	-£10,075	£364,090	£738,255

C9.3.2.23 We have taken into account the fragile nature of the retail market. Whilst we see that convenience stores and food retailing, as well as larger retail warehouses, are proving viable, high street-type comparison shopping is not strong enough at this stage. This is due to various reasons such as poor consumer confidence and hence reduced spending; more purchasing using the Internet and superstores also offering comparison goods that have traditionally been offered in the high street.

C9.3.2.24 Furthermore there are many stronger retail centres in the near vicinity such as Fareham, Gunwharf Quays, central Portsmouth and Southampton that attract higher footfall due to better accessibility by car and rail. These centres tend to attract the larger retailers who tend to group together to create a stronger 'offer' to shoppers. By their own success at generating higher revenues these retailers are able to afford higher rents and also attract higher investment yields.

C9.3.2.25 Due to the geographical constraints of Gosport the footfall is not as high as these nearby centres and hence comparison type retailers will not be able to generate the same level of revenues. Consequently rents will be lower as will investment yields and the attractiveness for new development.

C9.3.2.26 Therefore despite the comparison retailing appraisals showing a surplus after a nominal CIL charge is allowed for, due to this fragility our recommendation is to make a £nil charge for comparison retailing.

C9.3.2.27 Retail property provides a community service and can put pressure on infrastructure provision such as highways, transport and parking requirements. We have also considered that the main centres in the Borough are generally fully developed and new retail floor space will most likely be limited to Gosport Town centre and the adjacent Waterfront site. Also s.106 & s.278 contributions are still available for site-specific needs, so that onerous CIL charges need not affect all development.

C9.3.2.28 We have looked at four different types and size of retailing within the A1 Use class. To demonstrate the fine-grained evidence, our viability appraisals cover smaller convenience-type stores, comparison shopping, larger scale supermarkets and retail warehousing. These also show the possible types of uses that one would expect to see in the Waterfront development and larger out-of-centre sites. We have also considered Class A3 (restaurants and cafes), A4 (drinking establishments) and A5 (hot food takeaways) which once established can all benefit from permitted development rights to A1. These have very similar inputs and outcomes to convenience stores. These show a very small surplus to afford a CIL charge before any abnormal construction costs are added.

C9.3.2.29 As stated at C.2.10 above it was also necessary to assess the impact of the planning policy to require developers to construct their buildings to achieve a BREEAM Excellent rating. Our findings showed that only retail warehousing and supermarkets supported a sufficiently large surplus to afford a CIL charge. Therefore only these two categories have been tested with an additional allowance for achieving a BREEAM Excellent rating. This has been achieved by adding £70m^2 to the development costs which is considered a reasonable amount given the appropriate and available evidence.

C9.3.2.30 The outcomes for these two categories with an allowance to achieve a BREEAM Excellent rating are shown below without a CIL charge and tested against the same variations in rent and yield levels.

Retail Warehouse with BREEAM costs
Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
6.75%	£642,017	£845,823	£1,049,630
7.00%	£530,244	£726,697	£923,150
7.25%	£426,180	£615,786	£805,393
7.50%	£329,053	£512,270	£695,486

Supermarket with BREEAM costs
Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
5.00%	£870,980	£1,320,605	£1,770,230
5.25%	£543,267	£971,332	£1,399,397
5.50%	£245,346	£653,811	£1,062,276
5.75%	-£26,669	£363,900	£754,469
6.00%	-£276,016	£98,149	£472,313

C9.3.2.31 The outcomes for both of these categories still show a sufficient surplus after making an additional allowance for achieving a BREEAM Excellent rating. Therefore our recommendation to make a CIL charge on these categories remains unaltered.

C9.3.2.32 Based on our findings our recommendation is that a £nil rate CIL charge is appropriate across the whole Gosport Borough for all types of Class A development other than retail warehousing and supermarkets where we consider that a CIL charge of £60 per square metre is affordable, without affecting viability. We consider that this level should avoid any threat to delivery of the Local Plan, encourage development to come forward and assist in making the borough more attractive to developers.

C9.3.2.33 Recommended retail CIL rates:

- A zero rate of CIL for comparison retailing.
- A zero rate of CIL for convenience retailing.
- A CIL rate of £60/m² for supermarkets.
- A CIL rate of £60/m² for retail warehouses.

The appraisal calculations for retail uses appear at Appendices 10A-10D.

C9.4 Hotels

C9.4.1 The Budget Hotel chains are currently the only sector in the hotel industry weathering the economic downturn, by using formulaic development models and benefiting from economies of scale which can afford cheaper room rates. However, they are very selective on location and the costs they can afford are sensitive. Debt funding has also been problematic, as evidenced by the recent financial restructuring of the Travelodge chain.

C9.4.2 Our findings show that hotel development in the Borough could support CIL charges of up to £20 per m^2. However, we would expect any hotel development to be most likely on or near to a waterfront site and hence is likely to be subject to abnormal construction costs due to foundation design and flood defences. Whilst a differential rate could be set for the Waterfront site, the rate of £20 per m^2 would not leave a sufficient buffer for the identified site-specific issues. Based on the GBC data, abnormal costs are estimated to be approximately £400,000 for a suitably sized site of 0.4 ha for a multi-storey 100 bed hotel within the Gosport Waterfront site, which would produce a significant deficit even before any CIL charge was imposed, and would therefore render the scheme unviable.

The following table shows the sensitivity to changes in the capital value attributed to each room against changes in the construction costs showing a £10,000 reduction in room values rendering the scheme unviable.

Hotel
Surplus to fund CIL - sensitivity

Capital value per room	£65,000	£70,000	£75,000	£80,000
Build Costs				
£1,202	£158,215	£586,630	£1,015,044	£1,443,459
£1,302	-£113,800	£314,615	£743,030	£1,171,444
£1,402	-£385,815	£42,600	£471,015	£899,430
£1,502	-£657,829	-£229,415	£199,000	£627,415

Therefore we conclude that a £nil rate is recommended for hotel development.

The appraisal calculations for hotel uses appear in Appendix F2.

C9.5 Student Housing

C9.5.1 Student housing falls within the Sui Generis use class. New student housing development will generally be sited near to, or within easy travelling distances to, universities or colleges. We do not anticipate any purpose-built student housing accommodation in the borough. However, we have looked at the viability based on local values and likely letting periods, assuming that a level of letting will occur beyond university/college terms in connection with conferences etc. We have concluded that there is not a case for a CIL charge due to the sensitivity to small changes in room rental values. Therefore we recommend a £nil charge rate for this category.

C9.5.2 The appraisal calculations for student housing uses appear at Appendix F2. The summary sensitivity to changes in room rates and investment yields are below:

Student Housing
Surplus to fund CIL - sensitivity

Rent per wk	£85.00	£95.00	£105.00
Yield			
6.00%	-£3,697,146	-£1,120,085	£1,456,975
6.25%	-£4,133,219	-£1,659,241	£814,737
6.50%	-£4,535,748	-£2,156,923	£221,902
6.75%	-£4,908,461	-£2,617,740	-£327,020

C9.6 Care Homes

C9.6.1 We have been instructed to specifically assess the viability of care homes in terms of supporting CIL. These fall within the Class C2 category, which covers residential institutions such as care homes, hospitals, boarding schools and residential training centres. Class C2A covers Secure Residential Institutions such as prisons and custody centres as well as military barracks.

C9.6.2 We have looked at the consultation undertaken by Fareham Borough Council in respect of care homes and the responses they received from both the NHS and the private sector. The examination resulted in their proposed charge for C2 Care Homes being reduced from £105 m^2 to £60 m^2 as the re-examined viability was shown to be less robust that originally presented. The focussed consultation carried out in June 2012 resulted in acknowledgement that even without any planning obligations care homes are only marginally viable.

C9.6.3 The residential care homes market is split almost equally between those that are used, and hence paid for by the public sector, and those that provide for private patients and income. As both types fall under the same use class it would not be straightforward to differentiate between them in terms of assessing CIL viability. This is notwithstanding the fact that if CIL were to be imposed on one category only, and the ownership and thus funding arrangements of a care home subsequently changed to the one on which CIL is payable, the Council has 'clawback' powers under clause 65 of the CIL Regulations 2010 to extract the CIL that otherwise would have been payable at the time of granting of permission.

C9.6.4 The financial viability is sensitive to the revenue generated and running costs. The viability analysis shows only a limited surplus that does not allow for a sufficient buffer for site-specific issues.

C9.6.5 For these reasons we consider that a £nil CIL charge rate is appropriate for care homes in Gosport. It is recognised that this recommendation is at odds with the rates set by Portsmouth and Fareham, but both of these authorities are in a significant minority in this category.

C9.7 Leisure Uses

C9.7.1 D2 uses (assembly and leisure) are similarly diverse. Of the privately operated gyms, cinemas, bowling alleys and other leisure uses, revenues have been significantly affected by both reduced consumer spending and a change in culture and competition brought about by the internet. As a result the demand from operators has dwindled and these types of uses are now usually to be found in larger mixed use developments such as Gunwharf where there is a retail and food offer as well.

C9.7.2 The new development inputs are similar to those for retail warehousing where modern construction comprises of steel portal framed buildings with a mix of cladding and ample car parking. A tenant will then 'fit out' whether as a cinema, gym, ten pin bowling, etc. Often developers of these types of uses look to congregate them together.

C9.7.3 The result of reduced operator demand for these types of uses is a reduction in the level of rents being paid. Also, the investment yields have softened considerably as operators have been going into Administration raising the concerns of investors over the security of the sector as a revenue stream. We have not become aware of any proposed leisure schemes in Gosport coming forward in the short to medium term. As a result of all of these factors combined we do not believe they are viable in Gosport in the current economic climate. Leisure activities are changing, consumer spending on leisure activities is likely to increase and new forms of D2 development may prove to be profitable in the future. At this time these uses can be reviewed when the Charging Schedule is reviewed.

C9.7.4 At this point we consider that a £nil CIL charge rate is appropriate for leisure uses.

C9.8 Community Uses

C9.8.1 Community Uses fall within Class D1 (non-residential institutions) and covers a diverse range of uses including clinics, crèches, libraries, places of worship amongst others. The majority of these do not generate revenue nor are traded as investments in the same way as those in the above categories. Often those that do generate revenue streams have operating costs that usually exceed their income, such as swimming pools and libraries. Therefore they often only exist through public subsidies.

C9.8.2 Hence CIL charges are expected to help to fund the delivery of development providing community uses, rather than community uses contributing a CIL charge, only for it to be used to fund itself. Therefore, we consider that a £nil charge rate is appropriate.

C10. Non-Residential Conclusions

C10.1 This study has been prepared when the commercial property markets have been showing very low levels of both development and occupier activity. Consequently the values used have been relatively low compared to pre-2008 figures. One would expect the usual property cycle to prevail whereby as the economy improves occupier demand returns, investor confidence increases and development activity resumes. At this stage we would recommend that this viability study is reviewed.

C10.2 In the meantime we have had to allow substantial buffers to allow for a variety of possible influences on values. For instance there is the possibility of significant interest rate rises; even weaker occupier demand; and/or possible increases in land availability in the area may be due to changes in MoD strategy.

C10.3 However, there is market confidence that food retailing will always be necessary. Therefore as long as there is healthy competition between the retailers for suitable sites and tight planning controls on large scale retail development (particularly outside of the main local centres), supermarket development will continue to generate high values and be able to afford a CIL charge.

C10.4 The retail warehousing sector is growing, out of changes in shopping habits which are being fuelled by both the increase in shopping as a car-borne leisure activity and the increasing use of the internet, through 'click and collect' and catalogue type purchasing (e.g. Argos, Screwfix). This sector is expected to continue along its growth trajectory which is why the values are revealing the sector's capacity to support a CIL charge where traditional comparison retailing cannot.

C10.5 It is disappointing to see the poor outcomes of the 'B' categories. While occupiers find other locations outside but close to the Council's area (such as the M27 corridor) more accessible for staff and customers, one must expect that office and industrial property values in Gosport will continue to find it difficult to support any additional development costs such as a CIL charge.

PART D - GOSPORT WATERFRONT

1. We have been specifically asked to look at the area known as Gosport Waterfront which has been identified in the Draft Local Plan for future development. The Preferred Options are for mixed use development, which will be supported by a Supplementary Planning Document (SPD). This has not been available to comment on specifically. Nevertheless a notional development model has been developed by the Council, and the appraisal is based on this. It is anticipated that there will be 'high rise' residential development of about 700 dwellings, with the ground floor areas to include up to 10,500 m^2 of retail floor space and 26,000 m^2 of employment floor space.

2. Preliminary estimates indicate that this site will be subject to abnormal development costs that will include site clearance and decontamination, flood defences, rectification of made ground, costs associated with re-use of listed buildings and abnormal utility costs.

D1. Residential Sales Projections

D1.1 We have considered appropriate sales values as a separate exercise, looking more specifically at those with a waterfront location. Given a development of this size, we do believe it possible that the sales values that might be achieved are beyond those that can be justified by the current Gosport market. For this reason, we have borne in mind the level of values that might be achieved on other nearby developments in Portsmouth.

D1.2 The resultant suggested sales values for Gosport Waterfront can be seen at Appendices 13A and 13B, but are repeated below, based upon a one bedroom apartment of 50 m^2 and a two bedroom apartment of 75 m^2 to 85 m^2, with the larger units assumed to have the direct water views:

One bed apartment	50 m^2	Non-waterfront	£120,000
		Waterfront	£145,000
Two bed apartment	75 m^2	Non-waterfront	£190,000
	85 m^2	Waterfront	£260,000

D1.3 We set out below the basis upon which we have evaluated the waterfront site.

- Site area: 10.76 hectares
- Total number of dwellings: 700, assumed to be flats.
- 300 units assumed to have a waterfront aspect.
- 400 units would not have a waterfront aspect.

D1.4 Affordable housing: Given the size of the Waterfront site, it is assumed that affordable housing will be a mandatory requirement. It is assumed that the affordable units would be included in the 400 units without a waterfront aspect. Viability has been modelled with affordable housing at 40% (280 dwellings), as per Council policy, and at 30% (210 dwellings) for sensitivity testing.

D1.5 Non-residential uses: The site would also include 10,500 m^2 of retail floor space and 26,000 m^2 of office development.

D1.6 The assumed residential mix is, therefore:

Waterfront aspect:	
(100% market units)	
Two bed flats 85 sq. m	250
One bed flats 50 sq. m	50
Total:	**300**
Non waterfront aspect:	
<u>Market units:</u>	
Two bed flats 75 sq. m	90
One bed flats 50 sq. m	30
Total market units:	**120**
<u>Affordable units:</u>	
Intermediate	98
Affordable rent	137
Social rent	45
Total affordable units:	**280**
Total non-waterfront:	**400**
Total development:	**700**

D1.7 Sales values

D1.7.1 Sales values are from evidence provided by Royal Clarence Marina and Rope Quays. In addition, consideration has been given to values at Quay House, Old Portsmouth and Port Solent, although it is accepted that Portsmouth values will tend to be higher than Gosport. This leads us to believe that the units on the Gosport Waterside site should be the above sizes and that they would achieve the following sales values:

1 bed	Non-waterfront	£120,000
	Waterfront	£145,000
2 bed	Non-waterfront	£190,000
	Waterfront	£260,000

D1.7.2 Affordable housing values for social rent and affordable rent tenures are based on Value Point 4 of the Value Points table. Shared ownership values are taken at 65% of the value of the market flats which do not have a waterfront aspect. This is in line with shared ownership values for the notional sites in part B of the study (Residential Assessment).

D1.7.3 Values for the commercial element have been taken from Part C of the study (Non-Residential Assessment).

D2. Residential Development Costs

D2.1 Build Costs

D2.1.1 We have assumed that a proportion of the units would be in the form of low rise blocks of 3-5 storeys, with the remainder in the form of one or more high-rise towers. We have obtained build costs from the BCIS index, specifically related to Hampshire. The index provides different costs for blocks of up to 5 storeys and those of 6 storeys and above. We have assumed an average between the two upper quartile figures and have then added 15% to reflect externals costs, which are omitted from the BCIS figures.

D2.1.2 Furthermore, we have allowed higher costs for the waterfront properties, assuming both a higher internal specification and more detailed design.

D2.1.3 The extra costs arising from the change from CSH Level 3 to CSH Level 4 are taken from the CLG cost update for the Code for Sustainable Homes, dated August 2011.

We are proposing, therefore, the following build costs per sq. m:

Code 3	Non-waterfront	£1,337
	Waterfront	£1,437
Code 4	Non-waterfront	£1,377
	Waterfront	£1,477

The affordable housing is taken at £1,377 per m^2.

D2.1.4 In addition, we have included in the modelling the abnormal costs provided by the Council. These are:

Site clearance and decontamination	£3,000,000
Abnormal ground conditions	£4,500,000

Build costs for the commercial element are those used in Part C (the non-residential assessment) of the report.

D2.2 CIL

D2.2.1 We have allowed £40 per m^2 on the market housing only. We concluded that this level of CIL was appropriate, in the current economic climate, after carrying out appraisals at £50 per square metre, which showed a lack of viability. This CIL level will need to be reviewed, both when the economic climate improves and when more accurate costs for the Waterfront redevelopment are known.

Based on the findings in Part C of the report we have not allowed any CIL against the commercial element. In this connection, it should be noted that current Council policy would not permit supermarkets or retail warehouses in the Waterfront area. In the event that they were permitted in the future, however, they would be subject to the same CIL as other parts of the Borough. Such a change to the floor space use would necessitate a reappraisal of the CIL viability of the Waterfront site.

D2.3 S.106 costs

D2.3.1 We have allowed the following s.106 costs, as provided to us by the Council:

Flood defences	£3,800,000
Reuse of listed buildings	£1,500,000
Public realm and environmental works	£3,000,000
Transport improvements	£1,000,000
Biodiversity protection	£ 105,000

D2.3.2 It should be noted that the cost of flood defences, mentioned above, assumes a stand-alone, independent construction. It would be expected that this cost could be reduced, if it were incorporated into the design and construction of the Waterfront development.

D2.4 Viability Threshold

D2.4.1 Elsewhere in this report, we have considered whether it is appropriate to adopt, as the viability threshold, an existing use value plus a premium. For the strategic sites, upon which the Council will rely for the majority of its housing supply, we concluded that the premium was not necessary. This was based upon the sites being surplus to the requirements of their institutional owners. In the case of the Waterfront, however, where there are ongoing businesses with the need to be located along the waterfront, we believe that a level of premium might be required as part of the site assembly exercise.

D2.4.2 We have assumed, therefore, an alternative use value of £900,000 per hectare, being the existing use value for employment land in the residential part of the study. We have added a premium of 15%, bringing the viability threshold to £1,035,000 per hectare. For the waterfront site as a whole, this would equate to £11,136,600. This figure has been used as the threshold for our appraisals.

D2.4.3 In relation to the Waterfront site, the valuation exercise should be considered as an open-ended exercise at this stage. The figures included as part of this study are a starting point, but the real viability work can only take place when the plans for the site have been developed further.

D2.4.4 We should emphasise that we did attempt to obtain more definitive information from the developers in respect of the development costs for the Waterside site, but this information was not forthcoming. It is to be hoped that we can gain more information on these costs during the consultation stage but, in the meantime, the above represent the best available cost estimates. It does, however, make it difficult to gain an accurate indication of the viability of the Waterfront site and the consequent viability of charging CIL on the redevelopment.

D3. CIL Viability Appraisal

D3.1 Residential Appraisal

D3.1.1 This is worked through at Appendices 14A and 14B. Appendix 14A is based on build costs at Code level 3, while Appendix 14B is based on build costs at Code Level 4.

D3.1.2 The information about the site was provided by the Council, including the total number of units, the amount of commercial floor space and the approximate cost of abnormals. We have appraised the site on the basis of the build costs of CSH Levels 3 and 4, with a CIL level of £40 per m^2. We have assumed a viability threshold of £11,136,600, as discussed above. The results show that, with a CIL level of £40 per m^2, the land value at CSH Level 3 exceeds the viability threshold by some £170,000. At CSH Level 4 and £40 CIL, the land value falls short of the viability threshold by approximately £1,500,000.

D3.2 Non-Residential Appraisal

D3.2.1 We have assumed that the 'employment' uses will fall with the B Class planning category to include offices and workshops which have been covered earlier in Part C of this report. The retail uses have also been addressed in Part C.

D3.2.2 Possible marina or water-based development will inevitably be incorporated where possible. However the associated shore-based activities will be covered by CIL charges already proposed earlier in this report.

PART E - RECOMMENDATIONS

E1. The CIL viability study has concluded that in the present economic climate there is limited developer contribution viability. At present the only forms of development that can withstand a CIL charge are residential (in most cases), supermarkets and retail warehouses.

E2. Residential Value Point 2 sites tend to occur as a cluster within the Value Point 3 area, but the modelling shows that these sites cannot sustain the CIL levels that can be sustained by Value Point 3 sites.

E3. The recommended contribution rates are comparable with the CIL rates adopted in the adjoining boroughs and are broadly comparable with infrastructure levies being presently charged in Gosport through S106 tariffs.

E4. The requirement for affordable housing (when applicable) has a major impact on contribution viability in the present economic climate, a situation which CIL could potentially exacerbate if set too high.

E5. The introduction of CSH level 5 (probably in 2016) is likely to make most residential development unviable, except at high densities in the part of the Borough with higher land values, unless the economy improves. This will be the case even without a CIL being charged.

E6. In the light of these circumstances we <u>RECOMMEND</u>:

1. In the recommended residential charging zone 1 (as per map at page 90), overall developer contributions should be set at zero for development incorporating affordable housing, and at £60 per square metre for development not incorporating affordable housing.

2. In the recommended residential charging zone 2 (as per map at page 90), overall developer contributions should be set at £80 per square metre for development incorporating affordable housing, and at £100 per square metre for development not incorporating affordable housing.

3. In the recommended residential charging zone 3 (as per map at page 90), overall developer contributions should be set at £100 per square metre for development whether or not it incorporates affordable housing.

4. In the Gosport Waterfront development site (as per the map on page 90), overall developer contributions should be set at £40 per square metre for residential development only (all residential development on this site will incorporate affordable housing), and at zero for all other forms of development.

5. In respect of retail development, for all locations in the Borough we recommend overall developer contributions of £60 per square metre for supermarkets and retail warehouses as defined in the report, and zero for other forms of retail.

6. Zero overall developer contributions for all other forms of development.

7. We also recommend that when a perceptible improvement in the property market occurs, this CIL viability study be refreshed in order to determine whether a revision of developer contribution rates would be justified.

Recommended Developer Contribution Rates

Residential

Description	**Recommended Contribution Rate –£ per m^2**
Developments with no on-site affordable housing: **Charging Zone 1** **Charging Zone 2** **Charging Zone 3**	 **£ 60** **£100** **£100**
Developments with on-site affordable housing: **Charging Zone 1** **Charging Zone 2** **Charging Zone 3**	**£ 0** **£ 80** **£100**

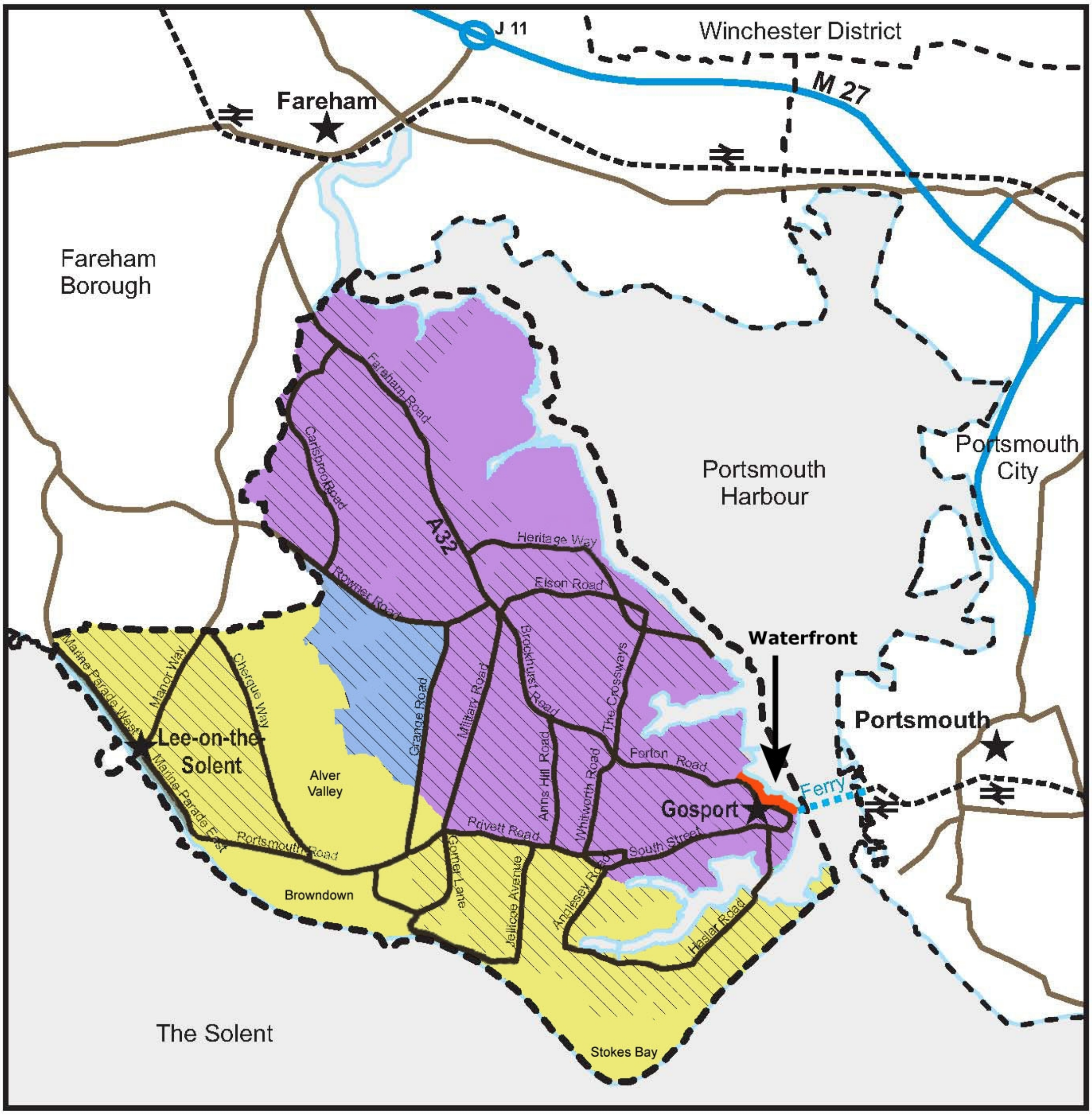
Non-Residential

Use Class	Recommended Contribution Rate –£ per m^2
Office – B1a	**£nil**
Industrial and Warehousing- B1b/B1c, B2 & B8	**£nil**
Retail – **All A1-A5 class uses other than retail warehouses and supermarkets** **A1 retail warehouses and supermarkets only**	 **£nil** **£60**
Hotel - C1	**£nil**
Student Accommodation – sui generis	**£nil**
Residential and non-residential institutions – C2	**£nil**
Leisure uses – D2	**£nil**
Community uses – D1	**£nil**
All other development	**£nil**

Gosport Waterfront

Use Class	Recommended Contribution Rate –£ per m^2
Residential	**£40**
Retail warehouses and supermarkets	**£60**
All other uses	**£nil**

Figure 2. Residential CIL Rate Charging Zones



Retail Centre
Railway Line
Railway Station
Other Council Boundaries
Gosport Borough Boundary
Gosport Borough Urban Area

Zone 1: £60/m2 (£0 with affordable housing)

Zone 2: £100/m2 (£80 with affordable housing)

Zone 3: £100/m2 (£100 with affordable housing)

Waterfront: £40/m2 with affordable housing

GOSPORT
Borough Council

PART F - APPENDICES

F1: Residential Appendices

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F3: Gosport Waterfront Appendices

Appendix 14A	Site viability appraisal at CSH level 3
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F4: CIL Rates in Adjoining Boroughs

Appendix 15	CIL Rates in Adjoining Boroughs

F5: Previous Similar CIL Viability Studies by Adams Integra

Appendix 16	Recent CIL Viability Studies undertaken by Adams Integra

Appendix 1A

Appendix 1A

Assumed tenure and dwelling mix, notional sites, 40% affordable

Densities

per ha	per acre
35	**14.17**
60	**24.29**
80	**32.39**
100	**40.49**

			1 bed flat						2 bed flat					
No units	Density	Resulting site area	Social Rent	Afford Rent	Shared Ownership	Market	Total Dwgs	Total floor area m²	Social Rent	Afford Rent	Shared Ownership	Market	Total Dwgs	Total floor area m²
	dph	ha	51	51	51	45			66	66	66	66		
10	35	0.29					0	0					0	0
incl afford	45	0.22					0	0					0	0
	60	0.17			1		1	51	1	2		6	9	594
	80	0.13	1	2	1	5	9	429				1	1	66
10	35	0.29					0	0					0	0
no afford	45	0.22					0	0					0	0
	60	0.17				1	1	45				9	9	594
	80	0.13				8	8	360				2	2	132
15	35	0.43					0	0					0	0
incl afford	45	0.33					0	0					0	0
	60	0.25					0	0	1	3	2	9	15	990
	80	0.19	1	3	1	8	13	615			1	1	2	132
15	35	0.43					0	0					0	0
no afford	45	0.33					0	0					0	0
	60	0.25					0	0				15	15	990
	80	0.19				13	13	585				2	2	132
25	35	0.71					0	0					0	0
incl afford	45	0.55					0	0					0	0
	60	0.42			1		1	51	2	5	1	12	20	1320
	80	0.31	2	5	1	12	20	948			2	3	5	330
	100	0.25	2	5	1	15	23	1083			2		2	132

			2 bed house						3 bed house					
No units	Density	Resulting site area	Social Rent	Afford Rent	Shared Ownership	Market	Total Dwgs	Total floor area m²	Social Rent	Afford Rent	Shared Ownership	Market	Total Dwgs	Total floor area m²
	dph	ha	77	77	77	72			93	93	93	88		
10	35	0.29					0	0		1	1	2	4	362
incl afford	45	0.22				4	4	288		2	1	2	5	455
	60	0.17					0	0					0	0
	80	0.13					0	0					0	0
10	35	0.29					0	0				3	3	264
no afford	45	0.22				3	3	216				6	6	528
	60	0.17					0	0					0	0
	80	0.13					0	0					0	0
15	35	0.43					0	0		1	2	2	5	455
incl afford	45	0.33	1	1		3	5	370		2	2	6	10	900
	60	0.25					0	0					0	0
	80	0.19					0	0					0	0
15	35	0.43					0	0				4	4	352
no afford	45	0.33				3	3	216				12	12	1056
	60	0.25					0	0					0	0
	80	0.19					0	0					0	0
25	35	0.71					0	0			3	3	6	543
incl afford	45	0.55		3	3	3	9	678	2	2		12	16	1428
	60	0.42			1	3	4	293					0	0
	80	0.31					0	0					0	0
	100	0.25					0	0					0	0

			4 bed house						5 bed house				
No units	Density	Resulting site area	Social Rent	Afford Rent	Shared Ownership	Market	Total Dwgs	Total floor area m²	Market	Total floor area m²	Total No. Dwgs	Total floor area m²	Sq m / ha
	dph	ha	106	106	106	106			150				
10	35	0.29	1	1		2	4	424	2	300	10	1086	3801
incl afford	45	0.22	1				1	106		0	10	849	3859
	60	0.17					0	0		0	10	645	3870
	80	0.13					0	0		0	10	495	3960
10	35	0.29				5	5	530	2	300	10	1094	3829
no afford	45	0.22				1	1	106		0	10	850	3864
	60	0.17					0	0		0	10	639	3834
	80	0.13					0	0		0	10	492	3936
15	35	0.43	1	2		4	7	742	3	450	15	1647	3843
incl afford	45	0.33					0	0		0	15	1270	3848
	60	0.25					0	0		0	15	990	3960
	80	0.19					0	0		0	15	747	3984
15	35	0.43				8	8	848	3	450	15	1650	3850
no afford	45	0.33					0	0		0	15	1272	3855
	60	0.25					0	0		0	15	990	3960
	80	0.19					0	0		0	15	717	3824
25	35	0.71	2	5		8	15	1590	4	600	25	2733	3826
incl afford	45	0.55					0	0		0	25	2106	3829
	60	0.42					0	0		0	25	1664	3994
	80	0.31					0	0		0	25	1278	4090
	100	0.25					0	0		0	25	1215	4860

Appendix 1B

Appendix 1B

Assumed tenure and dwelling mix, notional sites, 30% affordable

Densities

per ha	per acre
35	14.17
60	24.29
80	32.39
100	40.49

			1 bed flat						2 bed flat						2 bed house						3 bed house					
No units	Density	Resulting site area	Social Rent	Afford Rent	Shared Ownership	Market	Total Dwgs	Total floor area m²	Social Rent	Afford Rent	Shared Ownership	Market	Total Dwgs	Total floor area m²	Social Rent	Afford Rent	Shared Ownership	Market	Total Dwgs	Total floor area m²	Social Rent	Afford Rent	Shared Ownership	Market	Total Dwgs	Total floor area m²
	dph	ha	51	51	51	45			66	66	66	66			77	77	77	72			93	93	93	88		
10	35	0.29					0	0					0	0					0	0		1		3	4	357
incl afford	45	0.22					0	0					0	0				3	3	216	1	2		4	7	631
	60	0.17		1			1	51	1	1		7	9	594					0	0					0	0
	80	0.13	1	2		6	9	423				1	1	66					0	0					0	0
10	35	0.29					0	0					0	0					0	0				3	3	264
no afford	45	0.22					0	0					0	0				2	2	144				8	8	704
	60	0.17				1	1	45				9	9	594					0	0					0	0
	80	0.13				7	7	315				3	3	198					0	0					0	0
15	35	0.43					0	0					0	0					0	0		1	2	2	5	455
incl afford	45	0.33					0	0					0	0		1	1	2	4	298	1	1	1	8	11	983
	60	0.25					0	0	1	2	2	10	15	990					0	0					0	0
	80	0.19	1	2		9	12	558			2	1	3	198					0	0					0	0
15	35	0.43					0	0					0	0					0	0				4	4	352
no afford	45	0.33					0	0					0	0				3	3	216				12	12	1056
	60	0.25					0	0				15	15	990					0	0					0	0
	80	0.19				12	12	540				3	3	198					0	0					0	0
25	35	0.71					0	0					0	0					0	0		1	3	3	7	636
incl afford	45	0.55					0	0					0	0	1	2	2	7	12	889		2	1	6	9	807
	60	0.42				1	1	45	1	3	2	14	20	1320		1	1	2	4	298					0	0
	80	0.31	1	4	2	13	20	942			1	4	5	330					0	0					0	0
	100	0.25	1	4	2	16	23	1077			1	1	2	132					0	0					0	0

			4 bed house						5 bed house				
No units	Density	Resulting site area	Social Rent	Afford Rent	Shared Ownership	Market	Total Dwgs	Total floor area m²	Market	Total floor area m²	Total No. Dwgs	Total floor area m²	Sq m / ha
	dph	ha	106	106	106	106			150				
10	35	0.29	1	1		2	4	424	2	300	10	1081	3784
incl afford	45	0.22					0	0		0	10	847	3850
	60	0.17					0	0		0	10	645	3870
	80	0.13					0	0		0	10	489	3912
10	35	0.29				5	5	530	2	300	10	1094	3829
no afford	45	0.22					0	0		0	10	848	3855
	60	0.17					0	0		0	10	639	3834
	80	0.13					0	0		0	10	513	4104
15	35	0.43	1	1		5	7	742	3	450	15	1647	3843
incl afford	45	0.33					0	0		0	15	1281	3882
	60	0.25					0	0		0	15	990	3960
	80	0.19					0	0		0	15	756	4032
15	35	0.43				8	8	848	3	450	15	1650	3850
no afford	45	0.33					0	0		0	15	1272	3855
	60	0.25					0	0		0	15	990	3960
	80	0.19					0	0		0	15	738	3936
25	35	0.71	1	3		10	14	1484	4	600	25	2720	3808
incl afford	45	0.55				4	4	424		0	25	2120	3855
	60	0.42					0	0		0	25	1663	3991
	80	0.31					0	0		0	25	1272	4070
	100	0.25					0	0		0	25	1209	4836

Appendix 2

Appendix 2

Value Points Table

Type	Area sq m		VP1	Value per sq m	VP2	Value per sq m	VP3	Value per sq m	VP4	Value per sq m	VP5	Value per sq m
1 bed flat	45	Market sale	£103,500	£2,300	£115,000	£2,556	£160,000	£3,556	£200,000	£4,444	£220,000	£4,889
	51	Shared ownership	£67,275	£1,319	£74,750	£1,466	£104,000	£2,039	£130,000	£2,549	£143,000	£2,804
	51	Affordable rent at 80% market	£54,988	£1,078	£61,098	£1,198	£67,887	£1,331	£76,527	£1,501	£84,180	£1,651
	51	Social rent	£50,230		£50,230		£50,230		£50,230		£50,230	
2 bed flat	66	Market sale	£144,000	£2,182	£160,000	£2,424	£190,000	£2,879	£220,000	£3,333	£242,000	£3,667
	66	Shared ownership	£93,600	£1,418	£104,000	£1,576	£123,500	£1,871	£143,000	£2,167	£157,300	£2,383
	66	Affordable rent at 80% market	£62,765	£951	£69,739	£1,057	£80,230	£1,216	£92,573	£1,403	£101,830	£1,543
	66	Social rent	£55,492		£55,492		£55,492		£55,492		£55,492	
2 bed house	72	Market sale	£144,000	£2,000	£160,000	£2,222	£190,000	£2,639	£220,000	£3,056	£242,000	£3,361
	77	Shared ownership	£93,600	£1,216	£104,000	£1,351	£123,500	£1,604	£143,000	£1,857	£157,300	£2,043
	77	Affordable rent at 80% market	£66,653	£866	£74,059	£962	£80,230	£1,042	£92,573	£1,202	£101,830	£1,322
	77	Social rent	£57,244		£57,244		£57,244		£57,244		£57,244	
3 bed house	88	Market sale	£171,000	£1,943	£190,000	£2,159	£230,000	£2,614	£265,000	£3,011	£291,500	£3,313
	93	Shared ownership	£111,150	£1,195	£123,500	£1,328	£149,500	£1,608	£172,250	£1,852	£189,475	£2,037
	93	Affordable rent at 80% market	£83,316	£896	£92,573	£995	£98,745	£1,062	£104,916	£1,128	£115,408	£1,241
	93	Social rent	£61,841		£61,841		£61,841		£61,841		£61,841	
4 bed house	106	Market sale	£225,000	£2,123	£250,000	£2,358	£310,000	£2,925	£360,000	£3,396	£396,000	£3,736
	106	Shared ownership	£146,250	£1,380	£162,500	£1,533	£201,500	£1,901	£234,000	£2,208	£257,400	£2,428
	106	Affordable rent at 80% market	£88,871	£838	£98,745	£932	£108,002	£1,019	£117,259	£1,106	£128,985	£1,217
	106	Social rent	£68,401		£68,401		£68,401		£68,401		£68,401	
5 bed house	150		£261,000	£1,740	£290,000	£1,933	£400,000	£2,667	£500,000	£3,333	£550,000	£3,667

VP2-4 represent values that result from our research. VP1 represents a fall in values of 10% below VP2, while VP5 represents a rise in values of 10% above VP4.

Appendix 3

Appendix 3

Build up to affordable rent revenues

	80% market rent				
			Market rents		
Location	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house
Low value rents VP2	£495	£565	£600	£750	£800
Take relevant percentage	£99	£113	£120	£150	£160
Afford rent/LHA rate	£396	£452	£480	£600	£640
Management 10%	£40	£45	£48	£60	£64
	£356	£407	£432	£540	£576
Annual rent	£4,277	£4,882	£5,184	£6,480	£6,912
Capitalise at 7%	14.286	14.286	14.286	14.286	14.286
Capital value	£61,098	£69,739	£74,059	£92,573	£98,745
Mid value rents VP3	£550	£650	£650	£800	£875
Take relevant percentage	£110	£130	£130	£160	£175
Afford rent/LHA rate	£440	£520	£520	£640	£700
Management 10%	£44	£52	£52	£64	£70
	£396	£468	£468	£576	£630
Annual rent	£4,752	£5,616	£5,616	£6,912	£7,560
Capitalise at 7%	14.286	14.286	14.286	14.286	14.286
Capital value	£67,887	£80,230	£80,230	£98,745	£108,002
High value rents VP4	£620	£750	£750	£850	£950
Take relevant percentage	£124	£150	£150	£170	£190
Afford rent/LHA rate	£496	£600	£600	£680	£760
Management 10%	£50	£60	£60	£68	£76
	£446	£540	£540	£612	£684
Annual rent	£5,357	£6,480	£6,480	£7,344	£8,208
Capitalise at 7%	14.286	14.286	14.286	14.286	14.286
Capital value	£76,527	£92,573	£92,573	£104,916	£117,259

NB The affordable rents are designed to be within Local Housing Allowances.

Appendix 4A

Appendix 4A: Residential Scenario Valuations at 0% Affordable Housing / CSH Level 3

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

Number of units	Density	Value Point 1 (VP 2 - 10%)			Value Point 2 Charging zone 1			Value Point 3 Charging zone 2					Value Point 4 Charging zone 3					Value Point 5 (VP 4 + 10%)			
		CIL Charge per sq. m			CIL Charge per sq. m			CIL Charge per sq. m					CIL Charge per sq. m					CIL Charge per sq. m			
		£40	£50	£60	£40	£50	£60	£40	£50	£60	£80	£100	£40	£50	£60	£80	£100	£40	£50	£60	£100
		Resulting values			Resulting values			Resulting values					Resulting values					Resulting values			
10	35 dph	-£161,752	-£168,632	-£175,512	-£20,684	-£27,564	-£34,444	£282,531	£276,608	£270,686	£258,840	£246,994	£551,953	£546,092	£540,230	£528,506	£516,783	£730,143	£724,282	£718,420	£694,973
		-9.7%	-10.1%	-10.5%	-1.1%	-1.5%	-1.9%	12.3%	12.0%	11.7%	11.2%	10.7%	20.3%	20.1%	19.9%	19.5%	19.0%	24.5%	24.3%	24.1%	23.3%
		-£566,132	-£590,212	-£614,292	-£72,395	-£96,475	-£120,555	£988,859	£968,129	£947,399	£905,940	£864,480	£1,931,837	£1,911,321	£1,890,805	£1,849,772	£1,808,740	£2,555,502	£2,534,986	£2,514,470	£2,432,405
	45 dph	-£159,055	-£163,695	-£168,335	-£52,429	-£57,069	-£61,709	£110,262	£106,144	£102,026	£93,790	£85,554	£260,391	£256,397	£252,402	£244,413	£241,299	£383,789	£379,795	£375,800	£359,822
		-12.6%	-12.9%	-13.3%	-3.8%	-4.1%	-4.4%	6.7%	6.5%	6.2%	5.7%	5.2%	14.0%	13.8%	13.6%	13.1%	13.0%	18.8%	18.6%	18.4%	17.6%
		-£715,747	-£736,627	-£757,507	-£235,929	-£256,809	-£277,689	£496,180	£477,649	£459,118	£422,056	£384,994	£1,171,761	£1,153,786	£1,135,811	£1,099,860	£1,085,847	£1,727,052	£1,709,077	£1,691,101	£1,619,201
	60 dph	-£100,710	-£104,670	-£108,630	-£7,295	-£11,255	-£15,215	£146,252	£142,738	£139,223	£132,194	£125,165	£300,889	£297,480	£294,071	£287,253	£280,435	£413,076	£409,667	£406,258	£392,622
		-9.1%	-9.4%	-9.8%	-0.6%	-0.9%	-1.2%	10.0%	9.8%	9.5%	9.1%	8.6%	17.8%	17.6%	17.4%	17.0%	16.6%	22.3%	22.1%	21.9%	21.2%
		-£604,258	-£628,018	-£651,778	-£43,768	-£67,528	-£91,288	£877,513	£856,426	£835,339	£793,165	£750,991	£1,805,334	£1,784,880	£1,764,425	£1,723,517	£1,682,608	£2,478,458	£2,458,003	£2,437,549	£2,355,731
	80dph	-£61,679	-£64,589	-£67,499	£544	-£2,039	-£4,622	£207,299	£204,743	£202,186	£197,072	£191,959	£389,478	£386,973	£384,468	£379,457	£374,447	£487,446	£484,966	£482,487	£477,492
		-6.9%	-7.3%	-7.6%	0.1%	-0.2%	-0.5%	16.2%	16.0%	15.8%	15.4%	15.0%	25.1%	24.9%	24.8%	24.4%	24.1%	28.6%	28.5%	28.3%	28.0%
		-£493,435	-£516,715	-£539,995	£4,350	-£16,311	-£36,972	£1,658,395	£1,637,941	£1,617,486	£1,576,578	£1,535,669	£3,115,823	£3,095,782	£3,075,741	£3,035,658	£2,995,576	£3,899,566	£3,879,731	£3,859,897	£3,819,939
15	35 dph	-£215,937	-£226,437	-£236,937	-£10,858	-£4,315	-£14,815	£473,957	£465,037	£456,117	£438,276	£420,435	£891,799	£882,970	£874,142	£856,485	£838,828	£1,168,782	£1,159,954	£1,151,125	£1,115,812
		-8.4%	-8.8%	-9.2%	-0.4%	-0.2%	-0.5%	13.2%	13.0%	12.7%	12.2%	11.7%	21.1%	20.9%	20.7%	20.3%	19.9%	25.2%	25.0%	24.8%	24.1%
		-£503,853	-£528,353	-£552,853	-£25,336	-£10,069	-£34,569	£1,105,900	£1,085,086	£1,064,272	£1,022,644	£981,015	£2,080,864	£2,060,264	£2,039,664	£1,998,465	£1,957,266	£2,727,159	£2,706,559	£2,685,959	£2,603,561
	45 dph	-£189,829	-£197,269	-£204,709	-£19,025	-£26,465	-£33,905	£243,355	£236,904	£230,452	£217,550	£204,648	£483,905	£482,625	£476,305	£463,663	£451,022	£679,071	£672,815	£666,560	£641,538
		-9.6%	-10.0%	-10.4%	-0.9%	-1.2%	-1.6%	9.4%	9.2%	8.9%	8.4%	7.9%	16.4%	16.3%	16.1%	15.7%	15.3%	20.9%	20.7%	20.5%	19.8%
		-£569,487	-£591,807	-£614,127	-£57,075	-£79,395	-£101,715	£730,064	£710,711	£691,357	£652,651	£613,945	£1,451,716	£1,447,876	£1,428,914	£1,390,990	£1,353,066	£2,037,213	£2,018,446	£1,999,680	£1,924,613
	60 dph	-£138,170	-£144,110	-£150,050	-£6,924	-£12,126	-£1,203	£229,016	£223,866	£218,715	£208,415	£198,114	£459,791	£454,744	£449,698	£439,605	£429,513	£626,370	£621,376	£616,381	£596,404
		-8.0%	-8.3%	-8.7%	-0.4%	-0.6%	-0.1%	10.2%	9.9%	9.7%	9.2%	8.8%	17.7%	17.5%	17.3%	16.9%	16.5%	22.0%	21.8%	21.6%	20.9%
		-£552,680	-£576,440	-£600,200	-£27,695	-£48,505	-£4,812	£916,065	£895,464	£874,862	£833,658	£792,455	£1,839,163	£1,818,978	£1,798,792	£1,758,421	£1,718,050	£2,505,480	£2,485,503	£2,465,525	£2,385,616
	80dph	-£89,252	-£93,512	-£97,772	£7,245	£3,514	-£217	£315,585	£311,966	£308,346	£301,108	£293,870	£593,572	£589,990	£586,409	£579,245	£572,081	£749,857	£746,275	£742,693	£728,366
		-6.6%	-6.9%	-7.3%	0.5%	0.2%	0.0%	16.2%	16.0%	15.8%	15.4%	15.1%	25.0%	24.9%	24.7%	24.4%	24.1%	28.8%	28.6%	28.5%	28.0%
		-£476,009	-£498,729	-£521,449	£38,642	£18,743	-£1,156	£1,683,118	£1,663,816	£1,644,514	£1,605,910	£1,567,306	£3,165,719	£3,146,616	£3,127,513	£3,089,307	£3,051,101	£3,999,235	£3,980,132	£3,961,029	£3,884,617
25	35 dph																				
		-8.4%	-8.8%	-9.2%	-0.3%	-0.2%	-0.6%	12.7%	12.5%	12.2%	11.7%	11.3%	20.5%	20.3%	20.1%	19.7%	19.3%	24.6%	24.4%	24.2%	23.5%
		-£501,238	-£525,206	-£549,174	-£19,694	-£13,012	-£36,980	£1,049,698	£1,029,680	£1,009,662	£969,626	£929,590	£1,986,381	£1,966,363	£1,946,345	£1,906,309	£1,866,273	£2,614,697	£2,594,679	£2,574,661	£2,494,589
	45 dph	-£332,866	-£345,586	-£358,306	-£54,888	-£67,608	-£80,328	£372,441	£361,706	£350,972	£329,503	£308,034	£778,570	£767,946	£757,322	£736,075	£714,827	£1,095,182	£1,084,558	£1,073,935	£1,031,440
		-10.2%	-10.6%	-11.0%	-1.5%	-1.9%	-2.2%	8.7%	8.5%	8.2%	7.7%	7.2%	16.0%	15.7%	15.5%	15.1%	14.6%	20.4%	20.2%	20.1%	19.3%
		-£599,159	-£622,055	-£644,951	-£98,798	-£121,694	-£144,590	£670,393	£651,071	£631,749	£593,106	£554,462	£1,401,425	£1,382,302	£1,363,180	£1,324,934	£1,286,689	£1,971,328	£1,952,205	£1,933,083	£1,856,592
	60 dph	-£245,127	-£255,207	-£265,287	-£2,865	-£12,945	-£23,025	£362,440	£353,934	£345,427	£328,414	£311,401	£744,408	£735,989	£727,570	£710,733	£693,895	£1,023,428	£1,015,009	£1,006,590	£972,915
		-8.6%	-9.0%	-9.3%	-0.1%	-0.4%	-0.7%	9.8%	9.5%	9.3%	8.8%	8.4%	17.4%	17.2%	17.0%	16.6%	16.2%	21.7%	21.6%	21.4%	20.7%
		-£588,305	-£612,497	-£636,689	-£6,876	-£31,068	-£55,260	£869,856	£849,441	£829,025	£788,194	£747,362	£1,786,579	£1,766,374	£1,746,169	£1,705,758	£1,665,348	£2,456,226	£2,436,021	£2,415,816	£2,334,995
	80dph	-£143,683	-£151,063	-£158,443	£25,294	£18,873	£12,452	£507,109	£500,945	£494,781	£482,454	£475,023	£955,914	£949,750	£943,586	£931,258	£918,931	£1,213,403	£1,207,240	£1,201,076	£1,176,421
		-6.2%	-6.6%	-6.9%	1.0%	0.7%	0.5%	15.5%	15.3%	15.1%	14.7%	14.5%	24.1%	24.0%	23.8%	23.5%	23.2%	27.9%	27.8%	27.6%	27.1%
		-£459,787	-£483,403	-£507,019	£80,939	£60,394	£39,848	£1,622,748	£1,603,024	£1,583,300	£1,543,852	£1,520,075	£3,058,923	£3,039,199	£3,019,475	£2,980,027	£2,940,579	£3,882,891	£3,863,167	£3,843,443	£3,764,546
	100 dph	-£145,890	-£152,640	-£159,390	£14,331	£8,458	£2,586	£525,524	£519,886	£514,249	£502,974	£491,698	£993,622	£987,984	£982,347	£971,071	£959,796	£1,247,253	£1,241,615	£1,235,978	£1,213,427
		-6.7%	-7.0%	-7.3%	0.6%	0.4%	0.1%	16.5%	16.3%	16.1%	15.8%	15.4%	25.5%	25.3%	25.2%	24.9%	24.6%	29.1%	29.0%	28.9%	28.4%
		-£583,558	-£610,558	-£637,558	£57,322	£33,832	£10,342	£2,102,096	£2,079,546	£2,056,995	£2,011,894	£1,966,794	£3,974,487	£3,951,937	£3,929,387	£3,884,286	£3,839,185	£4,989,012	£4,966,462	£4,943,911	£4,853,710

KEY:

Residual land value for this scenario at this CIL rate in this value location:	£14,331
Residual land value as % of gross development value of this scenario:	0.6%
Residual land value when expressed in £ per hectare:	£57,322

Threshold values per ha:		
	Greenfield	£450,000
	Garage Courts	£550,000
	MOD sites	£650,000
	Employment	£900,000
	Resid. VP 2	£1,015,000
	Resid. VP 3	£1,285,000
	Resid. VP 4	£1,530,000

Appendix 4B

Appendix 4B: Residential Scenario Valuations at 0% Affordable Housing/CSH Level 4

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

Number of units	Density	Value Point 1 (VP 2 - 10%)				Value Point 2 Charging zone 1				Value Point 3 Charging zone 2				Value Point 4 Charging zone 3				Value Point 5 (VP 4 + 10%)			
		CIL Charge per sq. m				CIL Charge per sq. m				CIL Charge per sq. m				CIL Charge per sq. m				CIL Charge per sq. m			
		£40	£60	£80	£100	£40	£60	£80	£100	£40	£60	£80	£100	£40	£60	£80	£100	£40	£60	£80	£100
		Resulting values				Resulting values				Resulting values				Resulting values				Resulting values			
10		£70,902	£51,483	£32,065	£12,646	£232,563	£213,338	£194,114	£174,890	£645,381	£626,739	£608,097	£589,456	£1,009,483	£990,841	£972,200	£953,558	£1,245,329	£1,226,688	£1,208,046	£1,189,404
	35 dph	3.3%	2.4%	1.5%	0.6%	9.7%	8.9%	8.1%	7.3%	21.2%	20.6%	20.0%	19.4%	28.1%	27.6%	27.0%	26.5%	31.5%	31.0%	30.5%	30.1%
		£248,156	£180,191	£112,227	£44,262	£813,969	£746,684	£679,399	£612,114	£2,258,833	£2,193,587	£2,128,341	£2,063,095	£3,533,191	£3,467,945	£3,402,698	£3,337,452	£4,358,653	£4,293,407	£4,228,161	£4,162,915
		£25,168	£10,116	-£4,936	-£10,296	£150,909	£135,857	£120,805	£105,753	£398,274	£383,673	£369,073	£354,472	£617,221	£602,772	£588,322	£573,872	£785,168	£770,718	£756,268	£741,818
	45 dph	1.5%	0.6%	-0.3%	-0.6%	8.2%	7.4%	6.6%	5.7%	17.9%	17.3%	16.6%	16.0%	24.1%	23.5%	23.0%	22.4%	27.9%	27.4%	26.9%	26.3%
		£113,256	£45,522	-£22,212	-£46,333	£679,091	£611,357	£543,623	£475,889	£1,792,232	£1,726,530	£1,660,828	£1,595,126	£2,777,497	£2,712,472	£2,647,447	£2,582,423	£3,533,255	£3,468,230	£3,403,206	£3,338,181
		£37,577	£26,235	£14,893	£3,551	£143,842	£132,500	£121,158	£109,815	£348,332	£337,330	£326,328	£315,326	£548,113	£537,225	£526,336	£515,448	£691,130	£680,242	£669,353	£658,464
	60 dph	2.7%	1.9%	1.1%	0.3%	9.3%	8.5%	7.8%	7.1%	18.6%	18.0%	17.5%	16.9%	25.1%	24.6%	24.1%	23.6%	28.8%	28.4%	27.9%	27.5%
		£225,464	£157,410	£89,357	£21,303	£863,053	£794,999	£726,946	£658,892	£2,089,992	£2,023,980	£1,957,969	£1,891,957	£3,288,680	£3,223,349	£3,158,018	£3,092,686	£4,146,781	£4,081,449	£4,016,118	£3,950,787
		£37,531	£28,425	£19,319	£10,214	£125,344	£116,239	£107,133	£98,027	£390,048	£381,215	£372,383	£363,550	£628,762	£620,020	£611,279	£602,537	£763,906	£755,164	£746,423	£737,681
	80dph	3.2%	2.5%	1.7%	0.9%	9.8%	9.0%	8.3%	7.6%	23.1%	22.6%	22.0%	21.5%	30.5%	30.1%	29.7%	29.2%	33.7%	33.3%	32.9%	32.6%
		£300,246	£227,400	£154,554	£81,708	£1,002,756	£929,910	£857,064	£784,218	£3,120,384	£3,049,724	£2,979,063	£2,908,402	£5,030,094	£4,960,162	£4,890,229	£4,820,297	£6,111,248	£6,041,316	£5,971,383	£5,901,451
15		£100,305	£71,402	£42,500	£13,597	£334,755	£306,720	£278,685	£250,649	£959,298	£931,551	£903,805	£876,059	£1,503,127	£1,475,381	£1,447,634	£1,419,888	£1,855,322	£1,827,575	£1,799,829	£1,772,082
	35 dph	3.1%	2.2%	1.3%	0.4%	9.2%	8.4%	7.7%	6.9%	20.9%	20.3%	19.6%	19.0%	27.6%	27.1%	26.6%	26.1%	31.0%	30.5%	30.1%	29.6%
		£234,044	£166,605	£99,166	£31,726	£781,096	£715,680	£650,264	£584,848	£2,238,362	£2,173,620	£2,108,878	£2,044,137	£3,507,297	£3,442,555	£3,377,814	£3,313,072	£4,329,084	£4,264,342	£4,199,601	£4,134,859
		£27,696	£5,415	-£675	-£26,115	£211,690	£189,632	£169,266	£146,985	£574,303	£552,913	£531,523	£510,133	£904,485	£883,095	£861,705	£840,315	£1,153,092	£1,131,702	£1,110,313	£1,088,923
	45 dph	1.1%	0.2%	0.0%	-1.1%	7.7%	6.9%	6.1%	5.3%	17.2%	16.6%	16.0%	15.3%	23.6%	23.0%	22.4%	21.9%	27.3%	26.8%	26.3%	25.8%
		£83,089	£16,246	-£2,024	-£78,344	£635,071	£568,896	£507,798	£440,955	£1,722,908	£1,658,738	£1,594,568	£1,530,398	£2,713,454	£2,649,284	£2,585,114	£2,520,944	£3,459,277	£3,395,107	£3,330,938	£3,266,768
		£47,376	£30,034	£12,693	-£4,649	£207,137	£189,969	£174,547	£157,205	£492,198	£480,503	£463,682	£446,861	£783,535	£766,887	£750,239	£733,591	£997,182	£980,534	£963,886	£947,239
	60 dph	2.2%	1.4%	0.6%	-0.2%	8.6%	7.9%	7.3%	6.6%	17.3%	16.9%	16.3%	15.7%	23.7%	23.2%	22.7%	22.2%	27.5%	27.0%	26.6%	26.1%
		£189,503	£120,137	£50,771	-£18,595	£828,550	£759,877	£698,187	£628,821	£1,968,791	£1,922,014	£1,854,729	£1,787,444	£3,134,140	£3,067,548	£3,000,957	£2,934,365	£3,988,729	£3,922,137	£3,855,546	£3,788,955
		£49,108	£36,181	£23,253	£10,326	£174,545	£161,617	£148,690	£135,763	£575,435	£563,025	£550,615	£538,204	£944,462	£932,052	£919,642	£907,232	£1,142,571	£1,130,161	£1,117,751	£1,105,341
	80dph	2.9%	2.2%	1.4%	0.6%	9.4%	8.7%	8.0%	7.3%	23.1%	22.6%	22.1%	21.6%	30.9%	30.5%	30.1%	29.6%	33.9%	33.6%	33.2%	32.8%
		£261,909	£192,963	£124,018	£55,072	£930,906	£861,960	£793,014	£724,069	£3,068,987	£3,002,799	£2,936,612	£2,870,424	£5,037,132	£4,970,944	£4,904,756	£4,838,568	£6,093,715	£6,027,527	£5,961,339	£5,895,151

KEY:

Residual land value for this scenario at this CIL rate in this value location:	£10,326
Residual land value as % of gross development value of this scenario:	0.6%
Residual land value when expressed in £ per hectare:	£55,072

Threshold values per ha:		
	Greenfield	£450,000
	Garage Courts	£550,000
	MOD sites	£650,000
	Employment	£900,000
	Resid. VP 2	£1,015,000
	Resid. VP 3	£1,285,000
	Resid. VP 4	£1,530,000

Appendix 5A

Appendix 5A: Residential Scenario Valuations at 40% Affordable Housing/CSH Level 3

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

Number of units	Density	Value Point 1 (VP 2 - 10%) CIL Charge per sq. m			Value Point 2 Charging zone 1 CIL Charge per sq. m			Value Point 3 Charging zone 2 CIL Charge per sq. m					Value Point 4 Charging zone 3 CIL Charge per sq. m					Value Point 5 (VP 4 + 10%) CIL Charge per sq. m			
		£40	£50	£60	£40	£50	£60	£40	£50	£60	£80	£100	£40	£50	£60	£80	£100	£40	£50	£60	£100
		Resulting values			Resulting values			Resulting values					Resulting values					Resulting values			
10	35 dph	-£161,752	-£168,632	-£175,512	-£20,684	-£27,564	-£34,444	£282,531	£276,608	£270,686	£258,840	£246,994	£551,953	£546,092	£540,230	£528,506	£516,783	£730,143	£724,282	£718,420	£694,973
		-9.7%	-10.1%	-10.5%	-1.1%	-1.5%	-1.9%	12.3%	12.0%	11.7%	11.2%	10.7%	20.3%	20.1%	19.9%	19.5%	19.0%	24.5%	24.3%	24.1%	23.3%
		-£566,132	-£590,212	-£614,292	-£72,395	-£96,475	-£120,555	£988,859	£968,129	£947,399	£905,940	£864,480	£1,931,837	£1,911,321	£1,890,805	£1,849,772	£1,808,740	£2,555,502	£2,534,986	£2,514,470	£2,432,405
	45 dph	-£159,055	-£163,695	-£168,335	-£52,429	-£57,069	-£61,709	£110,262	£106,144	£102,026	£93,790	£85,554	£260,391	£256,397	£252,402	£244,413	£241,299	£383,789	£379,795	£375,800	£359,822
		-12.6%	-12.9%	-13.3%	-3.8%	-4.1%	-4.4%	6.7%	6.5%	6.2%	5.7%	5.2%	14.0%	13.8%	13.6%	13.1%	13.0%	18.8%	18.6%	18.4%	17.6%
		-£715,747	-£736,627	-£757,507	-£235,929	-£256,809	-£277,689	£496,180	£477,649	£459,118	£422,056	£384,994	£1,171,761	£1,153,786	£1,135,811	£1,099,860	£1,085,847	£1,727,052	£1,709,077	£1,691,101	£1,619,201
	60 dph	-£100,710	-£104,670	-£108,630	-£7,295	-£11,255	-£15,215	£146,252	£142,738	£139,223	£132,194	£125,165	£300,889	£297,480	£294,071	£287,253	£280,435	£413,076	£409,667	£406,258	£392,622
		-9.1%	-9.4%	-9.8%	-0.6%	-0.9%	-1.2%	10.0%	9.8%	9.5%	9.1%	8.6%	17.8%	17.6%	17.4%	17.0%	16.6%	22.3%	22.1%	21.9%	21.2%
		-£604,258	-£628,018	-£651,778	-£43,768	-£67,528	-£91,288	£877,513	£856,426	£835,339	£793,165	£750,991	£1,805,334	£1,784,880	£1,764,425	£1,723,517	£1,682,608	£2,478,458	£2,458,003	£2,437,549	£2,355,731
	80 dph	-£61,679	-£64,589	-£67,499	£544	-£2,039	-£4,622	£207,299	£204,743	£202,186	£197,072	£191,959	£389,478	£386,973	£384,468	£379,457	£374,447	£487,446	£484,966	£482,487	£477,492
		-6.9%	-7.3%	-7.6%	0.1%	-0.2%	-0.5%	16.2%	16.0%	15.8%	15.4%	15.0%	25.1%	24.9%	24.8%	24.4%	24.1%	28.6%	28.5%	28.3%	28.0%
		-£493,435	-£516,715	-£539,995	£4,350	-£16,311	-£36,972	£1,658,395	£1,637,941	£1,617,486	£1,576,578	£1,535,669	£3,115,823	£3,095,782	£3,075,741	£3,035,658	£2,995,576	£3,899,566	£3,879,731	£3,859,897	£3,819,939
15	35 dph	-£215,937	-£226,437	-£236,937	-£10,858	-£4,315	-£14,815	£473,957	£465,037	£456,117	£438,276	£420,435	£891,799	£882,970	£874,142	£856,485	£838,828	£1,168,782	£1,159,954	£1,151,125	£1,115,812
		-8.4%	-8.8%	-9.2%	-0.4%	-0.2%	-0.5%	13.2%	13.0%	12.7%	12.2%	11.7%	21.1%	20.9%	20.7%	20.3%	19.9%	25.2%	25.0%	24.8%	24.1%
		-£503,853	-£528,353	-£552,853	-£25,336	-£10,069	-£34,569	£1,105,900	£1,085,086	£1,064,272	£1,022,644	£981,015	£2,080,864	£2,060,264	£2,039,664	£1,998,465	£1,957,266	£2,727,159	£2,706,559	£2,685,959	£2,603,561
	45 dph	-£189,829	-£197,269	-£204,709	-£19,025	-£26,465	-£33,905	£243,355	£236,904	£230,452	£217,550	£204,648	£483,905	£482,625	£476,305	£463,663	£451,022	£679,071	£672,815	£666,560	£641,538
		-9.6%	-10.0%	-10.4%	-0.9%	-1.2%	-1.6%	9.4%	9.2%	8.9%	8.4%	7.9%	16.4%	16.3%	16.1%	15.7%	15.3%	20.9%	20.7%	20.5%	19.8%
		-£569,487	-£591,807	-£614,127	-£57,075	-£79,395	-£101,715	£730,064	£710,711	£691,357	£652,651	£613,945	£1,451,716	£1,447,876	£1,428,914	£1,390,990	£1,353,066	£2,037,213	£2,018,446	£1,999,680	£1,924,613
	60 dph	-£138,170	-£144,110	-£150,050	-£6,924	-£12,126	-£1,203	£229,016	£223,866	£218,715	£208,415	£198,114	£459,791	£454,744	£449,698	£439,605	£429,513	£626,370	£621,376	£616,381	£596,404
		-8.0%	-8.3%	-8.7%	-0.4%	-0.6%	-0.1%	10.2%	9.9%	9.7%	9.2%	8.8%	17.7%	17.5%	17.3%	16.9%	16.5%	22.0%	21.8%	21.6%	20.9%
		-£552,680	-£576,440	-£600,200	-£27,695	-£48,505	-£4,812	£916,065	£895,464	£874,862	£833,658	£792,455	£1,839,163	£1,818,978	£1,798,792	£1,758,421	£1,718,050	£2,505,480	£2,485,503	£2,465,525	£2,385,616
	80 dph	-£89,252	-£93,512	-£97,772	£7,245	£3,514	-£217	£315,585	£311,966	£308,346	£301,108	£293,870	£593,572	£589,990	£586,409	£579,245	£572,081	£749,857	£746,275	£742,693	£728,366
		-6.6%	-6.9%	-7.3%	0.5%	0.2%	0.0%	16.2%	16.0%	15.8%	15.4%	15.1%	25.0%	24.9%	24.7%	24.4%	24.1%	28.8%	28.6%	28.5%	28.0%
		-£476,009	-£498,729	-£521,449	£38,642	£18,743	-£1,156	£1,683,118	£1,663,816	£1,644,514	£1,605,910	£1,567,306	£3,165,719	£3,146,616	£3,127,513	£3,089,307	£3,051,101	£3,999,235	£3,980,132	£3,961,029	£3,884,617
25	35 dph	-£358,027	-£375,147	-£392,267	-£14,067	-£9,295	-£26,415	£749,785	£735,486	£721,187	£692,590	£663,993	£1,418,844	£1,404,545	£1,390,247	£1,361,649	£1,333,052	£1,867,641	£1,853,342	£1,839,044	£1,781,849
		-8.4%	-8.8%	-9.2%	-0.3%	-0.2%	-0.6%	12.7%	12.5%	12.2%	11.7%	11.3%	20.5%	20.3%	20.1%	19.7%	19.3%	24.6%	24.4%	24.2%	23.5%
		-£501,238	-£525,206	-£549,174	-£19,694	-£13,012	-£36,980	£1,049,698	£1,029,680	£1,009,662	£969,626	£929,590	£1,986,381	£1,966,363	£1,946,345	£1,906,309	£1,866,273	£2,614,697	£2,594,679	£2,574,661	£2,494,589
	45 dph	-£332,866	-£345,586	-£358,306	-£54,888	-£67,608	-£80,328	£372,441	£361,706	£350,972	£329,503	£308,034	£778,570	£767,946	£757,322	£736,075	£714,827	£1,095,182	£1,084,558	£1,073,935	£1,031,440
		-10.2%	-10.6%	-11.0%	-1.5%	-1.9%	-2.2%	8.7%	8.5%	8.2%	7.7%	7.2%	16.0%	15.7%	15.5%	15.1%	14.6%	20.4%	20.2%	20.1%	19.3%
		-£599,159	-£622,055	-£644,951	-£98,798	-£121,694	-£144,590	£670,393	£651,071	£631,749	£593,106	£554,462	£1,401,425	£1,382,302	£1,363,180	£1,324,934	£1,286,689	£1,971,328	£1,952,205	£1,933,083	£1,856,592
	60 dph	-£245,127	-£255,207	-£265,287	-£2,865	-£12,945	-£23,025	£362,440	£353,934	£345,427	£328,414	£311,401	£744,408	£735,989	£727,570	£710,733	£693,895	£1,023,428	£1,015,009	£1,006,590	£972,915
		-8.6%	-9.0%	-9.3%	-0.1%	-0.4%	-0.7%	9.8%	9.5%	9.3%	8.8%	8.4%	17.4%	17.2%	17.0%	16.6%	16.2%	21.7%	21.6%	21.4%	20.7%
		-£588,305	-£612,497	-£636,689	-£6,876	-£31,068	-£55,260	£869,856	£849,441	£829,025	£788,194	£747,362	£1,786,579	£1,766,374	£1,746,169	£1,705,758	£1,665,348	£2,456,226	£2,436,021	£2,415,816	£2,334,995
	80 dph	-£143,683	-£151,063	-£158,443	£25,294	£18,873	£12,452	£507,109	£500,945	£494,781	£482,454	£475,023	£955,914	£949,750	£943,586	£931,258	£918,931	£1,213,403	£1,207,240	£1,201,076	£1,176,421
		-6.2%	-6.6%	-6.9%	1.0%	0.7%	0.5%	15.5%	15.3%	15.1%	14.7%	14.5%	24.1%	24.0%	23.8%	23.5%	23.2%	27.9%	27.8%	27.6%	27.1%
		-£459,787	-£483,403	-£507,019	£80,939	£60,394	£39,848	£1,622,748	£1,603,024	£1,583,300	£1,543,852	£1,520,075	£3,058,923	£3,039,199	£3,019,475	£2,980,027	£2,940,579	£3,882,891	£3,863,167	£3,843,443	£3,764,546
	1000 dph	-£145,890	-£152,640	-£159,390	£14,331	£8,458	£2,586	£525,524	£519,886	£514,249	£502,974	£491,698	£993,622	£987,984	£982,347	£971,071	£959,796	£1,247,253	£1,241,615	£1,235,978	£1,213,427
		-6.7%	-7.0%	-7.3%	0.6%	0.4%	0.1%	16.5%	16.3%	16.1%	15.8%	15.4%	25.5%	25.3%	25.2%	24.9%	24.6%	29.1%	29.0%	28.9%	28.4%
		-£583,558	-£610,558	-£637,558	£57,322	£33,832	£10,342	£2,102,096	£2,079,546	£2,056,995	£2,011,894	£1,966,794	£3,974,487	£3,951,937	£3,929,387	£3,884,286	£3,839,185	£4,989,012	£4,966,462	£4,943,911	£4,853,710

KEY:

Residual land value for this scenario at this CIL rate in this value location:	£8,458
Residual land value as % of gross development value of this scenario:	0.4%
Residual land value when expressed in £ per hectare:	£33,832

Threshold values per ha:		
	Greenfield	£450,000
	Garage Courts	£550,000
	MOD sites	£650,000
	Employment	£900,000
	Resid. VP 2	£1,015,000
	Resid. VP 3	£1,285,000
	Resid. VP 4	£1,530,000

Appendix 5B

Appendix 5B: Residential Scenario Valuations at 40% Affordable Housing/CSH Level 4

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

Number of Units	Density	Value Point 1 (VP 1 - 10%)			Value Point 2 Charging zone 1			Value Point 3 Charging zone 2					Value Point 4 Charging zone 3					Value Point 5 (VP 4 + 10%)		
		CIL Charge per sq. m			CIL Charge per sq. m			CIL Charge per sq. m					CIL Cost per sq. m					CIL Charge per sq. m		
		£40	£50	£60	£40	£50	£60	£40	£50	£60	£80	£100	£40	£50	£60	£80	£100	£40	£50	£60
		Resulting values			Resulting values			Resulting values					Resulting values					Resulting values		
10	35 dph	-£212,359	-£219,239	-£226,119	-£71,291	-£78,171	-£85,051	£243,892	£237,847	£231,802	£219,712	£207,622	£508,836	£502,974	£497,113	£485,389	£478,600	£687,026	£681,164	£675,303
		-12.7%	-13.2%	-13.6%	-3.9%	-4.2%	-4.6%	10.6%	10.3%	10.1%	9.5%	9.0%	18.8%	18.5%	18.3%	17.9%	17.6%	23.1%	22.9%	22.7%
		-£743,257	-£767,337	-£791,417	-£249,520	-£273,600	-£297,680	£853,622	£832,464	£811,307	£768,993	£726,678	£1,780,927	£1,760,411	£1,739,894	£1,698,862	£1,675,099	£2,404,592	£2,384,075	£2,363,559
	45 dph	-£198,618	-£203,258	-£207,898	-£91,992	-£96,632	-£101,272	£75,150	£71,032	£66,914	£58,678	£50,442	£230,999	£226,922	£222,845	£214,692	£206,538	£349,730	£345,736	£341,742
		-15.7%	-16.1%	-16.4%	-6.6%	-6.9%	-7.2%	4.6%	4.3%	4.1%	3.6%	3.1%	12.4%	12.2%	12.0%	11.5%	11.1%	17.1%	17.0%	16.8%
		-£893,780	-£914,660	-£935,540	-£413,962	-£434,842	-£455,722	£338,175	£319,644	£301,113	£264,051	£226,989	£1,039,496	£1,021,150	£1,002,805	£966,113	£929,422	£1,573,787	£1,555,812	£1,537,837
	60 dph	-£130,766	-£134,726	-£138,686	-£37,351	-£41,311	-£45,271	£119,577	£116,062	£112,548	£105,519	£98,490	£275,014	£271,605	£268,196	£261,378	£254,560	£387,201	£383,792	£380,383
		-11.8%	-12.1%	-12.5%	-3.0%	-3.4%	-3.7%	8.2%	7.9%	7.7%	7.2%	6.7%	16.3%	16.1%	15.9%	15.5%	15.1%	20.9%	20.7%	20.5%
		-£784,598	-£808,358	-£832,118	-£224,108	-£247,868	-£271,628	£717,461	£696,374	£675,287	£633,113	£590,939	£1,650,084	£1,629,629	£1,609,175	£1,568,266	£1,527,358	£2,323,208	£2,302,753	£2,282,299
	80 dph	-£84,746	-£87,656	-£90,566	-£10,229	-£13,139	-£16,049	£187,032	£184,476	£181,919	£176,805	£173,426	£369,620	£367,115	£364,610	£359,600	£354,589	£472,666	£470,161	£467,655
		-9.5%	-9.9%	-10.2%	-1.0%	-1.3%	-1.6%	14.6%	14.4%	14.2%	13.8%	13.5%	23.8%	23.6%	23.5%	23.2%	22.8%	27.7%	27.6%	27.5%
		-£677,969	-£701,249	-£724,529	-£81,830	-£105,110	-£128,390	£1,496,259	£1,475,805	£1,455,350	£1,414,441	£1,387,407	£2,956,962	£2,936,921	£2,916,880	£2,876,798	£2,836,715	£3,781,326	£3,761,284	£3,741,243
15	35 dph	-£293,125	-£303,625	-£314,125	-£71,004	-£81,504	-£92,004	£408,381	£399,461	£390,540	£372,700	£354,859	£826,899	£818,070	£809,242	£791,585	£773,928	£1,103,882	£1,095,054	£1,086,225
		-11.4%	-11.8%	-12.2%	-2.5%	-2.9%	-3.2%	11.4%	11.2%	10.9%	10.4%	9.9%	19.6%	19.4%	19.2%	18.7%	18.3%	23.8%	23.6%	23.4%
		-£683,959	-£708,459	-£732,959	-£165,675	-£190,175	-£214,675	£952,889	£932,075	£911,261	£869,633	£828,004	£1,929,430	£1,908,831	£1,888,231	£1,847,032	£1,805,833	£2,575,725	£2,555,126	£2,534,526
	45 dph	-£249,349	-£256,789	-£264,229	-£78,545	-£85,985	-£93,425	£191,746	£185,295	£178,844	£167,618	£154,586	£438,381	£432,060	£425,739	£413,098	£400,456	£629,027	£622,771	£616,516
		-12.7%	-13.0%	-13.4%	-3.6%	-3.9%	-4.3%	7.4%	7.2%	6.9%	6.5%	6.0%	14.8%	14.6%	14.4%	14.0%	13.6%	19.4%	19.2%	19.0%
		-£748,047	-£770,367	-£792,687	-£235,634	-£257,954	-£280,274	£575,239	£555,886	£536,533	£502,855	£463,758	£1,315,142	£1,296,179	£1,277,217	£1,239,293	£1,201,369	£1,887,080	£1,868,313	£1,849,547
	60 dpg	-£184,567	-£190,507	-£196,447	-£35,720	-£41,660	-£47,600	£188,786	£183,636	£178,485	£169,883	£159,479	£420,373	£415,327	£410,281	£400,188	£390,095	£587,359	£582,365	£577,370
		-10.7%	-11.0%	-11.4%	-1.9%	-2.2%	-2.5%	8.4%	8.2%	7.9%	7.5%	7.1%	16.2%	16.0%	15.8%	15.4%	15.0%	20.6%	20.4%	20.2%
		-£738,270	-£762,030	-£785,790	-£142,882	-£166,642	-£190,402	£755,145	£734,543	£713,942	£679,534	£637,914	£1,681,494	£1,661,308	£1,641,123	£1,600,752	£1,560,381	£2,349,436	£2,329,459	£2,309,482
	80 dph	-£124,261	-£128,521	-£132,781	-£8,154	-£12,414	-£16,674	£285,843	£282,223	£278,604	£271,366	£264,128	£564,137	£560,555	£556,973	£549,809	£542,646	£720,421	£716,839	£713,257
		-9.2%	-9.5%	-9.8%	-0.5%	-0.8%	-1.1%	14.6%	14.5%	14.3%	13.9%	13.5%	23.8%	23.6%	23.5%	23.2%	22.9%	27.7%	27.5%	27.4%
		-£662,723	-£685,443	-£708,163	-£43,488	-£66,208	-£88,928	£1,524,493	£1,505,191	£1,485,889	£1,447,286	£1,408,682	£3,008,729	£2,989,626	£2,970,523	£2,932,317	£2,894,111	£3,842,245	£3,823,142	£3,804,039
25	35 dph	-£486,476	-£503,596	-£520,716	-£120,624	-£137,744	-£154,864	£642,504	£628,205	£613,906	£585,309	£556,712	£1,311,563	£1,297,264	£1,282,966	£1,254,369	£1,225,771	£1,760,360	£1,746,061	£1,731,763
		-11.4%	-11.8%	-12.2%	-2.5%	-2.9%	-3.3%	10.9%	10.7%	10.4%	9.9%	9.4%	19.0%	18.8%	18.6%	18.1%	17.7%	23.2%	23.0%	22.8%
		-£681,067	-£705,035	-£729,003	-£168,873	-£192,841	-£216,809	£899,505	£879,487	£859,469	£819,433	£779,397	£1,836,188	£1,816,170	£1,796,152	£1,756,116	£1,716,080	£2,464,504	£2,444,486	£2,424,468
	45 dph	-£431,847	-£444,567	-£457,287	-£153,869	-£166,589	-£179,309	£288,911	£278,176	£267,442	£245,973	£229,133	£695,901	£685,277	£674,653	£653,406	£632,158	£1,012,514	£1,001,890	£991,266
		-13.3%	-13.7%	-14.0%	-4.3%	-4.6%	-5.0%	6.8%	6.5%	6.3%	5.8%	5.4%	14.3%	14.0%	13.8%	13.4%	13.0%	18.9%	18.7%	18.5%
		-£777,324	-£800,220	-£823,116	-£276,963	-£299,859	-£322,755	£520,040	£500,718	£481,396	£442,752	£412,440	£1,252,622	£1,233,499	£1,214,376	£1,176,131	£1,137,885	£1,822,524	£1,803,402	£1,784,279
	60 dph	-£323,334	-£333,414	-£343,494	-£81,072	-£91,152	-£101,232	£296,441	£287,935	£279,428	£262,415	£245,402	£679,089	£670,671	£662,252	£645,414	£628,577	£958,109	£949,690	£941,272
		-11.4%	-11.7%	-12.1%	-2.6%	-2.9%	-3.2%	8.0%	7.8%	7.5%	7.1%	6.6%	15.8%	15.6%	15.4%	15.0%	14.7%	20.4%	20.2%	20.0%
		-£776,001	-£800,193	-£824,385	-£194,573	-£218,765	-£242,957	£711,459	£691,043	£670,628	£629,797	£588,965	£1,629,815	£1,609,609	£1,589,404	£1,548,994	£1,508,584	£2,299,462	£2,279,257	£2,259,052
	80 dph	-£203,749	-£211,129	-£218,509	-£6,998	-£14,378	-£21,758	£461,702	£455,474	£449,246	£436,790	£424,334	£905,747	£899,583	£893,420	£881,092	£868,764	£1,163,237	£1,157,073	£1,150,909
		-8.8%	-9.2%	-9.5%	-0.3%	-0.6%	-0.9%	14.1%	13.9%	13.7%	13.3%	12.9%	22.9%	22.7%	22.6%	22.3%	21.9%	26.8%	26.6%	26.5%
		-£651,996	-£675,612	-£699,228	-£22,393	-£46,009	-£69,625	£1,477,447	£1,457,517	£1,437,588	£1,397,729	£1,357,870	£2,898,391	£2,878,667	£2,858,943	£2,819,494	£2,780,046	£3,722,358	£3,702,634	£3,682,910
	100 dph	-£202,994	-£209,744	-£216,494	-£16,638	-£23,388	-£30,138	£482,808	£477,112	£471,415	£460,023	£448,630	£945,928	£940,291	£934,653	£923,378	£912,103	£1,199,560	£1,193,922	£1,188,284
		-9.3%	-9.6%	-9.9%	-0.7%	-1.0%	-1.2%	15.1%	15.0%	14.8%	14.4%	14.1%	24.3%	24.1%	24.0%	23.7%	23.4%	28.0%	27.9%	27.8%
		-£811,975	-£838,975	-£865,975	-£66,552	-£93,552	-£120,552	£1,931,232	£1,908,446	£1,885,661	£1,840,091	£1,794,520	£3,783,714	£3,761,163	£3,738,613	£3,693,512	£3,648,411	£4,798,238	£4,775,688	£4,753,137

KEY:

Residual land value for this scenario at this CIL rate in this value location:	£482,808
Residual land value as % of gross development value of this scenario:	15.1%
Residual land value when expressed in £ per hectare:	£1,931,232

Threshold values per ha:		
	Greenfield	£450,000
	Garage Courts	£550,000
	MOD sites	£650,000
	Employment	£900,000
	Resid. VP 2	£1,015,000
	Resid. VP 3	£1,285,000
	Resid. VP 4	£1,530,000

Appendix 5C

Appendix 5C: Residential Scenario Valuations at 40% Affordable Housing / CSH Level 5

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

Number of Units	Density	Value Point 1 (VP 1 - 10%)			Value Point 2 Charging zone 1			Value Point 3 Charging zone 2					Value Point 4 Charging zone 3					Value Point 5 (VP 4 + 10%)		
		CIL Charge per sq. m			CIL Charge per sq. m			CIL Charge per sq. m					CIL Charge per sq. m					CIL Charge per sq. m		
		£40	£50	£60	£40	£50	£60	£40	£50	£60	£80	£100	£40	£50	£60	£80	£100	£40	£50	£60
		Resulting values			Resulting values			Resulting values					Resulting values					Resulting values		
10		-£414,787	-£421,667	-£428,547	-£273,720	-£280,600	-£287,480	£66,700	£60,594	£54,488	£42,276	£30,064	£339,871	£333,948	£328,026	£316,180	£304,334	£514,557	£508,696	£502,834
	35 dph	-24.9%	-25.3%	-25.7%	-14.9%	-15.2%	-15.6%	2.9%	2.6%	2.4%	1.8%	1.3%	12.5%	12.3%	12.1%	11.7%	11.2%	17.3%	17.1%	16.9%
		-£1,451,756	-£1,475,836	-£1,499,916	-£958,019	-£982,099	-£1,006,179	£233,452	£212,081	£190,710	£147,968	£105,226	£1,189,549	£1,168,819	£1,148,089	£1,106,630	£1,065,170	£1,800,951	£1,780,434	£1,759,918
		-£356,870	-£361,510	-£366,150	-£250,243	-£254,883	-£259,523	-£61,350	-£65,990	-£70,630	-£79,910	-£89,190	£92,884	£88,766	£84,648	£76,412	£68,176	£217,897	£213,821	£209,744
	45 dph	-28.2%	-28.6%	-29.0%	-17.9%	-18.2%	-18.6%	-3.8%	-4.0%	-4.3%	-4.9%	-5.5%	5.0%	4.8%	4.5%	4.1%	3.7%	10.7%	10.5%	10.3%
		-£1,605,914	-£1,626,794	-£1,647,674	-£1,126,096	-£1,146,976	-£1,167,856	-£276,077	-£296,957	-£317,837	-£359,597	-£401,357	£417,978	£399,447	£380,916	£343,854	£306,792	£980,538	£962,192	£943,847
		-£250,993	-£254,953	-£258,913	-£157,578	-£161,538	-£165,498	£12,876	£9,361	£5,847	-£1,182	-£8,211	£175,050	£173,304	£169,789	£162,760	£155,731	£283,701	£280,292	£276,883
	60 dph	-22.6%	-22.9%	-23.3%	-12.8%	-13.1%	-13.5%	0.9%	0.6%	0.4%	-0.1%	-0.6%	10.4%	10.3%	10.0%	9.6%	9.2%	15.3%	15.1%	14.9%
		-£1,505,958	-£1,529,718	-£1,553,478	-£945,468	-£969,228	-£992,988	£77,253	£56,166	£35,079	-£7,095	-£49,269	£1,050,301	£1,039,823	£1,018,736	£976,562	£934,388	£1,702,207	£1,681,752	£1,661,298
		-£177,013	-£179,923	-£182,833	-£102,496	-£105,406	-£108,316	£107,035	£104,452	£101,869	£96,704	£91,539	£290,190	£287,685	£285,180	£280,169	£275,159	£393,235	£390,730	£388,225
	80 dph	-19.9%	-20.2%	-20.6%	-10.4%	-10.7%	-11.0%	8.4%	8.2%	8.0%	7.6%	7.2%	18.7%	18.5%	18.4%	18.0%	17.7%	23.1%	22.9%	22.8%
		-£1,416,106	-£1,439,386	-£1,462,666	-£819,966	-£843,246	-£866,526	£856,277	£835,616	£814,955	£773,633	£732,311	£2,321,519	£2,301,478	£2,281,437	£2,241,355	£2,201,272	£3,145,883	£3,125,842	£3,105,800
15		-£601,879	-£612,379	-£622,879	-£379,758	-£390,258	-£400,758	£150,595	£141,398	£132,202	£113,810	£95,417	£567,299	£558,470	£549,642	£531,985	£514,328	£844,282	£835,454	£826,625
	35 dph	-23.4%	-23.8%	-24.2%	-13.3%	-13.7%	-14.0%	4.2%	3.9%	3.7%	3.2%	2.7%	13.4%	13.2%	13.0%	12.6%	12.2%	18.2%	18.0%	17.8%
		-£1,404,384	-£1,428,884	-£1,453,384	-£886,101	-£910,601	-£935,101	£351,388	£329,930	£308,472	£265,556	£222,640	£1,323,697	£1,303,097	£1,282,497	£1,241,298	£1,200,099	£1,969,991	£1,949,392	£1,928,792
		-£487,429	-£494,869	-£502,309	-£316,624	-£324,064	-£331,504	-£14,835	-£5,796	-£13,236	-£28,116	-£42,996	£240,986	£234,535	£228,084	£215,182	£202,280	£433,316	£426,996	£420,675
	45 dph	-24.7%	-25.1%	-25.5%	-14.5%	-14.8%	-15.2%	-0.6%	-0.2%	-0.5%	-1.1%	-1.7%	8.2%	7.9%	7.7%	7.3%	6.8%	13.4%	13.2%	13.0%
		-£1,462,286	-£1,484,606	-£1,506,926	-£949,873	-£972,193	-£994,513	-£44,505	-£17,388	-£39,708	-£84,348	-£128,988	£722,959	£703,606	£684,253	£645,547	£606,840	£1,299,949	£1,280,987	£1,262,025
		-£370,157	-£376,097	-£382,037	-£221,310	-£227,250	-£233,190	£28,148	£22,945	£17,743	£7,338	-£3,067	£262,704	£257,658	£252,611	£242,519	£237,218	£435,808	£430,762	£425,715
	60 dph	-21.4%	-21.8%	-22.1%	-11.6%	-11.9%	-12.2%	1.2%	1.0%	0.8%	0.3%	-0.1%	10.1%	9.9%	9.7%	9.3%	9.1%	15.3%	15.1%	14.9%
		-£1,480,628	-£1,504,388	-£1,528,148	-£885,240	-£909,000	-£932,760	£112,590	£91,780	£70,971	£29,351	-£12,269	£1,050,817	£1,030,631	£1,010,446	£970,075	£948,873	£1,743,233	£1,723,047	£1,702,862
		-£264,296	-£268,556	-£272,816	-£148,190	-£152,450	-£156,710	£172,035	£168,304	£164,573	£157,111	£149,649	£451,045	£447,425	£443,806	£436,568	£429,330	£602,679	£599,097	£595,515
	80 dph	-19.6%	-19.9%	-20.2%	-9.9%	-10.2%	-10.5%	8.8%	8.6%	8.4%	8.1%	7.7%	19.0%	18.9%	18.7%	18.4%	18.1%	23.1%	23.0%	22.9%
		-£1,409,581	-£1,432,301	-£1,455,021	-£790,346	-£813,066	-£835,786	£917,520	£897,621	£877,722	£837,924	£798,126	£2,405,571	£2,386,269	£2,366,967	£2,328,363	£2,289,759	£3,214,287	£3,195,184	£3,176,081
25		-£1,000,273	-£1,017,393	-£1,034,513	-£634,421	-£651,541	-£668,661	£220,048	£205,303	£190,557	£162,694	£132,905	£882,440	£868,141	£853,842	£825,245	£796,648	£1,331,237	£1,316,938	£1,302,639
	35 dph	-23.4%	-23.8%	-24.2%	-13.4%	-13.8%	-14.1%	3.7%	3.5%	3.2%	2.8%	2.3%	12.8%	12.6%	12.3%	11.9%	11.5%	17.5%	17.3%	17.2%
		-£1,400,383	-£1,424,351	-£1,448,319	-£888,189	-£912,157	-£936,125	£308,068	£287,424	£266,780	£227,771	£186,067	£1,235,416	£1,215,397	£1,195,379	£1,155,343	£1,115,307	£1,863,731	£1,843,713	£1,823,695
		-£827,769	-£840,489	-£853,209	-£549,791	-£562,511	-£575,231	-£29,576	-£42,296	-£55,016	-£80,456	-£105,896	£369,031	£358,296	£347,562	£326,093	£304,624	£681,839	£671,215	£660,591
	45 dph	-25.4%	-25.8%	-26.2%	-15.3%	-15.6%	-16.0%	-0.7%	-1.0%	-1.3%	-1.9%	-2.5%	7.6%	7.3%	7.1%	6.7%	6.2%	12.7%	12.5%	12.3%
		-£1,489,985	-£1,512,881	-£1,535,777	-£989,624	-£1,012,520	-£1,035,416	-£53,238	-£76,134	-£99,030	-£144,822	-£190,614	£664,255	£644,933	£625,611	£586,967	£548,324	£1,227,310	£1,208,187	£1,189,065
		-£636,162	-£646,242	-£656,322	-£393,900	-£403,980	-£414,060	£33,449	£24,680	£15,910	-£1,629	-£19,168	£422,168	£413,661	£405,155	£388,142	£371,129	£696,835	£688,417	£679,998
	60 dph	-22.4%	-22.8%	-23.1%	-12.5%	-12.9%	-13.2%	0.9%	0.7%	0.4%	0.0%	-0.5%	9.8%	9.6%	9.4%	9.0%	8.7%	14.8%	14.6%	14.4%
		-£1,526,788	-£1,550,980	-£1,575,172	-£945,360	-£969,552	-£993,744	£80,278	£59,231	£38,184	-£3,910	-£46,004	£1,013,203	£992,787	£972,372	£931,540	£890,709	£1,672,405	£1,652,200	£1,631,994
		-£444,009	-£451,389	-£458,769	-£247,259	-£254,639	-£262,019	£258,946	£252,718	£246,490	£238,860	£226,147	£705,081	£698,918	£692,754	£680,426	£668,099	£962,571	£956,407	£950,244
	80 dph	-19.3%	-19.6%	-19.9%	-9.7%	-10.0%	-10.3%	7.9%	7.7%	7.5%	7.3%	6.9%	17.8%	17.7%	17.5%	17.2%	16.9%	22.2%	22.0%	21.9%
		-£1,420,830	-£1,444,446	-£1,468,062	-£791,228	-£814,844	-£838,460	£828,627	£808,698	£788,768	£764,351	£723,670	£2,256,260	£2,236,536	£2,216,812	£2,177,364	£2,137,916	£3,080,227	£3,060,503	£3,040,779
		-£431,411	-£438,161	-£444,911	-£245,055	-£251,805	-£258,555	£290,047	£284,351	£278,654	£267,262	£255,869	£755,155	£749,517	£743,879	£732,604	£721,329	£1,008,786	£1,003,148	£997,511
	100 dph	-19.8%	-20.1%	-20.4%	-10.2%	-10.4%	-10.7%	9.1%	8.9%	8.7%	8.4%	8.0%	19.4%	19.2%	19.1%	18.8%	18.5%	23.6%	23.4%	23.3%
		-£1,725,643	-£1,752,643	-£1,779,643	-£980,220	-£1,007,220	-£1,034,220	£1,160,187	£1,137,402	£1,114,617	£1,069,046	£1,023,476	£3,020,618	£2,998,068	£2,975,517	£2,930,417	£2,885,316	£4,035,143	£4,012,592	£3,990,042

KEY:

Residual land value for this scenario at this CIL rate in this value location:	£290,047
Residual land value as % of gross development value of this scenario:	9.1%
Residual land value when expressed in £ per hectare:	£1,160,187

Threshold values per ha:

Greenfield	£450,000
Garage Courts	£550,000
MOD sites	£650,000
Employment	£900,000
Resid. VP 2	£1,015,000
Resid. VP 3	£1,285,000
Resid. VP 4	£1,530,000

Appendix 6A

Appendix 6A: Residential Scenario Valuations at 30% Affordable Housing / CSH Level 3

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

Number of units	Density	Value Point 1 (VP 2 - 10%)			Value Point 2			Value Point 3					Value Point 4					Value Point 5 (VP 4 + 10%)			
		CIL Charge per sq. m			CIL Charge per sq. m			CIL Cost per sqm					CIL Cost per sq m					CIL Charge per sq. m			
		£40	£50	£60	£40	£50	£60	£40	£50	£60	£80	£100	£40	£50	£60	£80	£100	£40	£50	£60	£100
		Resulting values			Resulting values			Resulting values					Resulting values					Resulting values			
10	35 dph	-£128,341	-£136,101	-£143,861	£3,455	-£3,432	-£10,319	£320,360	£313,680	£306,999	£293,639	£280,278	£594,715	£588,104	£581,492	£568,269	£555,046	£776,935	£770,324	£763,712	£737,266
		-7.4%	-7.9%	-8.3%	0.2%	-0.2%	-0.5%	13.4%	13.2%	12.9%	12.3%	11.8%	21.2%	21.0%	20.7%	20.3%	19.8%	25.2%	25.0%	24.8%	23.9%
		-£449,194	-£476,354	-£503,514	£12,092	-£12,013	-£36,117	£1,121,260	£1,097,879	£1,074,498	£1,027,735	£980,972	£2,081,503	£2,058,363	£2,035,223	£1,988,942	£1,942,662	£2,719,274	£2,696,134	£2,672,993	£2,580,432
	45 dph	-£115,308	-£120,988	-£126,668	-£2,980	-£8,660	-£14,340	£167,318	£162,277	£157,236	£147,154	£137,072	£324,428	£319,538	£314,649	£304,869	£295,090	£454,881	£449,992	£445,102	£425,543
		-8.6%	-9.0%	-9.4%	-0.2%	-0.6%	-1.0%	9.6%	9.3%	9.0%	8.4%	7.8%	16.3%	16.0%	15.8%	15.3%	14.8%	20.8%	20.6%	20.4%	19.5%
		-£518,886	-£544,446	-£570,006	-£13,411	-£38,971	-£64,531	£752,931	£730,247	£707,562	£662,193	£616,824	£1,459,927	£1,437,923	£1,415,919	£1,371,911	£1,327,903	£2,046,966	£2,024,962	£2,002,958	£1,914,942
	60 dph	-£60,767	-£65,387	-£70,007	£22,324	£18,224	£14,124	£177,991	£173,932	£171,588	£163,388	£155,187	£330,037	£326,059	£322,082	£314,128	£306,173	£445,366	£441,389	£437,412	£421,503
		-5.1%	-5.5%	-5.9%	1.7%	1.4%	1.1%	11.6%	11.3%	11.2%	10.7%	10.1%	18.7%	18.5%	18.3%	17.8%	17.4%	23.0%	22.8%	22.6%	21.8%
		-£364,602	-£392,322	-£420,042	£133,946	£109,344	£84,743	£1,067,946	£1,043,590	£1,029,530	£980,327	£931,124	£1,980,220	£1,956,356	£1,932,493	£1,884,766	£1,837,039	£2,672,199	£2,648,335	£2,624,472	£2,529,018
	80 dph	-£36,617	-£39,977	-£43,337	£24,609	£21,627	£18,645	£238,181	£235,229	£232,277	£226,373	£220,468	£425,882	£422,990	£420,097	£414,312	£408,527	£526,517	£523,654	£520,791	£509,340
		-4.0%	-4.3%	-4.7%	2.4%	2.1%	1.8%	17.8%	17.6%	17.4%	16.9%	16.5%	26.2%	26.1%	25.9%	25.5%	25.2%	29.6%	29.4%	29.2%	28.6%
		-£292,934	-£319,814	-£346,694	£196,869	£173,013	£149,157	£1,905,450	£1,881,832	£1,858,215	£1,810,980	£1,763,745	£3,407,060	£3,383,920	£3,360,779	£3,314,499	£3,268,218	£4,212,133	£4,189,232	£4,166,330	£4,074,723
15	35 dph	-£127,799	-£139,359	-£150,919	£75,326	£65,201	£55,076	£583,570	£573,850	£564,130	£544,691	£525,252	£1,031,585	£1,021,866	£1,012,146	£992,707	£973,267	£1,322,904	£1,313,184	£1,303,465	£1,264,586
		-4.7%	-5.1%	-5.6%	2.5%	2.2%	1.8%	15.4%	15.2%	14.9%	14.4%	13.9%	23.1%	22.9%	22.7%	22.2%	21.8%	27.0%	26.8%	26.6%	25.8%
		-£298,199	-£325,172	-£352,145	£175,760	£152,135	£128,511	£1,361,663	£1,338,983	£1,316,304	£1,270,946	£1,225,588	£2,407,032	£2,384,353	£2,361,674	£2,316,316	£2,270,957	£3,086,776	£3,064,097	£3,041,417	£2,950,701
	45 dph	-£143,311	-£151,791	-£160,271	£13,709	£6,282	-£1,145	£306,597	£299,393	£292,188	£277,780	£263,371	£570,050	£562,920	£555,790	£541,530	£527,270	£775,020	£767,890	£760,760	£732,240
		-6.9%	-7.3%	-7.7%	0.6%	0.3%	0.0%	11.2%	11.0%	10.7%	10.2%	9.6%	18.2%	18.0%	17.7%	17.3%	16.8%	22.5%	22.3%	22.1%	21.3%
		-£429,933	-£455,373	-£480,813	£41,127	£18,846	-£3,435	£919,791	£898,178	£876,565	£833,340	£790,114	£1,710,150	£1,688,760	£1,667,370	£1,624,590	£1,581,810	£2,325,059	£2,303,669	£2,282,279	£2,196,719
	60 dph	-£87,046	-£93,646	-£100,246	£43,084	£37,304	£31,523	£284,412	£278,805	£273,197	£261,983	£250,769	£524,432	£518,883	£513,334	£502,235	£491,137	£702,912	£697,363	£691,813	£669,616
		-4.8%	-5.2%	-5.5%	2.2%	1.9%	1.6%	12.0%	11.8%	11.6%	11.1%	10.6%	19.2%	19.0%	18.8%	18.4%	18.0%	23.5%	23.3%	23.1%	22.4%
		-£348,185	-£374,585	-£400,985	£172,337	£149,215	£126,093	£1,137,646	£1,115,218	£1,092,790	£1,047,933	£1,003,076	£2,097,729	£2,075,532	£2,053,335	£2,008,941	£1,964,546	£2,811,648	£2,789,451	£2,767,254	£2,678,465
	80 dph	-£50,094	-£54,804	-£59,514	£46,758	£42,633	£38,508	£370,563	£366,562	£362,560	£354,557	£346,554	£662,296	£658,336	£654,376	£646,456	£638,535	£826,668	£822,708	£818,748	£802,907
		-3.5%	-3.9%	-4.2%	3.0%	2.7%	2.4%	18.0%	17.8%	17.6%	17.2%	16.8%	26.4%	26.2%	26.1%	25.8%	25.4%	30.0%	29.9%	29.7%	29.1%
		-£267,167	-£292,287	-£317,407	£249,377	£227,376	£205,375	£1,976,336	£1,954,995	£1,933,654	£1,890,972	£1,848,290	£3,532,247	£3,511,126	£3,490,006	£3,447,764	£3,405,522	£4,408,897	£4,387,776	£4,366,655	£4,282,171
25	35 dph	-£151,377	-£170,617	-£189,857	£188,999	£174,169	£157,430	£1,014,352	£998,283	£982,214	£950,075	£917,937	£1,738,341	£1,722,272	£1,706,202	£1,674,064	£1,641,925	£2,223,591	£2,207,522	£2,191,453	£2,127,176
		-3.3%	-3.7%	-4.2%	3.7%	3.4%	3.1%	16.0%	15.8%	15.5%	15.0%	14.5%	23.4%	23.2%	22.9%	22.5%	22.1%	27.2%	27.0%	26.8%	26.0%
		-£211,928	-£238,864	-£265,800	£264,598	£243,836	£220,402	£1,420,093	£1,397,596	£1,375,099	£1,330,105	£1,285,111	£2,433,677	£2,411,180	£2,388,683	£2,343,690	£2,298,696	£3,113,028	£3,090,531	£3,068,034	£2,978,046
	45 dph	-£116,963	-£131,523	-£146,083	£148,384	£135,716	£123,049	£654,354	£642,194	£630,033	£605,712	£581,391	£1,128,153	£1,115,993	£1,103,832	£1,079,511	£1,055,190	£1,486,900	£1,474,739	£1,462,579	£1,413,937
		-3.3%	-3.7%	-4.1%	3.7%	3.4%	3.1%	13.7%	13.5%	13.2%	12.7%	12.2%	20.6%	20.4%	20.1%	19.7%	19.3%	24.7%	24.5%	24.3%	23.5%
		-£210,534	-£236,742	-£262,950	£267,090	£244,289	£221,489	£1,177,838	£1,155,949	£1,134,060	£1,090,282	£1,046,504	£2,030,676	£2,008,787	£1,986,898	£1,943,120	£1,899,342	£2,676,420	£2,654,531	£2,632,642	£2,545,086
	60 dph	-£136,875	-£148,005	-£159,135	£86,371	£76,688	£67,005	£493,618	£484,322	£479,975	£461,189	£442,404	£910,018	£900,723	£891,427	£872,835	£854,244	£1,210,001	£1,200,705	£1,191,409	£1,154,226
		-4.6%	-4.9%	-5.3%	2.6%	2.3%	2.0%	12.5%	12.3%	12.2%	11.7%	11.2%	19.9%	19.7%	19.5%	19.1%	18.7%	24.1%	23.9%	23.7%	23.0%
		-£328,499	-£355,211	-£381,923	£207,290	£184,050	£160,811	£1,184,683	£1,162,373	£1,151,939	£1,106,855	£1,061,770	£2,184,044	£2,161,734	£2,139,424	£2,094,804	£2,050,185	£2,904,002	£2,881,692	£2,859,382	£2,770,143
	80 dph	-£68,793	-£77,283	-£85,773	£101,718	£94,331	£86,945	£630,959	£623,868	£616,778	£602,596	£588,414	£1,123,155	£1,116,064	£1,108,973	£1,094,791	£1,080,610	£1,400,850	£1,393,760	£1,386,669	£1,358,305
		-2.8%	-3.2%	-3.5%	3.8%	3.5%	3.2%	18.1%	17.9%	17.7%	17.3%	16.8%	26.5%	26.3%	26.2%	25.8%	25.5%	30.1%	29.9%	29.8%	29.2%
		-£220,137	-£247,305	-£274,473	£325,497	£301,861	£278,225	£2,019,070	£1,996,379	£1,973,688	£1,928,307	£1,882,926	£3,594,096	£3,571,405	£3,548,714	£3,503,333	£3,457,951	£4,482,721	£4,460,031	£4,437,340	£4,346,577
	100 dph	-£70,999	-£78,859	-£86,719	£90,755	£83,917	£77,078	£649,374	£642,810	£636,245	£623,116	£609,986	£1,160,863	£1,154,298	£1,147,734	£1,134,604	£1,121,475	£1,434,700	£1,428,135	£1,421,571	£1,395,312
		-3.1%	-3.4%	-3.8%	3.6%	3.3%	3.0%	19.1%	18.9%	18.7%	18.3%	17.9%	27.8%	27.6%	27.5%	27.1%	26.8%	31.2%	31.1%	31.0%	30.4%
		-£283,995	-£315,435	-£346,875	£363,019	£335,666	£308,313	£2,597,498	£2,571,239	£2,544,981	£2,492,463	£2,439,946	£4,643,453	£4,617,194	£4,590,935	£4,538,418	£4,485,901	£5,738,800	£5,712,542	£5,686,283	£5,581,248

KEY:

Residual land value for this scenario at this CIL rate in this value location:	£83,917
Residual land value as % of gross development value of this scenario:	3.3%
Residual land value when expressed in £ per hectare:	£335,666

Threshold values per ha:		
	Greenfield	£450,000
	Garage Courts	£550,000
	MOD sites	£650,000
	Employment	£900,000
	Resid. VP 2	£1,015,000
	Resid. VP 3	£1,285,000
	Resid. VP 4	£1,530,000

Appendix 6B

Appendix 6B: Residential Scenario Valuations at 30% Affordable Housing / CSH Level 4

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

Number of Units	Density	Value Point 1 (VP 2 - 10%)			Value Point 2 Charging zone 1			Value Point 3 Charging zone 2					Value Point 4 Charging zone 3					Value Point 5 (VP 4 + 10%)		
		CIL Charge per sq. m			CIL Charge per sq. m			CIL Charge per sq. m					CIL Charge per sq. m					CIL Charge per sq. m		
		£40	£50	£60	£40	£50	£60	£40	£50	£60	£80	£100	£40	£50	£60	£80	£100	£40	£50	£60
		Resulting values			Resulting values			Resulting values					Resulting values					Resulting values		
10	35 dph	-£178,715	-£186,475	-£194,235	-£34,256	-£42,016	-£49,776	£276,994	£270,314	£263,634	£250,273	£241,797	£551,797	£545,185	£538,574	£525,350	£512,127	£734,017	£727,405	£720,794
		-10.4%	-10.8%	-11.3%	-1.8%	-2.2%	-2.6%	11.6%	11.3%	11.1%	10.5%	10.1%	19.7%	19.4%	19.2%	18.7%	18.3%	23.8%	23.6%	23.4%
		-£625,503	-£652,663	-£679,823	-£119,896	-£147,056	-£174,216	£969,480	£946,099	£922,717	£875,955	£846,289	£1,931,288	£1,908,148	£1,885,007	£1,838,727	£1,792,446	£2,569,058	£2,545,918	£2,522,778
	45 dph	-£154,778	-£160,458	-£166,138	-£42,450	-£48,130	-£53,810	£132,289	£127,248	£122,207	£112,125	£102,043	£290,450	£285,560	£280,670	£270,891	£261,111	£420,903	£416,013	£411,123
		-11.5%	-11.9%	-12.4%	-2.9%	-3.2%	-3.6%	7.6%	7.3%	7.0%	6.4%	5.8%	14.6%	14.3%	14.1%	13.6%	13.1%	19.3%	19.0%	18.8%
		-£696,500	-£722,060	-£747,620	-£191,025	-£216,585	-£242,145	£595,299	£572,615	£549,930	£504,561	£459,192	£1,307,023	£1,285,019	£1,263,016	£1,219,008	£1,175,000	£1,894,062	£1,872,058	£1,850,054
	60 dph	-£90,824	-£95,444	-£100,064	-£4,351	-£8,451	-£1,917	£153,114	£149,013	£144,913	£136,713	£128,512	£304,162	£300,184	£296,207	£288,253	£280,298	£419,491	£415,514	£411,537
		-7.7%	-8.1%	-8.5%	-0.3%	-0.6%	-0.1%	10.0%	9.7%	9.4%	8.9%	8.4%	17.2%	17.0%	16.8%	16.3%	15.9%	21.7%	21.5%	21.3%
		-£544,942	-£572,662	-£600,382	-£26,106	-£50,707	-£11,503	£918,681	£894,080	£869,478	£820,275	£771,072	£1,824,970	£1,801,106	£1,777,243	£1,729,516	£1,681,789	£2,516,948	£2,493,085	£2,469,221
	80 dph	-£59,404	-£62,764	-£66,124	£4,385	£1,403	-£1,579	£218,160	£215,208	£212,256	£206,351	£200,447	£406,266	£403,373	£400,481	£394,695	£388,910	£507,102	£504,239	£501,377
		-6.4%	-6.8%	-7.1%	0.4%	0.1%	-0.2%	16.3%	16.1%	15.9%	15.4%	15.0%	25.0%	24.8%	24.7%	24.3%	24.0%	28.5%	28.3%	28.2%
		-£475,231	-£502,111	-£528,991	£35,081	£11,225	-£12,631	£1,745,279	£1,721,662	£1,698,044	£1,650,809	£1,603,574	£3,250,125	£3,226,984	£3,203,844	£3,157,564	£3,111,283	£4,056,816	£4,033,914	£4,011,013
15	35 dph	-£204,988	-£216,548	-£228,108	£7,721	-£2,403	-£12,528	£518,670	£508,950	£499,230	£484,789	£465,147	£966,685	£956,966	£947,246	£927,807	£908,367	£1,258,004	£1,248,284	£1,238,565
		-7.6%	-8.0%	-8.4%	0.3%	-0.1%	-0.4%	13.7%	13.4%	13.2%	12.8%	12.3%	21.6%	21.4%	21.2%	20.8%	20.3%	25.6%	25.5%	25.3%
		-£478,305	-£505,278	-£532,252	£18,016	-£5,608	-£29,232	£1,210,229	£1,187,550	£1,164,871	£1,131,174	£1,085,343	£2,255,599	£2,232,920	£2,210,241	£2,164,882	£2,119,524	£2,935,342	£2,912,663	£2,889,984
	45 dph	-£203,346	-£211,826	-£220,306	-£25,800	-£34,280	-£42,760	£255,593	£248,389	£246,158	£231,452	£216,747	£519,572	£512,442	£505,312	£491,052	£481,759	£724,542	£717,412	£710,282
		-9.8%	-10.2%	-10.6%	-1.1%	-1.5%	-1.9%	9.3%	9.1%	9.0%	8.5%	7.9%	16.6%	16.3%	16.1%	15.7%	15.4%	21.1%	20.8%	20.6%
		-£610,039	-£635,479	-£660,919	-£77,401	-£102,841	-£128,281	£766,780	£745,167	£738,473	£694,356	£650,240	£1,558,716	£1,537,326	£1,515,936	£1,473,156	£1,445,276	£2,173,625	£2,152,235	£2,130,845
	60 dph	-£133,444	-£140,044	-£146,644	£2,448	-£3,333	-£9,113	£244,994	£244,323	£238,600	£227,155	£215,710	£485,421	£484,871	£479,264	£468,049	£456,835	£663,901	£658,352	£652,803
		-7.4%	-7.7%	-8.1%	0.1%	-0.2%	-0.5%	10.4%	10.3%	10.1%	9.6%	9.1%	17.8%	17.8%	17.6%	17.2%	16.8%	22.2%	22.0%	21.8%
		-£533,774	-£560,174	-£586,574	£9,791	-£13,331	-£36,453	£979,977	£977,292	£954,401	£908,620	£862,838	£1,941,685	£1,939,483	£1,917,055	£1,872,198	£1,827,341	£2,655,604	£2,633,407	£2,611,210
	80 dph	-£85,525	-£90,235	-£94,945	£15,727	£11,602	£7,476	£340,462	£336,461	£332,460	£324,457	£316,454	£632,506	£628,546	£624,586	£616,666	£608,745	£796,878	£792,918	£788,958
		-6.0%	-6.3%	-6.7%	1.0%	0.7%	0.5%	16.5%	16.3%	16.1%	15.7%	15.3%	25.2%	25.0%	24.9%	24.6%	24.3%	28.9%	28.8%	28.6%
		-£456,131	-£481,251	-£506,371	£83,876	£61,875	£39,874	£1,815,800	£1,794,459	£1,773,118	£1,730,436	£1,687,754	£3,373,366	£3,352,245	£3,331,125	£3,288,883	£3,246,641	£4,250,016	£4,228,895	£4,207,774
25	35 dph	-£279,215	-£298,455	-£317,695	£79,688	£62,950	£46,211	£907,582	£891,512	£875,443	£843,305	£811,166	£1,631,570	£1,615,501	£1,599,432	£1,567,293	£1,535,155	£2,116,821	£2,100,751	£2,084,682
		-6.1%	-6.5%	-7.0%	1.6%	1.2%	0.9%	14.3%	14.1%	13.8%	13.3%	12.8%	21.9%	21.7%	21.5%	21.1%	20.6%	25.9%	25.7%	25.5%
		-£390,902	-£417,838	-£444,774	£111,564	£88,129	£64,695	£1,270,614	£1,248,117	£1,225,620	£1,180,627	£1,135,633	£2,284,199	£2,261,702	£2,239,205	£2,194,211	£2,149,217	£2,963,549	£2,941,052	£2,918,555
	45 dph	-£216,602	-£231,162	-£245,722	£61,698	£49,031	£36,364	£571,136	£558,975	£546,815	£522,494	£498,173	£1,044,935	£1,032,774	£1,020,614	£996,293	£971,972	£1,403,682	£1,391,521	£1,379,361
		-6.0%	-6.4%	-6.8%	1.5%	1.2%	0.9%	12.0%	11.7%	11.5%	11.0%	10.5%	19.1%	18.8%	18.6%	18.2%	17.7%	23.3%	23.1%	22.9%
		-£389,883	-£416,091	-£442,299	£111,056	£88,255	£65,454	£1,028,045	£1,006,156	£984,267	£940,489	£896,711	£1,880,883	£1,858,994	£1,837,105	£1,793,327	£1,749,549	£2,526,627	£2,504,738	£2,482,849
	60 dph	-£215,034	-£226,164	-£237,294	£18,372	£8,688	-£995	£432,801	£423,408	£414,015	£395,230	£376,445	£844,739	£835,443	£826,148	£807,556	£788,964	£1,144,722	£1,135,426	£1,126,130
		-7.2%	-7.5%	-7.9%	0.6%	0.3%	0.0%	11.0%	10.7%	10.5%	10.0%	9.5%	18.5%	18.3%	18.1%	17.7%	17.2%	22.8%	22.6%	22.4%
		-£516,083	-£542,795	-£569,507	£44,092	£20,852	-£2,387	£1,038,722	£1,016,179	£993,637	£948,553	£903,468	£2,027,374	£2,005,064	£1,982,754	£1,938,134	£1,893,515	£2,747,332	£2,725,022	£2,702,712
	80 dph	-£128,576	-£137,066	-£145,556	£49,706	£42,320	£34,934	£581,028	£573,938	£566,847	£552,665	£538,483	£1,073,224	£1,066,133	£1,059,042	£1,044,861	£1,030,679	£1,350,920	£1,343,829	£1,336,738
		-5.3%	-5.7%	-6.0%	1.9%	1.6%	1.3%	16.6%	16.4%	16.2%	15.8%	15.4%	25.3%	25.1%	25.0%	24.6%	24.3%	29.0%	28.8%	28.7%
		-£411,443	-£438,611	-£465,779	£159,060	£135,424	£111,788	£1,859,291	£1,836,600	£1,813,909	£1,768,528	£1,723,147	£3,434,317	£3,411,626	£3,388,935	£3,343,554	£3,298,172	£4,322,942	£4,300,252	£4,277,561
	100 dph	-£127,821	-£135,681	-£143,541	£41,319	£34,481	£27,643	£601,917	£595,352	£588,787	£575,658	£562,529	£1,113,405	£1,106,841	£1,100,276	£1,087,147	£1,074,017	£1,387,242	£1,380,678	£1,374,113
		-5.6%	-5.9%	-6.2%	1.6%	1.4%	1.1%	17.7%	17.5%	17.3%	16.9%	16.5%	26.6%	26.5%	26.3%	26.0%	25.7%	30.2%	30.1%	29.9%
		-£511,284	-£542,724	-£574,164	£165,278	£137,925	£110,572	£2,407,666	£2,381,407	£2,355,149	£2,302,631	£2,250,114	£4,453,621	£4,427,362	£4,401,104	£4,348,586	£4,296,069	£5,548,969	£5,522,710	£5,496,451

KEY:

Residual land value for this scenario at this CIL rate in this value location:	£34,481
Residual land value as % of gross development value of this scenario:	1.4%
Residual land value when expressed in £ per hectare:	£137,925

Threshold values per ha:		
	Greenfield	£450,000
	Garage Courts	£550,000
	MOD sites	£650,000
	Employment	£900,000
	Resid. VP 2	£1,015,000
	Resid. VP 3	£1,285,000
	Resid. VP 4	£1,530,000

Appendix 6C

Appendix 6C: Residential Scenario Valuations at 30% Affordable Housing/CSH Level 5

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

Number of Units	Density	Value Point 1 (VP 2 - 10%)			Value Point 2 Charging zone 1			Value Point 3 Charging zone 2					Value Point 4 Charging zone 3					Value Point 5 (VP 4 + 10%)		
		CIL Charge per sq. m			CIL Charge per sq. m			CIL Charge per sq. m					CIL Charge per sq. m					CIL Charge per sq. m		
		£40	£50	£60	£40	£50	£60	£40	£50	£60	£80	£100	£40	£50	£60	£80	£100	£40	£50	£60
		Resulting values			Resulting values			Resulting values					Resulting values					Resulting values		
10	35 dph	-£380,211	-£387,971	-£395,731	-£235,752	-£243,512	-£251,272	£106,733	£99,846	£92,959	£79,185	£65,411	£384,081	£377,401	£370,721	£357,360	£343,999	£562,342	£555,730	£549,119
		-22.0%	-22.5%	-22.9%	-12.3%	-12.8%	-13.2%	4.5%	4.2%	3.9%	3.3%	2.7%	13.7%	13.5%	13.2%	12.7%	12.3%	18.3%	18.0%	17.8%
		-£1,330,740	-£1,357,900	-£1,385,060	-£825,133	-£852,293	-£879,453	£373,566	£349,462	£325,357	£277,148	£228,939	£1,344,285	£1,320,903	£1,297,522	£1,250,759	£1,203,997	£1,968,197	£1,945,056	£1,921,916
	45 dph	-£312,657	-£318,337	-£324,017	-£200,329	-£206,009	-£211,689	-£7,829	-£2,276	-£7,956	-£19,316	-£30,676	£159,315	£154,274	£149,233	£139,151	£129,069	£284,989	£280,099	£275,209
		-23.3%	-23.7%	-24.1%	-13.5%	-13.9%	-14.2%	-0.4%	-0.1%	-0.5%	-1.1%	-1.8%	8.0%	7.7%	7.5%	7.0%	6.5%	13.0%	12.8%	12.6%
		-£1,406,956	-£1,432,516	-£1,458,076	-£901,481	-£927,041	-£952,601	-£35,231	-£10,242	-£35,802	-£86,922	-£138,042	£716,917	£694,233	£671,548	£626,179	£580,810	£1,282,448	£1,260,445	£1,238,441
	60 dph	-£211,050	-£215,670	-£220,290	-£112,904	-£117,524	-£122,144	£46,412	£42,312	£38,212	£30,011	£21,811	£204,799	£200,740	£196,680	£188,562	£180,443	£315,991	£312,014	£308,037
		-17.9%	-18.3%	-18.6%	-8.6%	-9.0%	-9.4%	3.0%	2.8%	2.5%	2.0%	1.4%	11.6%	11.4%	11.1%	10.7%	10.2%	16.3%	16.1%	15.9%
		-£1,266,302	-£1,294,022	-£1,321,742	-£677,423	-£705,143	-£732,863	£278,474	£253,872	£229,271	£180,068	£130,865	£1,228,793	£1,204,437	£1,180,082	£1,131,371	£1,082,660	£1,895,947	£1,872,084	£1,848,220
	80 dph	-£150,553	-£153,913	-£157,273	-£73,982	-£77,342	-£80,702	£139,469	£136,487	£133,505	£127,541	£121,577	£327,798	£324,905	£322,013	£316,228	£310,443	£433,917	£431,024	£428,132
		-16.3%	-16.6%	-17.0%	-7.2%	-7.6%	-7.9%	10.4%	10.2%	10.0%	9.5%	9.1%	20.2%	20.0%	19.8%	19.5%	19.1%	24.4%	24.2%	24.0%
		-£1,204,420	-£1,231,300	-£1,258,180	-£591,859	-£618,739	-£645,619	£1,115,753	£1,091,897	£1,068,041	£1,020,329	£972,617	£2,622,384	£2,599,244	£2,576,104	£2,529,823	£2,483,542	£3,471,334	£3,448,194	£3,425,053
15	35 dph	-£513,742	-£525,302	-£536,862	-£281,355	-£292,915	-£304,475	£261,768	£251,947	£247,119	£227,072	£207,025	£707,085	£697,365	£687,646	£668,207	£648,767	£998,404	£988,684	£978,964
		-18.9%	-19.4%	-19.8%	-9.4%	-9.7%	-10.1%	6.9%	6.7%	6.5%	6.0%	5.5%	15.8%	15.6%	15.4%	15.0%	14.5%	20.4%	20.2%	20.0%
		-£1,198,731	-£1,225,704	-£1,252,677	-£656,496	-£683,469	-£710,443	£610,792	£587,877	£576,610	£529,834	£483,059	£1,649,865	£1,627,186	£1,604,507	£1,559,149	£1,513,790	£2,329,609	£2,306,930	£2,284,250
	45 dph	-£443,488	-£451,968	-£460,448	-£265,942	-£274,422	-£282,902	£53,174	£45,747	£38,320	£23,466	£8,612	£320,970	£313,766	£306,561	£292,153	£277,744	£522,630	£515,500	£508,370
		-21.4%	-21.8%	-22.2%	-11.6%	-12.0%	-12.3%	1.9%	1.7%	1.4%	0.9%	0.3%	10.2%	10.0%	9.8%	9.3%	8.9%	15.2%	15.0%	14.8%
		-£1,330,464	-£1,355,904	-£1,381,344	-£797,827	-£823,267	-£848,707	£159,522	£137,241	£114,960	£70,397	£25,835	£962,909	£941,297	£919,684	£876,458	£833,233	£1,567,891	£1,546,501	£1,525,111
	60 dph	-£319,033	-£325,633	-£332,233	-£164,213	-£170,813	-£177,413	£90,026	£84,245	£78,465	£66,904	£55,343	£332,809	£327,201	£321,594	£310,380	£299,166	£507,857	£502,308	£496,759
		-17.6%	-18.0%	-18.4%	-8.2%	-8.5%	-8.9%	3.8%	3.6%	3.3%	2.8%	2.3%	12.2%	12.0%	11.8%	11.4%	11.0%	17.0%	16.8%	16.6%
		-£1,276,133	-£1,302,533	-£1,328,933	-£656,850	-£683,250	-£709,650	£360,103	£336,981	£313,859	£267,615	£221,371	£1,331,234	£1,308,806	£1,286,377	£1,241,521	£1,196,664	£2,031,429	£2,009,232	£1,987,035
	80 dph	-£227,248	-£231,958	-£236,668	-£105,184	-£109,894	-£114,604	£224,598	£220,514	£216,430	£208,262	£200,094	£513,345	£509,385	£505,425	£497,505	£489,584	£677,717	£673,757	£669,797
		-16.0%	-16.3%	-16.6%	-6.7%	-7.0%	-7.3%	10.9%	10.7%	10.5%	10.1%	9.7%	20.5%	20.3%	20.1%	19.8%	19.5%	24.6%	24.5%	24.3%
		-£1,211,987	-£1,237,107	-£1,262,227	-£560,983	-£586,103	-£611,223	£1,197,855	£1,176,074	£1,154,293	£1,110,731	£1,067,169	£2,737,843	£2,716,722	£2,695,601	£2,653,359	£2,611,117	£3,614,492	£3,593,371	£3,572,250
25	35 dph	-£790,569	-£809,809	-£829,049	-£395,763	-£415,003	-£434,243	£480,499	£469,268	£453,031	£420,558	£388,085	£1,204,488	£1,188,419	£1,172,350	£1,140,211	£1,108,073	£1,689,739	£1,673,669	£1,657,600
		-17.3%	-17.8%	-18.2%	-7.8%	-8.2%	-8.6%	7.6%	7.4%	7.2%	6.6%	6.1%	16.2%	16.0%	15.8%	15.3%	14.9%	20.7%	20.5%	20.3%
		-£1,106,796	-£1,133,732	-£1,160,668	-£554,068	-£581,004	-£607,940	£672,699	£656,975	£634,244	£588,781	£543,319	£1,686,283	£1,663,787	£1,641,290	£1,596,296	£1,551,302	£2,365,634	£2,343,137	£2,320,640
	45 dph	-£615,156	-£629,716	-£644,276	-£303,643	-£318,203	-£332,763	£245,709	£233,168	£220,628	£195,547	£172,188	£712,062	£699,902	£687,741	£663,420	£639,099	£1,070,809	£1,058,648	£1,046,488
		-17.1%	-17.5%	-17.9%	-7.6%	-8.0%	-8.4%	5.2%	4.9%	4.6%	4.1%	3.6%	13.0%	12.8%	12.5%	12.1%	11.7%	17.8%	17.6%	17.4%
		-£1,107,282	-£1,133,490	-£1,159,698	-£546,558	-£572,766	-£598,974	£442,276	£419,703	£397,130	£351,984	£309,938	£1,281,712	£1,259,823	£1,237,934	£1,194,156	£1,150,378	£1,927,456	£1,905,567	£1,883,678
	60 dph	-£527,674	-£538,804	-£549,934	-£267,529	-£278,659	-£289,789	£174,190	£164,507	£154,823	£135,457	£116,091	£583,622	£574,327	£565,031	£546,439	£527,848	£883,605	£874,309	£865,013
		-17.6%	-18.0%	-18.3%	-8.0%	-8.4%	-8.7%	4.4%	4.2%	3.9%	3.4%	2.9%	12.8%	12.6%	12.4%	11.9%	11.5%	17.6%	17.4%	17.2%
		-£1,266,418	-£1,293,130	-£1,319,842	-£642,069	-£668,781	-£695,493	£418,055	£394,816	£371,576	£325,097	£278,618	£1,400,693	£1,378,384	£1,356,074	£1,311,454	£1,266,834	£2,120,652	£2,098,342	£2,076,032
	80 dph	-£367,709	-£376,199	-£384,689	-£158,005	-£166,495	-£174,985	£385,277	£378,112	£370,947	£356,618	£342,288	£873,500	£866,409	£859,319	£845,137	£830,955	£1,151,196	£1,144,105	£1,137,014
		-15.2%	-15.5%	-15.9%	-5.9%	-6.2%	-6.5%	11.0%	10.8%	10.6%	10.2%	9.8%	20.6%	20.4%	20.3%	19.9%	19.6%	24.7%	24.6%	24.4%
		-£1,176,668	-£1,203,836	-£1,231,004	-£505,615	-£532,783	-£559,951	£1,232,885	£1,209,958	£1,187,031	£1,141,177	£1,095,323	£2,795,201	£2,772,510	£2,749,819	£2,704,438	£2,659,056	£3,683,827	£3,661,136	£3,638,445
	100 dph	-£355,110	-£362,970	-£370,830	-£155,801	-£163,661	-£171,521	£416,377	£409,744	£403,111	£389,845	£376,579	£923,573	£917,009	£910,444	£897,315	£884,185	£1,197,410	£1,190,846	£1,184,281
		-15.5%	-15.8%	-16.1%	-6.1%	-6.4%	-6.7%	12.2%	12.0%	11.8%	11.5%	11.1%	22.1%	21.9%	21.8%	21.5%	21.2%	26.1%	25.9%	25.8%
		-£1,420,440	-£1,451,880	-£1,483,320	-£623,205	-£654,645	-£686,085	£1,665,509	£1,638,977	£1,612,445	£1,559,381	£1,506,316	£3,694,294	£3,668,035	£3,641,776	£3,589,259	£3,536,742	£4,789,642	£4,763,383	£4,737,124

KEY:

Residual land value for this scenario at this CIL rate in this value location:	£416,377
Residual land value as % of gross development value of this scenario:	12.2%
Residual land value when expressed in £ per hectare:	£1,665,509

Threshold values per ha:		
	Greenfield	£450,000
	Garage Courts	£550,000
	MOD sites	£650,000
	Employment	£900,000
	Resid. VP 2	£1,015,000
	Resid. VP 3	£1,285,000
	Resid. VP 4	£1,530,000

Appendix 7

Appendix 7
Summary viability table by appendix and viability threshold

Legend:

	Viable
	Marginal viability
	Poor viability

Summarises viability of notional sites by appendix, against the various viability thresholds

Shown for VP2-4 in each case.

				Viability Thresholds*						
				Greenfield	Garage Court	MOD	Employment	VP2residential	VP3residential	VP4residential
Appendix	Description	Value Point	CIL per sqm	£450,000	£550,000	£650,000	£900,000	£1,015,000	£1,285,000	£1,530,000
4A	0% affordable	2	£40							
	CSH level 3		£60						n/a	n/a
	10 and 15 units only		£80							
			£100							
		3	£40							
			£60							n/a
			£80							
			£100							
		4	£40							
			£60							
			£80							
			£100							
4B	0% affordable	2	£40							
	CSH level 4		£60						n/a	n/a
	10 and 15 units only		£80							
			£100							
		3	£40							
			£60							n/a
			£80							
			£100							
		4	£40							
			£60							
			£80							
			£100							
5A	40% affordable	2	£40							
	CSH level 3		£50						n/a	n/a
			£60							
		3	£40							
			£50							n/a
			£60							
			£80							
			£100							
		4	£40							
			£50							
			£60							
			£80							
			£100							
5B	40% affordable	2	£40							
	CSH level 4		£50						n/a	n/a
			£60							
		3	£40							
			£50							n/a
			£60							
			£80							
			£100							
		4	£40							
			£50							
			£60							
			£80							
			£100							
5C	40% affordable	2	£40							
	CSH level 5		£50						n/a	n/a
			£60							
		3	£40							
			£50							n/a
			£60							
			£80							
			£100							
		4	£40							
			£50							
			£60							
			£80							
			£100							
6A	30% affordable	2	£40							
	CSH level 3		£50						n/a	n/a
			£60							
		3	£40							
			£50							n/a
			£60							
			£80							
			£100							
		4	£40							
			£50							
			£60							
			£80							
			£100							
6B	30% affordable	2	£40							
	CSH level 4		£50						n/a	n/a
			£60							
		3	£40							
			£50							n/a
			£60							
			£80							
			£100							
		4	£40							
			£50							
			£60							
			£80							
			£100							
6C	30% affordable	2	£40							
	CSH level 5		£50						n/a	n/a
			£60							
		3	£40							
			£50							n/a
			£60							
			£80							
			£100							
		4	£40							
			£50							
			£60							
			£80							
			£100							

* It should be noted that the white areas, denoted as n/a, are not considered for viability, since their viability thresholds do not relate to the value point that is being assessed.

Appendix 8

Commercial Development Appraisal

Use Class:	Offices

DEVELOPMENT VALUE			
Rental Income	**Area sq m**	**£ per sq m**	**£ per annum**
Estimated Rental Value (NIA)	1,858	178.00	£330,724
Total Rental Income			£330,724
Rent free/voids (years)	2	0.8653	£286,175
Total revenue, capitialised		7.5%	£3,815,673
(incl all costs)			
Gross Development Value			**£3,815,673**
Less Purchaser's Costs	**5.75%**	**£219,401**	**£3,596,272**

Surplus to fund CIL - sensitivity

Rent/sqm	£168.00	£178.00	£188.00
Yield			
7.00%	-£1,179,825	-£929,715	-£679,604
7.50%	-£1,462,755	-£1,229,485	-£996,216
8.00%	-£1,710,319	-£1,491,785	-£1,273,251
8.50%	-£1,928,757	-£1,723,225	-£1,517,694

DEVELOPMENT COSTS			
	Area	**£ per sq m**	**Total**
Demolition /Enabling Costs	1,022	£53	£54,166
Building Costs		£1,324	£2,706,256
Gross Internal Floor Area	2,044		
		%	
External Works		1.50%	£40,594
Contingency		5%	£135,313
Total			£2,936,329
Professional Fees		10%	£293,633
Community Infrastructure Levy		0	£0
Total			**£3,229,962**
Disposal Costs			
		%	**Total**
Letting Agent's Fee (% of Rent)		10%	£33,072
Agent's Fees (on capital value)		1%	£38,157
Legal Fees (% of capital value)		0.75%	£28,618
Total			**£99,847**
Interest on Finance			
	Months	**%**	**Total**
Total Development duration	12		
Loan arrangement fee		1%	£32,299.62
Interest on Construction Costs		7.0%	£226,097
Total			**£258,397**
Profit			
		%	**Total**
oper's Profit on Total Development Costs		20%	£717,641
Total Development Costs			**£4,305,846**

LAND VALUE		
	%	**Total**
Land Surplus/Deficit		-490,173
Stamp Duty	4%	-19,607
Agent's Fees	1.25%	-6,127
Legal Fees	0.50%	-2,451
Sub-total		-28,185
Interest on land finance	7.00%	-32,339
Total		**-60,524**
RESIDUAL LAND VALUE		**-550,697**

Existing Site Value				
	%			
Assumes existing space is % of new	50%	929		
Rent per sqm		£108.00		
Rental income per annum		£100,332		
Rent free/voids (years)		3	0.7938	£79,644
Total revenue, capitalised			9%	£884,928
(incl all costs)				
Refurbishment costs (per sqm)		£270	£250,830	
Fees		7%	£17,558	
Total			**£268,388**	
Purchaser's Costs		5.75%	£50,883	
Total Costs			**£319,271**	
Existing Site Value				**£565,657**

Site Value incl Landowner Premium	20%	£113,131	£678,788
Surplus available to fund CIL			**-£1,229,485**

Appendix 9

Commercial Development Appraisal

Use Class:	Industrial

DEVELOPMENT VALUE			
Rental Income	**Area sq m**	**£ per sq m**	**£ per annum**
Estimated Rental Value	2,322	£75.00	£174,150
Total Rental Income			£174,150
Rent free/voids (years)	2	0.8417	£146,582
Total revenue, capitialised (incl all costs)		8.0%	£1,832,276
Gross Development Value			**£1,832,276**
Less Purchaser's Costs	**5.75%**	**£105,356**	**£1,726,920**

DEVELOPMENT COSTS			
	Area	**£ per sq m**	**Total**
Demolition/Enabling Costs	1,161	£54	£62,694
Building Costs		£560	£1,365,336
Gross External Floor Area	2,438		
Contingency		5%	£68,267
External Works		1.50%	£20,480
Total			£1,516,777
Professional Fees (%)		7%	£106,174
Community Infrastructure Levy		£0	£0
Total			**£1,622,951**
Disposal Costs			
		%	**Total**
Letting Agent's Fee (% of Rent)		10%	£17,415
Agent's Fees (on capital value)		1%	£18,323
Legal Fees (% of capital value)		0.75%	£13,742
Total			**£49,480**
Interest on Finance			
	Months	**%**	**Total**
Total Development duration	12		
Loan arrangement fee		1%	£16,230
Interest on Construction Costs		7.0%	£117,070
Total			**£133,300**
Profit			
		%	**Total**
loper's Profit on Total Development Cost		20%	£361,146
Total Development Costs			**£2,166,877**

Surplus to fund CIL - sensitivity

Rent/sqm	**£65.00**	**£75.00**	**£85.00**
Yield			
7.5%	-£697,081	-£414,243	-£131,404
8.0%	-£813,345	-£548,393	-£283,442
8.5%	-£915,931	-£666,762	-£417,592
9.0%	-£1,007,119	-£771,978	-£536,837

LAND VALUE		
	%	**Total**
Land Surplus		-334,601
Stamp Duty	4%	-13,384
Agent's Fees	1.25%	-4,183
Legal Fees	0.50%	-1,673
Total		-19,240
Interest on land finance	7.00%	-22,075
Total		**-41,315**
RESIDUAL LAND VALUE		**-375,916**

Existing Site Value				
	%			
Assumes existing space is % of new	50%	1,161		
Rent per sqm		£38		
Rental income per annum		£44,118		
Rent free/voids (years)		3	0.7938	£35,021
Total revenue, capitalised (incl all costs)			10%	£350,209
Refurbishment costs (per sqm)		£150	£174,150	
Fees		7%	£12,191	
Total			**£186,341**	
Purchaser's Costs		5.75%	£20,137	
Total Costs			**£206,477**	
Existing Site Value				**£143,731**

Site Value incl Landowner Premium	20%	£28,746	£172,477
Surplus available to fund CIL			**-£548,393**

Appendix 10A

Commercial Development Appraisal

Use Class:	Comparison Retailing

DEVELOPMENT VALUE

Rental Income	Area sq m	£ per sq m	£ per annum
Rent - area x £ per sq m	186	323	£60,078
Total Rental Income			£60,078
Rent free/voids (years)	2	0.873	£52,448
Total revenue, capitalised (incl all costs)		7.0%	£749,258
Gross Development Value			**£749,258**
Less Purchaser's Costs	**5.75%**	**£43,082**	**£706,176**

Surplus to fund CIL - sensitivity

Rent/sqm	£313.00	£323.00	£333.00
Yield			
6.50%	£301,854	£323,245	£344,635
7.00%	£253,538	£273,385	£293,232
7.50%	£211,664	£230,173	£248,682
8.00%	£175,024	£182,363	£209,701

DEVELOPMENT COSTS

	Area	£ per sq m	Total
Demolition/Enabling Costs	93	£75	£6,975
Building Costs		£794	£147,684
Area	186		
Contingency		5%	£7,384
External Works		5%	£7,384
Total			£169,427
Professional Fees		10%	£16,943
Community Infrastructure Levy		0	£0
Total			**£186,370**
Disposal Costs			
		%	**Total**
Letting Agent's Fee (% of Rent)		10%	£6,008
Agent's Fees (on capital value)		1%	£7,493
Legal Fees (% of capital value)		0.75%	£5,619
Total			**£19,120**
Interest on Finance			
	Months	**%**	**Total**
Total Development duration	12		
Loan arrangement fee		1%	£1,864
Interest on Construction Costs		7.0%	£14,384
Total			**£16,248**
Profit			
		%	**Total**
loper's Profit on Total Development Cost		25%	£55,434
Total Development Costs			**£277,172**

LAND VALUE

	%	Total
Land Surplus		£472,086
Stamp Duty	3%	£14,163
Agent's Fees	1.25%	£5,901
Legal Fees	0.50%	£2,360
Total		£22,424
Interest on land finance	7.00%	£31,476
Total		**£53,900**
RESIDUAL LAND VALUE		**£418,186**

Existing Site Value

	%			
Assumes existing space is % of new	50%	93		
Rent per sqm		£162		
Rental income per annum		£15,066		
Rent free/voids (years)		3	0.7938	£11,959
Total revenue, capitalised (incl all costs)			8.50%	£140,699
Refurbishment costs (per sqm)		£120	£11,160	
Fees		7%	£781	
Total			**£11,941**	
Purchaser's Costs		5.75%	£8,090	
Total Costs			**£20,031**	
Existing Site Value				**£120,667**

Site Value incl Landowner Premium	20%	£24,133	£144,801
Surplus available to fund CIL			**£273,385**

Appendix 10B

Commercial Development Appraisal

Use Class:	Retail Warehouse without BREEAM

DEVELOPMENT VALUE			
Rental Income	**GIA sqm**	**£ per sqm**	**£ per annum**
Rent	1,858	162	£300,996
Total Rental Income	1,858		£300,996
Rent free/voids (years)	2	0.873	£262,770
Total revenue, capitialised		7.00%	£3,753,850
(incl all costs)			
Gross Development Value			**£3,753,850**
Less Purchaser's Costs	**5.75%**	**£215,846**	**£3,538,004**

DEVELOPMENT COSTS			
	Area	**£ per sq m**	**Total**
Demolition Costs	930	£54	£50,220
Building Costs		£570	£1,059,060
Area	1,858		
Contingency		5%	£52,953
External Works		1.50%	£15,886
Total			£1,178,119
Professional Fees		10%	£117,812
Planning Costs		10%	£117,812
Community Infrastructure Levy		60	£111,480
Total			**£1,525,223**
Disposal Costs			
		%	**Total**
Letting Agent's Fee (% of Rent)		10%	£30,100
Agent's Fees (on capital value)		1%	£37,539
Legal Fees (% of capital value)		0.75%	£28,154
Total			**£95,792**
Interest on Finance			
	Months	**%**	**Total**
Total Development duration	18		
Loan arrangement fee		1%	£15,252.23
Interest on Construction Costs		7.0%	£113,471
Total			**£128,723**
Profit			
		%	**Total**
oper's Profit on Total Development Costs		20%	£349,948
Total Development Costs			**£2,099,685**

LAND VALUE		
	%	**Total**
Land Surplus		£1,654,165
Stamp Duty	4%	£66,167
Agent's Fees	1.25%	£20,677
Legal Fees	0.50%	£8,271
Total		**£95,114**
Interest on land finance	7.00%	£109,134
Total		**£204,248**
RESIDUAL LAND VALUE		**£1,449,917**

Existing Site Value				
	%			
Assumes existing space is % of new	50%	929		
Rent per sqm		£86		
Rental income per annum		£79,894		
Rent free/voids (years)		3	0.772	£61,678
Total revenue, capitalised			8.00%	£770,977
(incl all costs)				
Refurbishment costs (per sqm)		£215	£199,735	
Fees		7%	£13,981	
Total			£213,716	
Purchaser's Costs		5.75%	£44,331	
Total Costs			£258,048	
Existing Site Value				**£512,929**

Site Value incl Landowner Premium	20%	£102,586	£615,515
Surplus available to fund CIL			**£834,401**

Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
6.75%	£876,360	£1,080,166	£1,283,972
7.00%	£764,587	£961,040	£1,157,493
7.25%	£660,523	£871,474	£1,039,736
7.50%	£563,396	£850,129	£929,829

Commercial Development Appraisal

Use Class:	Retail Warehouse with BREEAM

DEVELOPMENT VALUE

Rental Income	GIA sqm	£ per sqm	£ per annum
Rent	1,858	162	£300,996
Total Rental Income	1,858		£300,996
Rent free/voids (years)	2	0.873	£262,770
Total revenue, capitialised (incl all costs)		7.00%	£3,753,850
Gross Development Value			**£3,753,850**
Less Purchaser's Costs	**5.75%**	**£215,846**	**£3,538,004**

Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
6.75%	£642,017	£845,823	£1,049,630
7.00%	£530,244	£726,697	£923,150
7.25%	£426,180	£615,786	£805,393
7.50%	£329,053	£512,270	£695,486

DEVELOPMENT COSTS

	Area	£ per sq m	Total
Demolition/Enabling Costs	930	£54	£50,220
Building Costs		£570	£1,059,060
BREEAM Costs		£70	£130,060
Area	1,858		
Contingency		5%	£52,953
External Works		1.50%	£15,886
Total			**£1,308,179**
Professional Fees		10%	£130,818
Planning Costs		10%	£130,818
Community Infrastructure Levy		60	£111,480
Total			**£1,731,515**
Disposal Costs			
		%	**Total**
Letting Agent's Fee (% of Rent)		10%	£30,100
Agent's Fees (on capital value)		1%	£37,539
Legal Fees (% of capital value)		0.75%	£28,154
Total			**£95,792**
Interest on Finance			
	Months	**%**	**Total**
Total Development duration	18		
Loan arrangement fee		1%	£17,315.15
Interest on Construction Costs		7.0%	£127,911
Total			**£145,227**
Profit			
		%	**Total**
oper's Profit on Total Development Costs		20%	£394,507
Total Development Costs			**£2,367,040**

LAND VALUE

	%	Total
Land Surplus		£1,386,810
Stamp Duty	4%	£55,472
Agent's Fees	1.25%	£17,335
Legal Fees	0.50%	£6,934
Total		**£79,742**
Interest on land finance	7.00%	£91,495
Total		**£171,236**
RESIDUAL LAND VALUE		**£1,215,574**

Existing Site Value

	%			
Assumes existing space is % of new	50%	929		
Rent per sqm		£86		
Rental income per annum		£79,894		
Rent free/voids (years)		3	0.772	£61,678
Total revenue, capitalised (incl all costs)			8.00%	£770,977
Refurbishment costs (per sqm)		£215	£199,735	
Fees		7%	£13,981	
Total			£213,716	
Purchaser's Costs		5.75%	£44,331	
Total Costs			£258,048	
Existing Site Value				**£512,929**

Site Value incl Landowner Premium	20%	£102,586	£615,515
Surplus available to fund CIL			**£600,058**

Appendix 10C

Commercial Development Appraisal

Use Class:	Supermarket without BREEAM

DEVELOPMENT VALUE			
Rental Income	**Area sq m**	**£ per sq m**	**£ per annum**
Rent - (GIA)	2,787	162	£451,494
Total Rental Income	2,787		£451,494
Rent free/voids (years)	1	0.948	£428,016
Total revenue, capitialised		5.50%	£7,782,115
(incl all costs)			
Gross Development Value			**£7,782,115**
Less Purchaser's Costs	**5.75%**	**£447,472**	**£7,334,643**

Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
5.00%	£1,136,921	£1,586,546	£2,036,172
5.25%	£809,208	£1,237,273	£1,665,338
5.50%	£511,287	£919,752	£1,328,217
5.75%	£239,272	£629,841	£1,020,410
6.00%	-£10,075	£364,090	£738,255

DEVELOPMENT COSTS			
	Area	**£ per sq m**	**Total**
Demolition/Enabling Costs	1,394	£54	£75,249
Building Costs		£1,109	£3,090,783
Area	2,787		
Contingency		5%	£154,539
External Works		5%	£154,539
Total			£3,475,110
Professional Fees		10%	£347,511
Planning costs		10%	£347,511
Community Infrastructure Levy		60	£167,220
Total			**£4,337,352**
Disposal Costs			
		%	**Total**
Letting Agent's Fee (% of Rent)		10%	£45,149
Agent's Fees (on capital value)		1%	£77,821
Legal Fees (% of capital value)		0.75%	£58,366
Total			**£181,336**
Interest on Finance			
	Months	**%**	**Total**
Total Development duration	12		
Loan arrangement fee		1%	£43,373.52
Interest on Construction Costs		7.0%	£316,308
Total			**£359,682**
Profit			
		%	**Total**
loper's Profit on Total Development Cost		20%	£975,674
Total Development Costs			**£5,854,045**

LAND VALUE		
	%	**Total**
Land Surplus		£1,928,070
Stamp Duty	4%	£77,123
Agent's Fees	1.25%	£24,101
Legal Fees	0.50%	£9,640
Total		£110,864
Interest on land finance	7.00%	£127,204
Total		**£238,068**
RESIDUAL LAND VALUE		**£1,690,002**

Existing Site Value				
	%			
Assumes existing space is % of new	50%	1,394		
Rent per sqm		£86		
Rental income per annum		£119,841		
Rent free/voids (years)		3	0.7938	£95,130
Total revenue, capitalised			8.00%	£1,189,122
(incl all costs)				
Refurbishment costs (per sqm)		£215	£299,603	
Fees		7%	£20,972	
Total			**£320,575**	
Purchaser's Costs		5.75%	£68,375	
Total Costs			**£388,949**	
Existing Site Value				**£800,173**

Site Value incl Landowner Premium	20%	£160,035	£960,208
Surplus available to fund CIL			**£729,794**

Commercial Development Appraisal

Use Class:	Supermarket with BREEAM

DEVELOPMENT VALUE			
Rental Income	**Area sq m**	**£ per sq m**	**£ per annum**
Rent - (GIA)	2,787	162	£451,494
Total Rental Income	2,787		£451,494
Rent free/voids (years)	1	0.948	£428,016
Total revenue, capitialised (incl all costs)		5.50%	£7,782,115
Gross Development Value			**£7,782,115**
Less Purchaser's Costs	**5.75%**	**£447,472**	**£7,334,643**

Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
5.00%	£870,980	£1,320,605	£1,770,230
5.25%	£543,267	£971,332	£1,399,397
5.50%	£245,346	£653,811	£1,062,276
5.75%	-£26,669	£363,900	£754,469
6.00%	-£276,016	£98,149	£472,313

DEVELOPMENT COSTS			
	Area	**£ per sq m**	**Total**
Demolition/Enabling Costs	1,394	£54	£75,249
Building Costs		£1,109	£3,090,783
BREEAM Costs		£70	£195,090
Area	2,787		
Contingency		5%	£154,539
External Works		5%	£154,539
Total			£3,670,200
Professional Fees		10%	£367,020
Planning costs		10%	£367,020
Community Infrastructure Levy		60	£167,220
Total			**£4,571,460**
Disposal Costs			
		%	**Total**
Letting Agent's Fee (% of Rent)		10%	£45,149
Agent's Fees (on capital value)		1%	£77,821
Legal Fees (% of capital value)		0.75%	£58,366
Total			**£181,336**
Interest on Finance			
	Months	**%**	**Total**
Total Development duration	12		
Loan arrangement fee		1%	£45,714.60
Interest on Construction Costs		7.0%	£332,696
Total			**£378,410**
Profit			
		%	**Total**
loper's Profit on Total Development Cost		20%	£1,026,241
Total Development Costs			**£6,157,449**

LAND VALUE		
	%	**Total**
Land Surplus		£1,624,666
Stamp Duty	4%	£64,987
Agent's Fees	1.25%	£20,308
Legal Fees	0.50%	£8,123
Total		£93,418
Interest on land finance	7.00%	£107,187
Total		**£200,606**
RESIDUAL LAND VALUE		**£1,424,061**

Existing Site Value				
	%			
Assumes existing space is % of new	50%	1,394		
Rent per sqm		£86		
Rental income per annum		£119,841		
Rent free/voids (years)		3	0.7938	£95,130
Total revenue, capitalised (incl all costs)			8.00%	£1,189,122
Refurbishment costs (per sqm)		£215	£299,603	
Fees		7%	£20,972	
Total			**£320,575**	
Purchaser's Costs		5.75%	£68,375	
Total Costs			**£388,949**	
Existing Site Value				**£800,173**

Site Value incl Landowner Premium	20%	£160,035	£960,208
Surplus available to fund CIL			**£463,853**

Appendix 10D

Commercial Development Appraisal

Use Class:	Convenience Store

DEVELOPMENT VALUE			
Rental Income	**Area sqm**	**£ per sq m**	**£ per annum**
Gross internal area x rent per sq m	280	£145.00	£40,600
Total Rental Income			£40,600
Rent free/voids (years)	2	0.876	£35,566
Total revenue, capitalised (incl all costs)		6.75%	£526,898
Gross Development Value			**£526,898**
Less Purchaser's Costs	**5.75%**	**£30,297**	**£496,601**

DEVELOPMENT COSTS			
	Area	**£ per sq m**	**Total**
Demolition/Enabling Costs	140	£54	£7,560
Building Costs		£794	£222,320
Area	280		
Contingency		5%	£11,116
External Works		5%	£11,116
Total			£252,112
Professional Fees		10%	£25,211
Community Infrastructure Levy		0	£0
Total			**£277,323**
Disposal Costs			
		%	**Total**
Letting Agent's Fee (% of Rent)		10%	£4,060
Agent's Fees (on capital value)		1%	£5,269
Legal Fees (% of capital value)		0.75%	£3,952
Total			**£13,281**
Interest on Finance			
	Months	**%**	**Total**
Total Development duration	12		
Loan arrangement fee		1%	£2,773.23
Interest on Construction Costs		7.0%	£20,342
Total			**£23,116**
Profit			
		%	**Total**
loper's Profit on Total Development Cost		20%	£62,744
Total Development Costs			**£376,463**

LAND VALUE		
	%	**Total**
Land Surplus		£150,434
Stamp Duty	1%	£1,504
Agent's Fees	2.00%	£3,009
Legal Fees	3.00%	£4,513
Total		£9,026
Interest on land finance	7.00%	£9,899
Total		**£18,925**
RESIDUAL LAND VALUE		**£131,510**

Existing Site Value				
	%			
Assumes existing space is % of new	50%	140		
Rent per sqm		£120		
Rental income per annum		£16,800		
Rent free/voids (years)		3	0.7938	£13,336
Total revenue, capitalised (incl all costs)			10%	£133,358
Refurbishment costs (per sqm)		£120	£16,800	
Fees		7%	£1,176	
Total			**£17,976**	
Purchaser's Costs		5.75%	£7,668	
Total Costs			**£25,644**	
Existing Site Value				**£107,714**

Site Value incl Landowner Premium	20%	£21,543	£129,257
Surplus available to fund CIL			**£2,253**

Surplus to fund CIL - sensitivity

Rent/sqm	£135.00	£145.00	£155.00
Yield			
6.50%	-£12,362	£19,571	£51,503
6.75%	-£28,486	£2,253	£32,991
7.00%	-£43,458	-£13,828	£15,801
7.25%	-£57,397	-£28,800	-£203

Appendix 11

Commercial Development Appraisal

Use Class:	Hotel

DEVELOPMENT VALUE

Capital Value		Area sq m	£	
		2,044		
No of Rooms	100			
Capital value per room			£75,000	
Total Capital Value				£7,500,000.00
Gross Development Value				**£7,500,000**
Less Purchaser's Costs		**5.75%**	**£431,250**	**£7,068,750**

DEVELOPMENT COSTS

	Area	£ per sq m	Total
Demolition/Enabling Costs	1,022	£53	£54,166
Building Costs		£1,302	£2,661,288
Area	2,044		
Contingency		5%	£133,064
External Works		1.50%	£39,919
Fit out costs (per room)	£7,500		£750,000
Total			£3,638,438
Professional Fees		10%	£363,844
Community Infrastructure Levy		0	£0
Total			**£4,002,281**

Disposal Costs	%	Total
Letting Agent's Fee (% of Rent)	0%	-
Agent's Fees (on capital value)	1%	£75,000
Legal Fees (% of capital value)	0.75%	£56,250
Total		**£131,250**

Interest on Finance	Months	%	Total
Total Development duration	24		
Loan arrangement fee		1%	£40,023
Interest on Construction Costs		7.0%	£289,347
Total			**£329,370**

Profit	%	Total
loper's Profit on Total Development Cost	20%	£892,580
Total Development Costs		**£5,355,482**

LAND VALUE

	%	Total
Land Surplus		£2,144,518
Stamp Duty	4%	£85,781
Agent's Fees	1.25%	£26,806
Legal Fees	0.50%	£10,723
Total		**£123,310**
Interest on land finance	7.00%	£141,485
Total		**£264,794**
RESIDUAL LAND VALUE		**£1,879,724**

Existing Site Value	%			
Assumes existing space is % of new	50%	1,022		
Rent per sqm		£130		
Rental income per annum		£132,860		
Rent free/voids (years)		3	0.7938	£105,464
Total revenue, capitalised (incl all costs)			8%	£1,318,303
Refurbishment costs (per sqm)		£270	£275,940	
Fees		7%	£19,316	
Total			**£295,256**	
Purchaser's Costs		5.75%	£75,802	
			£371,058	
Existing Site Value				**£947,245**

Site Value incl Landowner Premium	20%	£189,449	£1,136,694
Surplus available to fund CIL			**£743,030**

Surplus to fund CIL - sensitivity

Capital value per room	£65,000	£70,000	£75,000	£80,000
Build Costs				
£1,202	£158,215	£586,630	£1,015,044	£1,443,459
£1,302	-£113,800	£314,615	£743,030	£1,171,444
£1,402	-£385,815	£42,600	£471,015	£899,430
£1,502	-£657,829	-£229,415	£199,000	£627,415

Appendix 12

Commercial Development Appraisal

Use Class:	Student Housing

DEVELOPMENT VALUE				
Rental Income				
	£	**Weeks**	**£**	
Annual rent per unit - term time		37	£28,500	£1,054,500
Rent per week	95			
Annual rent per unit - out of term time		15	£713	£213,750
(50% occupancy)				
Total				**£1,268,250**
		Units	**£ per unit**	**Total**
Operating Costs		300	£1,900	£570,000
Net annual rents				£698,250
Total Revenue, capitalised			6.50%	£10,742,308
(incl all costs)				
Gross Development Value				**£10,742,308**
Less Purchaser's Costs		**5.75%**	**£617,683**	**£10,124,625**

Surplus to fund CIL - sensitivity

Rent per wk	£85.00	£95.00	£105.00
Yield			
6.00%	-£3,697,146	-£1,120,085	£1,456,975
6.25%	-£4,133,219	-£1,659,241	£814,737
6.50%	-£4,535,748	-£2,156,923	£221,902
6.75%	-£4,908,461	-£2,617,740	-£327,020

DEVELOPMENT COSTS			
	Area	**£ per sq m**	**Total**
Demolition/Enabling Costs	2,508	£53	£132,924
Building Costs		£1,240	£6,221,080
Area	5,017		
Fit out	300	£5,000	£1,500,000
External Works		1.5%	£93,316
Contingency		5.0%	£311,054
Total			£8,258,374
Professional Fees		10%	£825,837
Community Infrastructure Levy		0	£0
Total			**£9,084,212**
Disposal Costs			
		%	**Total**
Letting Agent's Fee (% of Rent)		0%	-
Agent's Fees (on capital value)		1%	£107,423
Legal Fees (% of capital value)		0.50%	£53,712
Total			**£161,135**
Interest on Finance			
	Months	**%**	**Total**
Total Development duration	24		
Loan arrangement fee		1%	£90,842
Interest on Construction Costs		7.0%	£647,174
Total			**£738,016**
Profit			
		%	**Total**
loper's Profit on Total Development Cost		20%	£1,996,673
Total Development Costs			**£11,980,035**

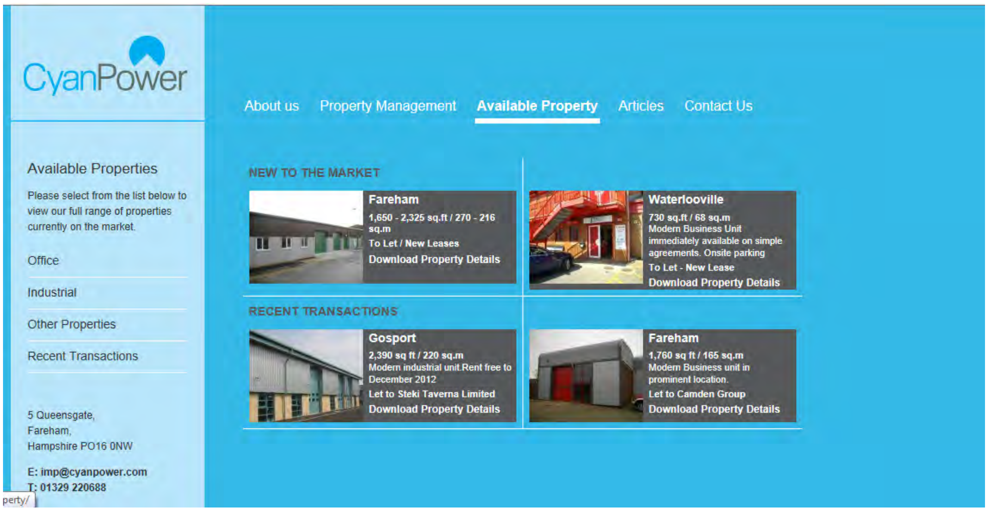
LAND VALUE		
	%	**Total**
Land Surplus		-£1,237,727
Stamp Duty	4%	-£49,509
Agent's Fees	1.25%	-£15,472
Legal Fees	0.50%	-£6,189
Total		**-£71,169**
Interest on land finance	7.00%	-£81,659
Total		**-£223,998**
RESIDUAL LAND VALUE		**-£1,461,725**

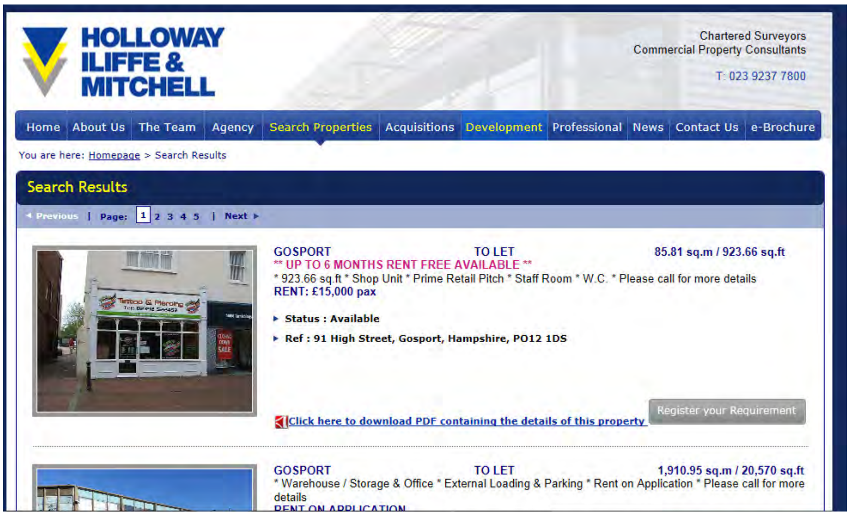
Existing Site Value				
	%			
Assumes existing space is % of new	50%	2,508		
Rent per sqm		£40		
Rental income per annum		£100,320		
Rent free/voids (years)		1	0.9346	£93,759
Total revenue, capitalised			9%	£1,041,767
(incl all costs)				
Refurbishment costs (per sqm)		£150	£376,200	
Fees		7%	£26,334	
Total			**£402,534**	
Purchaser's Costs		5.75%	£59,902	
Total			**£462,436**	
Existing Site Value				**£579,332**

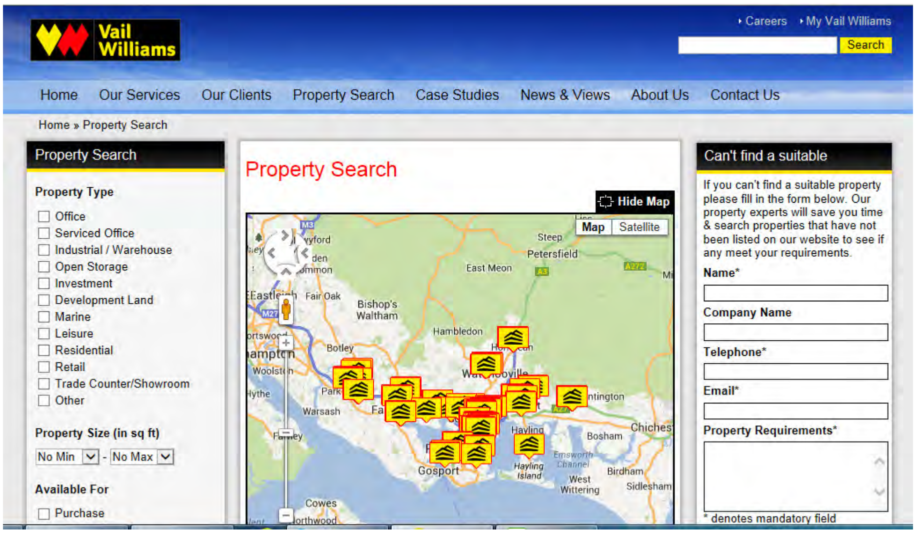
Site Value incl Landowner Premium	20%	£115,866	£695,198
Surplus available to fund CIL			**-£2,156,923**

Appendix 13

Appendix 13 - Samples of comparable evidence, market reports, published data etc

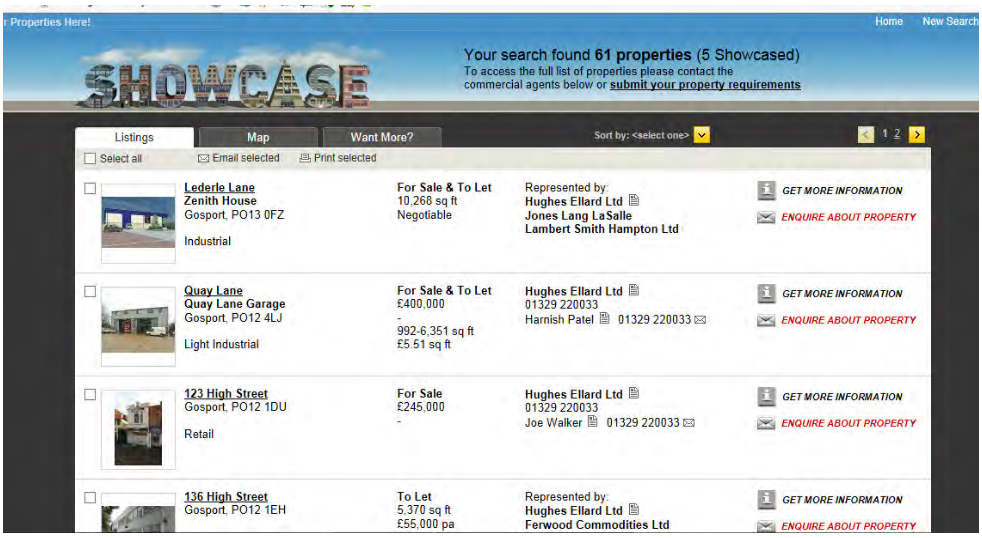


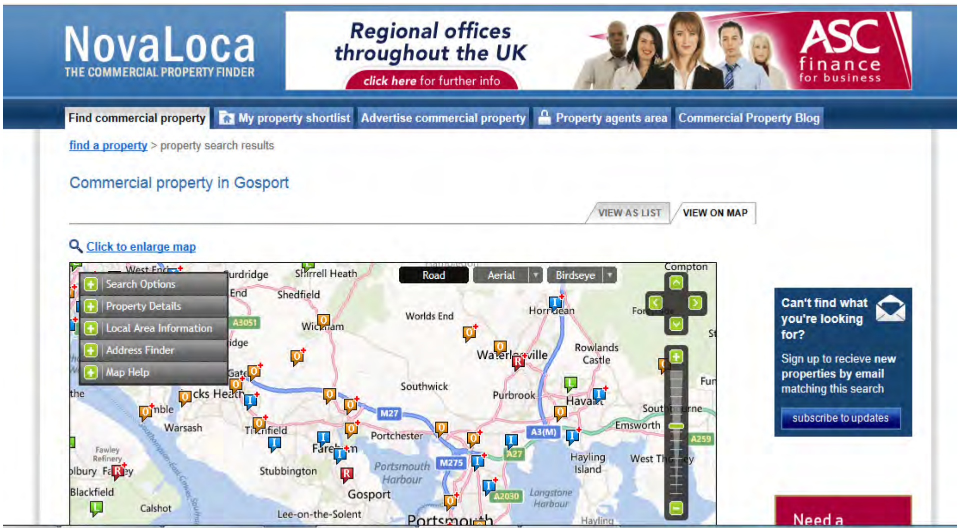


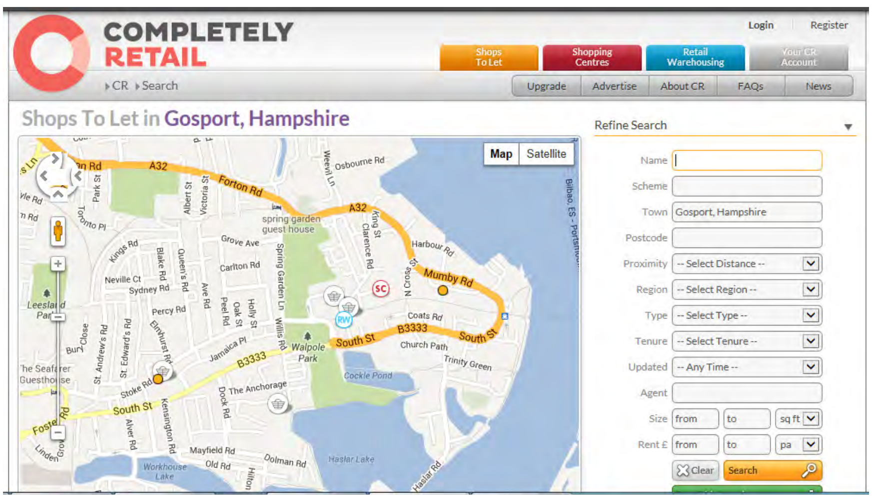


Local agents web listings

Appendix 13 - Samples of comparable evidence, market reports, published data etc







Independent web listings

Appendix 13 - Samples of comparable evidence, market reports, published data etc

Retail Profile

Area: Gosport (2010 Districts and Council Areas)
Base: Great Britain

© Retail Locations 2006
Contact Retail Locations
on 020 8559 1944
www.retaillocations.co.uk

A listing of the retailers in this catchment area, by type. Index figures over 100 suggest a greater than usual concentration of this type in this area.

Type of Store	Data for area	Data as % for area	Data for base	Data as % for base	Index av=100
Accessories & Jewellery	1	1%	2,902	2%	40
Antiques & Art	0	0%	807	1%	0
Books Video & Music	1	1%	960	1%	120
Cards & Stationery	2	2%	1,809	1%	127
Cash & Carry	0	0%	438	0%	0
Clothing	12	10%	21,786	16%	63
CoffeeShops	1	1%	3,153	2%	36
Crafts Hobbies & Toys	0	0%	1,077	1%	0
Department Store and Variety Store	5	4%	4,874	4%	118
Drink & CTN	1	1%	2,855	2%	40
Electrical & Computer Goods	0	0%	3,216	2%	0
Estate Agents	6	5%	3,778	3%	183
Fast Food Take Away	6	5%	7,013	5%	98
Furniture	1	1%	1,225	1%	94

Rental - Retail | Retail Profile | Key Retailer Profile | Office - Availability | Deals - Office | Office - Planning | Retail - Availability | Deals - Retail | Retail - Planning | Retail - Centres | Industrial -

EGi Town Report

EGi -- Comparable Deals Data - Exported 23/08/2012

Transaction type	Address	Street	Town	Postcode	Deal date	Property type	Property sub type	Size	Total space UoM	Size(sq ft)	Price
Sale	Ground and 1st, Hewat House, 89-91 Bury Road, Gosport,	Bury Road	Gosport	PO12 3PR	15/06/2012	Office	Office (B1a)	195	Net sq m	2,103	Not quoted
Lease	Unit 12, Cooperage Green, Weevil Lane, Gosport, Hampshire,	Weevil Lane	Gosport	PO12 1FY	15/04/2012	Office	Office (B1a)	113	Net sq m	1,215	Not quoted
Sub-Letting	Toronto Place, Gosport, Hampshire, PO12 4UZ	Toronto Place	Gosport	PO12 4UZ	03/04/2012	Industrial / Distribution	General Industrial (B2)	1,331	Net sq m	14,330	Not quoted
Lease	Industrial Unit, 3 Dock Road, Gosport, Hampshire, PO12 1SL	Dock Road	Gosport	PO12 1SL	01/04/2012	Industrial / Distribution	Mixed Industrial - B1, B2, B8	156	Net sq m	1,680	Not quoted
Lease	Unit 17, Unit 9-10, Quay Lane, Hardway, Gosport, Hampshire,	Quay Lane	Gosport	PO12 4LJ	15/02/2012	Industrial / Distribution	Industrial Park (B1/2/8)	144	Net sq m	1,550	Not quoted
Lease	Unit A, Quay West, Quay Lane, Hardway, Gosport, Hampshire,	Quay Lane	Gosport	PO12 4LJ	31/01/2012	Industrial / Distribution	Mixed Industrial - B1, B2, B8	693	Net sq m	7,460	Not quoted
Investment Sale	53/61 Forton Road, Gosport, Hampshire, PO12 4TD	Forton Road	Gosport	PO12 4TD	23/01/2012	Retail	General Retail (A1)	53	Net sq m	570	Not quoted
Lease	Unit 1 and 2, The Mill Offices, Royal Clarence Yard, Weevil Lane,	Royal Clarence	Gosport	PO12 1AX	15/01/2012	Office	Office (B1a)	226	Net sq m	2,433	Not quoted
Lease	121 High Street, Gosport, Hampshire, PO12 1DU	High Street	Gosport	PO12 1DU	15/01/2012	Retail	General Retail (A1)	69	Net sq m	742	Not quoted
Licence	Toronto Place, Gosport, Hampshire, PO12 4UZ	Toronto Place	Gosport	PO12 4UZ	15/11/2011	General, Industrial /	Site Area, General Industrial	3,151	Net sq m	33,920	Not quoted
Lease	51-52 High Street, Gosport, Hampshire, PO12 1DF	High Street	Gosport	PO12 1DF	01/09/2011	Retail	General Retail (A1)	305	Net sq m	3,288	Not quoted
Lease	Fareham Reach, Fareham Road, Gosport, Hampshire, PO13 0FW	Fareham Road	Gosport	PO13 0FW	31/08/2011	Industrial / Distribution	Industrial Park (B1/2/8)	3,995	Net sq m	43,000	Not quoted
Sale	122 Forton Road, Gosport, Hampshire, PO12 4TL	Forton Road	Gosport	PO12 4TL	01/07/2011	Leisure	Drinking Establishment				Not quoted
Sale	64 Stoke Road, Gosport, Hampshire, PO12 1PA	Stoke Road	Gosport	PO12 1PA	01/07/2011	Leisure	Drinking Establishment				£250,000
Lease	Unit 2, Unit 9-10, Quay Lane, Hardway, Gosport, Hampshire, PO12	Quay Lane	Gosport	PO12 4LJ	30/06/2011	Industrial / Distribution	Industrial Park (B1/2/8)	1,148	Net sq m	12,357	Not quoted
Lease	151 Stoke Road, Gosport, Hampshire, PO12 1SE	Stoke Road	Gosport	PO12 1SE	27/04/2011	Retail	General Retail (A1)	230	Net sq m	2,476	Not quoted
Sale	111 Elson Road, Gosport, Hampshire, PO12 4AA	Elson Road	Gosport	PO12 4AA	15/03/2011	Leisure	Drinking Establishment	1,600	Net sq m	17,222	Not quoted
Lease	Unit 6, Glenmore Business Centre, Aerodrome Road, Gosport,	Aerodrome Road	Gosport	PO13 0FJ	10/03/2011	Industrial / Distribution	Industrial Park (B1/2/8)	97	Net sq m	1,040	Not quoted
Lease	7 Dock Road, Gosport, Hampshire, PO12 1SL	Dock Road	Gosport	PO12 1SL	13/11/2010	Industrial / Distribution	General Industrial (B2)	106	Net sq m	1,140	Not quoted
Sale	1 Forton Road, Gosport, Hampshire, PO12 4TD	Forton Road	Gosport	PO12 4TD	15/09/2010	Leisure	Drinking Establishment				Not quoted
Lease	Unit 4, The Mill Offices, Royal Clarence Yard, Weevil Lane,	Royal Clarence	Gosport	PO12 1AX	20/07/2010	Office	Office (B1a)	111	Net sq m	1,200	Not quoted
Lease	Unit 28, 154 Fareham Road, Gosport, Hampshire, PO13 0AS	Fareham Road	Gosport	PO13 0AS	01/07/2010	Industrial / Distribution	General Industrial (B2)	156	Net sq m	1,675	Not quoted
Sale	2 Cranbourne Road, Gosport, Hampshire, PO12 1RJ	Cranbourne	Gosport	PO12 1RJ	28/06/2010	Industrial / Distribution	General Industrial (B2)	538	Net sq m	5,791	£120,000
Lease	14 Dock Road, Gosport, Hampshire, PO12 1SJ	Dock Road	Gosport	PO12 1SJ	15/06/2010	Industrial / Distribution	General Industrial (B2)	337	Net sq m	3,625	Not quoted
Sale	Units 4, 5, 11, 12 and 23, Glenmore Business Centre, Aerodrome	Aerodrome Road	Gosport	PO13 0FJ	15/06/2010	Industrial / Distribution	Industrial Park (B1/2/8)	697	Net sq m	7,500	£500,000
Lease	Unit 28, Glenmore Business Centre, Aerodrome Road, Gosport,	Aerodrome Road	Gosport	PO13 0FJ	15/06/2010	Industrial / Distribution	Industrial Park (B1/2/8)	139	Net sq m	1,500	Not quoted

DealExport

EGi Comparable Deals Data

Appendix 13 - Samples of comparable evidence, market reports, published data etc

COLLINGWOOD RETAIL PARK, FAREHAM

- The park comprises 4 units totalling 75,710 sq ft (7,033.4 sq m) of retail warehouse accommodation.
- Potential to subdivide the existing units to provide a variety of unit sizes dependent on retailer requirements.
- The scheme is located to the south of Fareham town centre along the B3385 Newgate Road linking to Lee-on-Solent and Gosport.
- The immediate area features c.250,000 sq ft of retail warehousing critical mass. The park is situated adjacent to the Speedfields retail park (Asda, Wickes, Focus, Lidl, Topps Tiles, McDonalds) and HMS Collingwood, a large Royal Navy training facility.

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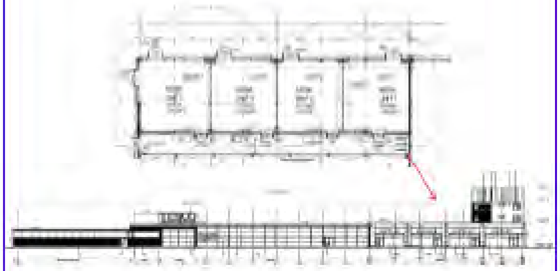

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To receive regular updates by email or to change your property requirements, please e-mail info@hi-m.co.uk
E-brochure: www.tinyurl.com/hollowayiliffemitchell

Agents particulars

Appendix 13 - Samples of comparable evidence, market reports, published data etc

savills

Savills Research
UK Commercial

Spotlight
UK Retail Warehouse Market

June 2012

Image: Brotherhood Shopping Park, Peterborough. One of the few new fashion parks due to open this year.

SUMMARY

- While the Jubilee and Olympics might provide a brief upward blip to consumer confidence, they are unlikely to positively impact sales in the retail warehouse sector. Lower inflation from early 2013 will provide a more solid base for a real recovery in retail spending.
- Retailer demand is by no means as weak as some pundits are saying. Active management and expansion, particularly around London and the South are driving vacancy rates downwards.
- The volume of investment into the sector fell sharply in the first quarter of 2012. However, we believe that is more reflective of an unwillingness to trade rather than a loss of interest in the sector.
- Our retailer profile in this issue is on CSL Sofas.

"Valuers are under increasing pressure to ease values out, especially on secondary."
Jaime Dunster, Savills Retail Warehouse Investment

savills.co.uk/research 01

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Commercial Surveyors & Property Consultants
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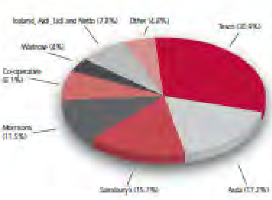
Supermarket Research Update Winter 2010/11

In 2008 AGL published a detailed research report on this increasingly important investment sector. Since publication of this report much has changed. This brief overview provides an update on some of the important transactions and trends.

Mergers and Acquisitions
The Co-op acquired Somerfield in March 2009 for £1.57bn. Somerfield held 950 stores and as part of the acquisition process it was necessary for the Co-op to agree to divest in a total of 133 stores. These properties were offered in packages to the other food retailers who all acquired new space. This coupled with aggressive expansion plans has altered the market share of each retailer which is currently as follows:

Major operators	Market share 12 weeks to Oct 2010 %	Change relative to 12 weeks to Oct 2009 %
Tesco	30.9	–
Asda	17.2	–0.1
Sainsbury's	15.7	+0.2
Morrisons	11.5	–
Co-operative	8.1	–0.6
Waitrose	4.0	+0.2
Iceland, Aldi, Lidl and Netto	7.8	–0.1
Other	4.8	–

Latest market share %



Source: Kantar Worldpanel

Sainsbury's Garstang. Former Somerfield, recently sold by AGL at a 4.95% NIY (reviews to RPI with cap and collar)

In May 2010, Asda Stores announced that they had agreed terms to acquire Netto. The Netto portfolio consists of a total of 194 stores with an average size of just 8,000 sq ft sales. Asda have been told that they must sell 47 of the newly-acquired stores – at the high end of its expectations – in order to satisfy the Office of Fair Trading (OFT), which has investigated local competition concerns raised by the merger.

The price paid for Netto of £778m equates to approximately £4m per store including stores held on a leasehold basis. It looks like a full price to pay and reflects Asda's difficulties keeping up with its rivals growth plans.

Also in the small store convenience sector, Morrisons have recently announced plans to begin trialling a convenience store format having previously concentrated on the larger store sector. They are also to commence on-line sales.

Rental growth continues
In our 2008 report we referred to an arbitration award in Chiswick greater London where a record rent of £30 per sq ft was set at arbitration. We stated that the increase from £21 to £30 per sq ft was generally perceived in the market as excessive. This store has now been subject to review again and another record rent has been set at £34.30 per sq ft this time by negotiation. We still think the 2004 rent was excessive as this review only shows annualised rental growth of 2.7%.

www.agl-london.co.uk

Published market reports

Appendix 14A

GVA GRIMLEY & BESPOKE PROPERTY GROUP **(Worksheet 4)**
HCA ECONOMIC APPRAISAL TOOL

SUMMARY

Site Address	Waterfront site Gosport
Site Reference	
File Source	
Scheme Description	700 residential units (assume flats) plus 10,500 sqm retail and 26,000 sqm
Date	01/05/2013
Site Area (hectares)	10.76
Author & Organisation	James Sinclair Adams Integra
HCA Investment Manager	

Housing Mix (Affordable + Open Market)

Total Number of Units	700	*units*
Total Number of Open Market Units	420	*units*
Total Number of Affordable Units	280	*units*
Total Net Internal Area (sq m)	49,100	*sq m*
Total Habitable Rooms	1,928	*habitable rooms*
% Affordable by Unit	40.0%	
% Affordable by Area	34.8%	
% Affordable by Habitable Rooms	38.8%	
% Social Rented within the Affordable Housing	-	*by number of units*
% Social Rented within the Affordable Housing	-	*by area*
% Social Rented within the Affordable Housing	-	*by habitable rooms*
Total Number of A/H Persons	748	*Persons*
Total Number of Social Rented Persons	0	*Persons*
Total Number of Intermediate Persons	748	*Persons*
Total Number of Open Market Persons	1,180	*Persons*
Total Number of Persons	1,928	*Persons*
Site Area	10.76	*hectares*
Net Internal Housing Area / Hectare	4,563	*sq m / hectare*

Residential Values

Affordable Housing Tenure 1: **Rent**

Type of Unit	**Total Rent pa (£)**	**Yield (%)**	**Capital Value (£)**
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Total Capital Value of Affordable Housing Tenure 1 **£0**

Affordable Housing Tenure 2: **Intermediate - Shared Ownership**

Type of Unit	**Capital Value (£ psm)**	**Total Floorspace (sq m)**	**Total Capital Value (£)**
1 Bed Flat	£1,529	2040	£3,119,160
2 Bed Flat	£1,646	3828	£6,300,888
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	**-**	**5868**	**£9,420,048**

Owner-occupied / rented % share 100%

Capital Value of owner-occupied part **£9,420,048**

Type of Unit	**Total Rent pa (£)**	**Yield (%)**	**Capital Value (£)**
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total (full capital value if sold at OMV)	**-**	**-**	**-**

Total Capital Value of Affordable Housing Tenure 2 **£9,420,048**

Affordable Housing Tenure 3: **Social Rent**

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	£985	765	£753,525
2 Bed Flat	£841	1980	£1,665,180
3 Bed Flat	-	-	-
2 Bed House rent	-	-	-
3 Bed House rent	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	**-**	**2745**	**£2,418,705**

% of Open Market Value 100%

Total Capital Value of Affordable Housing Tenure 3 **£2,418,705**

Affordable Housing Tenure 4: **Affordable rent at 80% market rent**

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	£1,501	1887	£2,832,387
2 Bed Flat	£1,403	6600	£9,259,800
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	**8,487**	**£12,092,187**

Owner-occupied / rented % share 100%

Capital Value of owner-occupied part **£12,092,187**

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total (full capital value if sold at OMV)	**-**	**-**	**-**

Total Capital Value of Affordable Housing Tenure 4 **£12,092,187**

Affordable Housing Tenure 5: **Intermediate - Discounted Market Rented**

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	**-**	**-**	-

Total Capital Value of Affordable Housing Tenure 5 **£0**

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING SHG & OTHER FUNDING) **£23,930,940**

Social Housing Grant

	Grant per unit (£)	Number of Units	Grant (£)
Rent	£0	0	£0
Intermediate - Shared Ownership	£0	98	£0
Social Rent	£0	45	£0
Affordable rent at 80% market rent	£0	137	£0
Intermediate - Discounted Market Rented	£0	0	£0
SHG Total	**-**	**280**	**£0**

Social Housing Grant per Affordable Housing Person **£0**
Social Housing Grant per Social Rented Person **-**
Social Housing Grant per Intermediate Person **£0**

TOTAL VALUE OF SOCIAL HOUSING GRANT **£0**

RSL Cross Subsidy £0

HCA Infrastructure Grant	£0
LA re-cycled SHG	£0
Other source of funding 1	£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 SHG & OTHER FUNDING) **£23,930,940**

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Waterfront aspect 1 bed flat	2,500	£2,900	£7,250,000
Waterfront aspect 2 bed flat	21,250	£3,059	£65,003,750
Non waterfront aspect 1 bed flat	1,500	£2,400	£3,600,000
Non waterfront aspect 2 bed flat	6,750	£2,533	£17,097,750
-	-	-	-
Total	**32,000**	-	**£92,951,500**

	Average value (£ per unit)
Waterfront aspect 1 bed flat	£145,000
Waterfront aspect 2 bed flat	£260,015
Non waterfront aspect 1 bed flat	£120,000
Non waterfront aspect 2 bed flat	£189,975
-	

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING **£92,951,500**

Car Parking

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

TOTAL VALUE OF CAR PARKING **£0**

Ground rent

		Capitalised annual ground rent
Affordable Housing Tenure 1:	Rent	£0
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£0
Affordable Housing Tenure 3:	Social Rent	£0
Affordable Housing Tenure 4:	Affordable rent at 80% market rent	£0
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented	£0
Open Market Housing Type 1:	Waterfront aspect 1 bed flat	£107,143
Open Market Housing Type 2:	Waterfront aspect 2 bed flat	£714,286
Open Market Housing Type 3:	Non waterfront aspect 1 bed flat	£64,286
Open Market Housing Type 4:	Non waterfront aspect 2 bed flat	£257,143
Open Market Housing Type 5:	-	£0

TOTAL CAPITALISED ANNUAL GROUND RENT **£1,142,857**

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME **£118,025,297**

Non-Residential Values

Office	£52,516,312	
Retail	£45,815,603	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£98,331,915**

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME **£98,331,915**

TOTAL VALUE OF SCHEME **£216,357,212**

Residential Building, Marketing & Section 106 Costs

Affordable Housing Build Costs		£22,862,700	
Open Market Housing Build Costs		£45,159,000	**£68,021,700**
Cost Multipliers			
Site Specific Sustainability Initiatives (%)		0.0%	**£0**
Lifetime Homes (%)		0.0%	**£0**
Code for Sustainable Homes (%)		0.0%	**£0**
Other (%)		0.0%	**£0**
Residential Car Parking Build Costs			**£0**
Other site costs			
Building Contingencies		3.0%	£2,040,651
Building Cost Fees (Architects, QS etc):		3.0%	£2,101,871
Other Acquisition Costs (£)			£0
Site Abnormals			
Site clearance and decontamination			£3,000,000
	0		£0
Abnormal ground conditions			£4,500,000
	0		£0
	0		£0
	0		£0
	0		£0
	0		£0
Total Building Costs			**£79,664,222**

Section 106 Costs (£)	
Flood defences	£3,800,000
Reuse of listed buildings	£1,500,000
Public realm/environmental	£3,000,000
Transport improvements	£1,000,000
Biodiversity protection	£105,000
CIL at £40/sqm market housing	£1,280,000
Other 2	£0
Other 3	£0
Section 106 costs	**£10,685,000**

Marketing (Open Market Housing ONLY)		
Sales Fees:	3.0%	£2,788,545
Legal Fees (per Open Market unit):	£700	£294,000
Marketing (Affordable Housing)		
Developer cost of sale to RSL (£)		£50,000
RSL on-costs (£)		£50,000
Intermediate Housing Sales and Marketing (£)		£50,000
Total Marketing Costs		**£3,232,545**

Non-Residential Building & Marketing Costs

Building Costs		
Office	£37,401,000	
Retail	£9,602,775	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£47,003,775**
Professional Fees (Building, Letting & Sales)		
Office	£5,117,307	
Retail	£2,135,116	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£7,252,423**
Total Non-Residential Costs		**£54,256,198**

TOTAL DIRECT COSTS:	**£147,837,964.54**

Finance and acquisition costs
(finance costs are only displayed if there is a positive residual site value)

Arrangement Fee	£50,000
Misc Fees (Surveyors etc)	£0
Agents Fees	£0
Legal Fees	£84,800
Stamp Duty	£791,463
Total Interest Paid	£16,593,837
Total Finance and Acquisition Costs	**£17,520,099**

Developer's return for risk and profit

Residential		
Open Market Housing Operating 'Profit'		£18,590,300
Affordable Housing 'Profit'		£1,435,856
Non-residential		
Office	£10,503,262	
Retail	£9,163,121	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£19,666,383**
Total Operating Profit		**£39,692,539**

(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Residual Site Value

SITE VALUE TODAY	**£11,306,609**
EXISTING USE VALUE	**£11,136,600**
DIFFERENCE BETWEEN SITE VALUE AND EXISTING USE VALUE	£170,009

Checks:

Site Value as a Percentage of Total Scheme Value	5.2%
Site Value per hectare	£1,050,800

Appendix 14B

GVA GRIMLEY & BESPOKE PROPERTY GROUP **(Worksheet 4)**
HCA ECONOMIC APPRAISAL TOOL

SUMMARY

Site Address	Waterfront site Gosport
Site Reference	
File Source	
Scheme Description	700 residential units (assume flats) plus 10,500 sqm retail and 26,000 sqm
Date	01/05/2013
Site Area (hectares)	10.76
Author & Organisation	James Sinclair Adams Integra
HCA Investment Manager	

Housing Mix (Affordable + Open Market)

Total Number of Units	700	*units*
Total Number of Open Market Units	420	*units*
Total Number of Affordable Units	280	*units*
Total Net Internal Area (sq m)	49,100	*sq m*
Total Habitable Rooms	1,928	*habitable rooms*
% Affordable by Unit	40.0%	
% Affordable by Area	34.8%	
% Affordable by Habitable Rooms	38.8%	
% Social Rented within the Affordable Housing	-	*by number of units*
% Social Rented within the Affordable Housing	-	*by area*
% Social Rented within the Affordable Housing	-	*by habitable rooms*
Total Number of A/H Persons	748	*Persons*
Total Number of Social Rented Persons	0	*Persons*
Total Number of Intermediate Persons	748	*Persons*
Total Number of Open Market Persons	1,180	*Persons*
Total Number of Persons	1,928	*Persons*
Site Area	10.76	*hectares*
Net Internal Housing Area / Hectare	4,563	*sq m / hectare*

Residential Values

Affordable Housing Tenure 1: **Rent**

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Total Capital Value of Affordable Housing Tenure 1 **£0**

Affordable Housing Tenure 2: **Intermediate - Shared Ownership**

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	£1,529	2040	£3,119,160
2 Bed Flat	£1,646	3828	£6,300,888
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	**-**	**5868**	**£9,420,048**

Owner-occupied / rented % share 100%

Capital Value of owner-occupied part **£9,420,048**

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total (full capital value if sold at OMV)	**-**	**-**	**-**

Total Capital Value of Affordable Housing Tenure 2 **£9,420,048**

Affordable Housing Tenure 3: **Social Rent**

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	£985	765	£753,525
2 Bed Flat	£841	1980	£1,665,180
3 Bed Flat	-	-	-
2 Bed House rent	-	-	-
3 Bed House rent	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	**-**	**2745**	**£2,418,705**

% of Open Market Value 100%

Total Capital Value of Affordable Housing Tenure 3 **£2,418,705**

Affordable Housing Tenure 4: **Affordable rent at 80% market rent**

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	£1,501	1887	£2,832,387
2 Bed Flat	£1,403	6600	£9,259,800
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	**8,487**	**£12,092,187**

Owner-occupied / rented % share 100%

Capital Value of owner-occupied part **£12,092,187**

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total (full capital value if sold at OMV)	**-**	**-**	**-**

Total Capital Value of Affordable Housing Tenure 4 **£12,092,187**

Affordable Housing Tenure 5: **Intermediate - Discounted Market Rented**

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	**-**	**-**	-

Total Capital Value of Affordable Housing Tenure 5 **£0**

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING SHG & OTHER FUNDING) **£23,930,940**

Social Housing Grant

	Grant per unit (£)	Number of Units	Grant (£)
Rent	£0	0	£0
Intermediate - Shared Ownership	£0	98	£0
Social Rent	£0	45	£0
Affordable rent at 80% market rent	£0	137	£0
Intermediate - Discounted Market Rented	£0	0	£0
SHG Total	**-**	**280**	**£0**

Social Housing Grant per Affordable Housing Person **£0**
Social Housing Grant per Social Rented Person **-**
Social Housing Grant per Intermediate Person **£0**

TOTAL VALUE OF SOCIAL HOUSING GRANT **£0**

RSL Cross Subsidy £0

HCA Infrastructure Grant	£0
LA re-cycled SHG	£0
Other source of funding 1	£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 SHG & OTHER FUNDING) **£23,930,940**

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Waterfront aspect 1 bed flat	2,500	£2,900	£7,250,000
Waterfront aspect 2 bed flat	21,250	£3,059	£65,003,750
Non waterfront aspect 1 bed flat	1,500	£2,400	£3,600,000
Non waterfront aspect 2 bed flat	6,750	£2,533	£17,097,750
-	-	-	-
Total	**32,000**	-	**£92,951,500**

	Average value (£ per unit)
Waterfront aspect 1 bed flat	£145,000
Waterfront aspect 2 bed flat	£260,015
Non waterfront aspect 1 bed flat	£120,000
Non waterfront aspect 2 bed flat	£189,975
-	

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING **£92,951,500**

Car Parking

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

TOTAL VALUE OF CAR PARKING **£0**

Ground rent

		Capitalised annual ground rent
Affordable Housing Tenure 1:	Rent	£0
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£0
Affordable Housing Tenure 3:	Social Rent	£0
Affordable Housing Tenure 4:	Affordable rent at 80% market rent	£0
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented	£0
Open Market Housing Type 1:	Waterfront aspect 1 bed flat	£107,143
Open Market Housing Type 2:	Waterfront aspect 2 bed flat	£714,286
Open Market Housing Type 3:	Non waterfront aspect 1 bed flat	£64,286
Open Market Housing Type 4:	Non waterfront aspect 2 bed flat	£257,143
Open Market Housing Type 5:	-	£0

TOTAL CAPITALISED ANNUAL GROUND RENT **£1,142,857**

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME **£118,025,297**

Non-Residential Values

Office	£52,516,312	
Retail	£45,815,603	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£98,331,915**

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME **£98,331,915**

TOTAL VALUE OF SCHEME **£216,357,212**

Residential Building, Marketing & Section 106 Costs

Affordable Housing Build Costs		£23,546,700	
Open Market Housing Build Costs		£46,439,000	**£69,985,700**
Cost Multipliers			
Site Specific Sustainability Initiatives (%)		0.0%	**£0**
Lifetime Homes (%)		0.0%	**£0**
Code for Sustainable Homes (%)		0.0%	**£0**
Other (%)		0.0%	**£0**
Residential Car Parking Build Costs			**£0**
Other site costs			
Building Contingencies		3.0%	£2,099,571
Building Cost Fees (Architects, QS etc):		3.0%	£2,162,558
Other Acquisition Costs (£)			£0
Site Abnormals			
Site clearance and decontamination			£3,000,000
	0		£0
Abnormal ground conditions			£4,500,000
	0		£0
	0		£0
	0		£0
	0		£0
	0		£0
Total Building Costs			**£81,747,829**

Section 106 Costs (£)	
Flood defences	£3,800,000
Reuse of listed buildings	£1,500,000
Public realm/environmental	£3,000,000
Transport improvements	£1,000,000
Biodiversity protection	£105,000
CIL at £40 market housing	£1,280,000
Other 2	£0
Other 3	£0
Section 106 costs	**£10,685,000**

Marketing (Open Market Housing ONLY)		
Sales Fees:	3.0%	£2,788,545
Legal Fees (per Open Market unit):	£700	£294,000
Marketing (Affordable Housing)		
Developer cost of sale to RSL (£)		£50,000
RSL on-costs (£)		£50,000
Intermediate Housing Sales and Marketing (£)		£50,000
Total Marketing Costs		**£3,232,545**

Non-Residential Building & Marketing Costs

Building Costs		
Office	£37,401,000	
Retail	£9,602,775	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£47,003,775**
Professional Fees (Building, Letting & Sales)		
Office	£5,117,307	
Retail	£2,135,116	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£7,252,423**
Total Non-Residential Costs		**£54,256,198**

TOTAL DIRECT COSTS:	**£149,921,572.14**

Finance and acquisition costs
(finance costs are only displayed if there is a positive residual site value)

Arrangement Fee		£50,000
Misc Fees (Surveyors etc)		£0
Agents Fees		£0
Legal Fees		£72,022
Stamp Duty		£672,205
Total Interest Paid		£16,345,952
Total Finance and Acquisition Costs		**£17,140,179**

Developer's return for risk and profit

Residential		
Open Market Housing Operating 'Profit'		£18,590,300
Affordable Housing 'Profit'		£1,435,856
Non-residential		
Office	£10,503,262	
Retail	£9,163,121	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£19,666,383**
Total Operating Profit		**£39,692,539**

(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Residual Site Value

SITE VALUE TODAY	**£9,602,922**
EXISTING USE VALUE	**£11,136,600**
DIFFERENCE BETWEEN SITE VALUE AND EXISTING USE VALUE	-£1,533,678

Checks:

Site Value as a Percentage of Total Scheme Value	4.4%
Site Value per hectare	£892,465

Appendix 15

Appendix 15 – Comparison of recommended Gosport CIL with CIL adopted in adjoining boroughs

	Fareham	**Havant**	**Portsmouth**	**Gosport**
CIL Charging Schedule Status	Charging schedule operative from 1 May 2013	Charging schedule operative from 1 Aug 2013	Charging schedule operative from 1 April 2012	Viability study Aug 2013
Use Type				
Residential	£105 (including care homes)	£80 (some areas at £100)	All other forms: £105 Residential institutions only: £53	With affordable housing: £0/£80/£100 Without affordable housing: £60/£100
Retail	All retail other than comparison retail in town, district and local centres: £120	Out of centres > 280 m²: £80; Out of centres < 280 m²: £40 All other retail: £0	A1-A5 any size in centres, and <280 m² out of centres: £53 Out of centres >280 m²: £105	Supermarkets & retail warehouses: £60
Office & industrial	£0	£0	£0	£0
Hotels	£35	£0	£53	£0
Community Facilities	£0	£0	£0	£0
All other uses	£0	£0	£105	£0

Appendix 16

Appendix 16 – Recent CIL Viability Studies undertaken by Adams Integra

Council	**Study Date**	**CIL status**
Thanet District Council	June 2012	Draft preliminary charging schedule not yet published for comment
East Hampshire District Council	July 2012	Draft preliminary charging schedule on hold pending resolution of issues raised by PINS re draft Local Plan
South Gloucestershire Council	Residential: Oct 2012 Non-residential: Nov 2012	Consultation on preliminary draft charging schedule proposed for late 2013
Winchester City Council	Residential: Nov 2012 Non-residential: Nov 2012	CIL viability report and draft charging schedule submitted to PINS 26 July 2013
Canterbury City Council	Residential: Dec 2012 Non-residential: Oct 2012 (draft)	No date set for consultation on preliminary draft charging schedule, as Local Plan has priority

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