

**ADAMS  
INTEGRA**



**GOSPORT**  
Borough Council

Community Infrastructure Levy Viability Assessment

**Addendum Report in Response to the Consultation**

July 2014

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# 1 INTRODUCTION

Adams Integra produced a Community Infrastructure Levy (CIL) Viability Assessment in July 2013. Following consultation on the Preliminary Draft Charging Schedule the Borough Council requested further supporting work to be undertaken. As a result of this work the recommended CIL rates are:

## 1.1 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.

Gosport Waterfront regeneration site - £40 for residential development only.

## 1.2 Non-residential:

£60 for supermarkets and retail warehouses.

All other uses - nil.

# 2 BACKGROUND

2.1 In October 2013 the Council consulted on its Preliminary Draft Charging Schedule and this produced a number of responses. This addendum report will address these responses and conclude with a recommendation as to whether the recommended CIL rates should change. As part of the methodology for this report, we did invite the main objectors to meet with us. These invitations were taken up by only one party and the outcome of that meeting is included below. Otherwise we respond to the written comments received.

2.2 It should be noted that certain comments from objectors relate to matters that are more for the Council to address, for example matters relating to general compliance with the CIL regulations or other aspects of policy. We will concentrate on those issues that relate to viability and the Adams Integra methodology and findings.

- 2.3 Having considered sites of up to 25 units for the original report, we were asked by the Council to also consider, for this addendum, sites of 50 units. These sites might incur s106 contributions in connection with public open space, in addition to CIL. We have, therefore, tested the viability of these sites at Value Points 3 and 4 only, on the basis that our recommended CIL rate for Value Point 2 locations is zero. The 50 unit sites have been tested on the assumption of 40% affordable housing and Code Level 4, at varying densities. We consider the implications of this further testing in Section 6.
- 2.4 We are attaching, at Appendix 1, tables that show the outcomes of current sales research in the Gosport plan area. These tables show both asking and sold prices for the different locations that were identified in the original 2013 report. We will discuss the outcomes of the research below.
- 2.5 We attach, at Appendix 2, tables that illustrate the outcomes of sensitivity testing around both sales and marketing costs and sales revenue, as discussed in the report.
- 2.6 We attach, as Appendix 3, a table that illustrates the land value outcomes for the 50 unit sites.
- 2.7 We attach, as Appendix 4, commercial development appraisals for retail warehouses, supermarkets and extra care uses.

### 3 RESIDENTIAL SALES VALUES

- 3.1 As part of the exercise to consider the objections to the Preliminary Draft Charging Schedule, we have also considered whether current sales evidence would suggest any variation in the recommended CIL rates. The outcome of the new sales research is shown at Appendix 1. From this, we do not believe that any significant upward movement in values can be demonstrated, although we recognise that this would be counter to the much-publicised rise in values, particularly for London and the South-East. Therefore we have checked this against web-based data and consulted [Home.co.uk](http://Home.co.uk) and the Land Registry.
- 3.2 [Home.co.uk](http://Home.co.uk) showed an overall price rise for Gosport between July 2013 and February 2014 of 4%. For Lee on the Solent, over the same period, the rise was 7%. The Land Registry's House Price Index does not specify Gosport by location, but the price rise for Portsmouth between July 2013 and March 2014 was 4.7%. The rise for Hampshire over the same period was 4%.

- 3.3 On this basis, we felt it reasonable to sensitivity test a rise in prices of 5% between July 2013 and May 2014.
- 3.4 The outcomes of this exercise are shown in Appendix 2, where we relate the potential sales increase to an increase in sales and marketing costs, which we have also tested as an outcome of the consultation process.

## 4 MAIN POINTS FROM THE CONSULTATION

4.1 We would list the main points arising from the consultation as follows:

1. Challenge to the evidence base for retail warehouses and supermarkets.
2. Challenge to the evidence base for residential uses, including appraisal inputs, housing mixes, s106 contributions and the Waterfront site.
3. Viability Buffer.
4. The Housing Standards Review.
5. Key worker housing.
6. Extra Care housing.

We will set out, first, our responses to the objections for residential uses and then we will consider objections relating to non-residential uses.

### 4.2 Residential Uses

- 4.2.1 It should be noted that an inception meeting was held between the Council and Adams Integra on 31<sup>st</sup> August 2012. The purpose of this meeting was to establish the parameters within which the viability study would be carried out. In particular, the meeting settled upon the housing numbers, mixes and densities for the notional site valuations, designed to test a wide range of development scenarios that might be experienced within the plan area. These scenarios were then tested for the different geographical market areas that were illustrated in the Value Points table.
- 4.2.2 In addition, Adams Integra were advised as to the appropriate level of s106 costs that should be used in the appraisals, based upon the Council's experience of s106 receipts and the likely s106 costs that would remain in place once CIL was adopted. It was concluded that a zero s106 charge for

sites of 10, 15 and 25 units would apply. Since the original report only considered sites of up to 25 units, there was no separate allowance for s106 costs in addition to CIL. For this addendum report, however, we have also considered 50 unit sites with s106 costs that would relate to open space provision, as provided by the Council. This addresses the provisions of the draft Gosport Borough Local Plan for sites of 50 units or more. These s106 costs are as follows:

1 bed units	£1,343 per unit
2 bed units	£1,806 per unit
3 bed+ units	£2,579 per unit.

4.2.3 The outcome of these appraisals is shown on the table at Appendix 3. It should be noted that the s106 figures in Appendix 3 are the averages, when the above figures are applied across the whole development.

4.2.4 It should be noted that all residential developments in Gosport are required to mitigate the impact of recreation disturbance on the European designated nature conservation sites in the Solent. The Solent Recreation Mitigation Partnership have determined, in their interim Mitigation Strategy, that a sum of £172 is required from each dwelling as a contribution to the mitigation. Accordingly, we have tested this sum, in addition to the above s106 costs, on the 50 unit sites. It is concluded that the addition of this cost does not adversely affect the viability of proposed residential schemes, as shown in Appendix 3.

4.2.5 Furthermore, the inception meeting concluded that the viability study should test the proposed Gosport Waterfront site, on the basis that it is the most likely to be affected by new CIL charges, and given the different nature of costs and values that would be applicable in this situation. It was decided that it was not necessary to test any further existing strategic sites.

### **4.3 Residential appraisal inputs**

The objectors questioned the following appraisal inputs:

1. Sales and Marketing Costs
2. Professional fees
3. House Types
4. Site specific issues
5. Development profit

4.3.1 In response to the sales costs, fees and profit, we believe that it is relevant to consider not only our own experience of these costs through our other studies, but also the views of other consultants, when producing reports for either Gosport or for neighbouring authorities. We have set out below, therefore, a comparison of our assumed values for each heading, together with those of other consultants. The consultants are:

- DTZ viability report for Gosport 2010.
- Roger Tym and Partners 2012 CIL viability report for Fareham.
- Dixon Searle Partnership 2011 CIL viability report for Portsmouth.

**Figure 1: Comparison of valuation inputs**

Item	Adams Integra 2013	DTZ 2010	Roger Tym 2012	Dixon Searle 2011
<b>Sales and Marketing Costs</b>	3% on total revenue	3% on market sales only	£1,000 per unit plus 1% of market sales	3% on market sales
<b>Professional Fees</b>	7% consultants, plus extra for insurances, surveys and planning, see below. Total 10-11%	10%	8%	12%
<b>Development Profit</b>	20% on market housing. 6% on affordable housing	15%	20%	20% on market housing. 6% on affordable housing.

4.3.2 With regard to **sales and marketing costs**, it will be seen that our allowance of 3% is in line with the assumptions of other consultants. We do believe, however, that whereas the actual cost of sales and marketing might be similar in different locations, the percentage that this cost bears to the sales revenue could be greater in lower value areas. We have, therefore, considered this in the tables attached at Appendix 2, which show the cumulative impact of increasing marketing costs to 5% and then increasing the sales revenue by 5%.

4.3.3 For each table at Appendix 2, the first land value column shows values as they appear in Appendix 5B of the 2013 report. At the bottom of each

column we show an average land value per hectare. The second column shows the impact of increasing the sales and marketing percentage to 5%, while the third column shows the impact of both the increased marketing costs and sales values.

4.3.4 From this we would conclude that, whilst it might be reasonable to test a higher sales and marketing cost, it is also reasonable to relate this to a rise in sales values over the period since our last report. As a result of this exercise, the average land values per hectare do show a rise since the 2013 report but, when also considered against a marginal rise in build costs, we do not believe that the results merit a change to the recommended CIL rates.

4.3.5 In connection with the **professional fees**, we set out below the outcomes from two of the appraisals, to illustrate the total fee allowance that we have made.

#### 4.3.6 Example 1

25 units at 45dph with 40% affordable housing and assuming Code Level 4 build costs.

Total build costs £2,488,340.

Architect and consultants	7%	£174,184
Insurances		£ 62,209
Land survey costs		£ 12,500
Planning application costs		<u>£ 8,375</u>

**Total** £257,268

Equates to 10.3% of the build cost.

#### 4.3.7 Example 2

10 units at 80dph with 40% affordable housing and assuming Code Level 4 build costs.

Total build costs £629,000.

Architect and consultants	7%	£44,030
Insurances		£15,725
Land survey costs		£ 7,500
Planning application costs		<u>£ 3,350</u>

**Total** £70,605

Equates to 11.2% of the build cost.



4.3.8 On this basis, we would conclude that the overall allowances that we have made for fees are reasonable.

4.3.9 With regard to **development profit**, the objectors appear to be specifically addressing the profit level assumed for the affordable housing, which we took at 6%. We would make a couple of points in this connection:

1. It will be seen from the above table that a lower percentage for affordable housing was assumed for the Portsmouth viability study.
2. We are assuming that a developer will build the affordable units and that he is paid by a registered provider for each unit upon build completion. In this event, there is a reduced sales risk to the developer for these units and this is reflected in the lower profit percentage.
3. This is not, therefore, a profit to the registered provider, as suggested in the objection.

4.3.10 The objection in relation to **site specific issues** states that “the Development Appraisals should include or make allowances for sites with specific viability implications.” We would comment as follows:

4.3.11 In establishing appropriate build costs for the viability study, we consulted the BCIS cost index, as is common practice for reports of this nature. This index provides a range of build costs for samples of developments that take place in specific locations. In this instance, we adopted the costs applicable to the upper quartile, as opposed to the median, of the quoted range. The purpose of this was to provide a level of buffer within the build costs that would allow for an element of abnormal costs in specific circumstances. We then add 15% to this base cost to take into account external works.

4.3.12 In addition, our appraisals allow a sum of between £2,000 and £4,000 per unit as site preparation costs, to address potential issues such as demolition, levels and extra depth foundations.

4.3.13 Whilst it is inevitable that some sites will have abnormal costs that are specific to them, we believe that a study of this nature can only address the more general build costs that might be experienced.

## 5 VIABILITY BUFFER

5.1 In February 2014 the Department for Communities and Local Government updated its Community Infrastructure Levy Guidance. At paragraph 2.2.2.4 the guidance states that “it would be appropriate to ensure that a

“buffer” or margin is included, so that the levy rate is able to support development when economic circumstances adjust. We would say that we have allowed for a buffer in the following ways, demonstrating that we have not adopted CIL rates that would test the limits of viability:

1. We derived our build costs from the upper quartile build costs of the BCIS index, as opposed to a lower median figure. Based on current BCIS figures, this adds some 15% to the costs, before externals are added. In doing so, we believe that we have applied a level of build cost buffer that would absorb a degree of adjustment to “economic circumstances” and/or abnormal costs.
2. We believe that the buffer can also be demonstrated through an analysis of land values per hectare, compared to the assumed viability thresholds. At paragraph B5.13.1 of our July 2013 report, we stated that “the identified housing supply is expected to be provided on sites that are currently in employment, garage court or greenfield use”. We also noted that a proportion of windfall sites could be in existing residential uses.
3. In order to comply with current Council policy, we are particularly interested in those development scenarios that reflect 40% affordable housing and Code Level 4. The full set of these scenarios is set out at Appendix 5B of the 2013 report, where we need to consider those columns that show outcomes for £80 CIL in Charging Zone 2 and £100 CIL in Charging Zone 3, being the proposed CIL rates for these locations with on-site affordable housing.
4. In Appendix 5B, each column shows a range of land value outcomes for a series of development scenarios. If we look at the outcomes for £80 CIL in Charging Zone 2, we see that the average land value per hectare for that £80 column is £900,747 per hectare, equating to the employment threshold. As noted above, however, the identified housing supply will also arise on existing garage court or Greenfield sites, which have much lower threshold values of £550,000 and £450,000 per hectare respectively. At Appendix 5B we can also see that 77% of land value outcomes for zone 2 (value point 3) at £80 CIL exceed the garage court threshold. On this basis, we do not believe that we are recommending a rate that pushes the margins of viability.
5. At Appendix 2 of this addendum report, we have tested the sensitivity of viability by showing land value outcomes that result from an increase in both the sales and marketing fee, and the sales values. This results in an increase in the average land value per hectare to £976,000 from £900,747. Whilst we have concluded, above, that this exercise does not allow us to change the recommended residential CIL

rates, we do believe that it further enhances the buffer that has been assumed.

6. We would say, therefore, that we have considered the buffer principles at different stages of the appraisal process, being aware of the need for a cushion against unforeseen costs or market movements that could test viability.

## 6 50 UNIT SITES

- 6.1 For this addendum report, the Council asked us to consider sites of 50 units, that would incur a s106 open space charge, as well as a CIL cost, in order to test policy requirements. The land value outcomes are shown at Appendix 3. Since we had already tested 25 unit sites, we created the 50 unit scenarios by doubling the housing numbers for the 25 unit schemes, with the result that the proportions of units, both affordable and market, are the same in both instances. In light of the fact that we are adding s106 costs, as in Section 4 above, the land values per hectare are inevitably reduced, when compared to sites with a similar CIL charge, but with zero s106 costs. It will be seen from Appendix 3 that a range of land values per hectare is produced, depending upon density. In the report of July 2013, it was felt that the main sites identified for development would have existing uses corresponding to our MOD and garage court uses; existing residential uses might be linked to future windfall sites.
- 6.2 From the outputs in Appendix 3 we see that, with 40% affordable housing and at Value Point 3, there is one scenario that falls below the lowest threshold level, while others correspond to greenfield and MOD uses. One scenario corresponds to residential uses. At Value Point 4, the land values match both higher value employment uses and residential.
- 6.3 If we look at the outcomes with 30% affordable housing, we see that the land values are matching at least the higher value employment uses and, in some instances, the residential uses.
- 6.4 These outputs show that, whilst some flexibility might be required in zone 2 locations with a s106 charge and 40% affordable housing, the average land value per hectare is matching greenfield, garage court and MOD site thresholds.
- 6.5 Whilst the Council would not to expect to receive a significant number of applications for sites of more than 50 units, we should consider the potential viability implications, when compared to the 50 unit testing that we have undertaken. We believe that the main implication of a larger number of units would be in the finance costs, as a result of the longer development and sales period. This would be incurred on both the fees

and the land value, assuming that the land had been paid for in a single instalment at the beginning of the project. In this instance, there could be an adverse impact on viability. It is possible, however, that the development would be viewed as a number of phases and that the land would be paid for phase-by-phase. In this case, any adverse impact on viability, resulting from the larger number of units, would be reduced and our conclusions for such sites would be as for the 50 units.

## 7 HOUSING STANDARDS REVIEW

7.1 The Housing Standards Review has been hailed by Government as introducing a simplified system of design and construction standards for new homes, to be introduced by the end of the current Parliament. There was a consultation in 2013, particularly around the following five areas:

**7.1.2 Accessibility.** The question was posed as to whether there is a need for dwellings to meet accessibility requirements beyond those of Part M of the Building Regulations.

**7.1.3 Space standards.** Should a national space-labelling system be introduced, that will allow consumers to compare space provision and improve standards in the private sector?

**7.1.4 Security.** Measures to reduce burglary and crime are desirable, such that a case could be made for security standards to be included within housing standards.

**7.1.5 Water efficiency.** There remains a strong case for a minimum level of water efficiency in new homes.

**7.1.6 Energy.** Building Regulations Part L 2013 is estimated to sit somewhere between Code Levels 3 and 4 of the Code for Sustainable Homes. For new homes, the Government is committed to Building Regulations as the way to drive up energy performance standards.

7.2 With regard to the assumptions made for our 2013 report, we carried out a series of valuations at Code Level 4 (see Appendix 5B to the 2013 report). In addition, we allow a cost heading called Renewables, which adds a further sum of £3,500 per unit to the Code 4 base costs. Figures taken from our valuations would show that the resultant build costs per square metre would be:

### 7.3 Example 1:

25 units at 45dph with 40% affordable housing, being all houses.

Floor area is 2,106 sqm

Base build cost, code 4, is £1,140 per sqm

Total base build cost is £2,400,840

Add renewables @ £3,500 £ 87,500

Total build cost is £2,488,340 equating to **£1,182** per sqm.

### 7.4 Example 2:

25 units at 100dph with 40% affordable housing, being all flats.

Floor area is 1,215 sqm

Base build cost, code 4, is £1,240 per sqm

Total base build cost is £1,506,600

Add renewables @ £3,500 £ 87,500

Total build cost is £1,594,100 equating to **£1,312** per sqm

7.5 By way of comparison with a recent study completed nearby, we have looked at the build costs assumed for the CIL viability study of Fareham Borough Council, dated March 2012. From this, we note that a base build cost, to Code 4, was assumed at £1,000 and £1,100 per square metre for houses and flats respectively. In addition, there was added a cost for infrastructure at £250,000 per hectare. At our average density levels, this would equate to approximately £4,000 to £5,000 per unit. It will be seen that we adopted slightly higher Code 4 base costs as at July 2013, of £1,140 and £1,240, to which we added the renewables costs of £3,500 per unit, as mentioned above. In addition, we have added a further cost of between £2,000 and £2,500 per unit for abnormalities/site preparation.

7.6 From a reading of the Impact Assessment that accompanied the consultation, we believe that the above allowances would cover the new draft proposals. We understand, however, that the final proposals will not be forthcoming until later in 2014, at which point we would advise that the Council should seek further confirmation in this regard.

## 8 KEY WORKER HOUSING

- 8.1 The Defence Infrastructure Organisation submitted an objection, on grounds that Service Family Accommodation is provided to supply a specific need, in the same way as affordable housing. On this basis, such a use should be exempt from a CIL charge, or significantly discounted.
- 8.2 We understand that Service Family Accommodation is either rented at below market rents, or is provided through the Government's Private Finance Initiative (see the Defence Infrastructure Organisation website). On this basis, it would appear to be similar to affordable housing, provided through a registered provider, for those who cannot afford accommodation in the open market. In both instances, there is an element of subsidy, which sets it apart from housing that is either sold or rented at full market rates. It is the full market sales values or rents that justify the proposed CIL rates and we would suggest, therefore, that Service Family Accommodation should be exempt from CIL, on the same basis that affordable housing is exempt.

## 9 RESIDENTIAL CONCLUSIONS

- 9.1 In connection with residential uses, we have considered the objections and have provided our responses, as above. We have considered it reasonable to test a higher level of sales and marketing fee, but believe it is reasonable to offset this against likely rises in sales values. We have not recommended a change to the CIL rates, on account of this, but have assumed that any rise in sales values would contribute to the buffer that cushions against site specific abnormal costs.
- 9.2 With regard to the other objection headings, raised by objectors, we do not believe that it has been necessary to change our previous positions; instead we have provided further clarification of those positions.
- 9.3 Having tested the 50 unit sites with the Council's proposed levels of s106 cost, we would conclude that, with 40% affordable housing, the combination of s106 and CIL will put pressure on some scenarios, with the result that some flexibility could be required in certain specific instances, being dealt with on a case-by-case basis.
- 9.4 We await final details of the impact of the Housing Standards Review, but our initial assessment is that our existing cost allowances should cover the cost impact that might result.

- 9.5 On the basis of the above, we have concluded that the residential CIL rates, as proposed in our report of July 2013, should remain the same.

## 10 NON- RESIDENTIAL COMMENTS

- 10.1 The proposed CIL charges for all non-residential uses were nil other than for retail warehouses and supermarkets. The findings and recommendations were based on a limited amount of transactional data due to the poor economic climate and the local market dynamics. However, in accordance with the CIL Guidance it was demonstrated that what evidence that was available was used and other appropriate evidence drawn from historical data, neighbouring authorities, local and regional trends or national statistics.
- 10.2 Three comments on the proposed non-residential charges were submitted. The Gosport Society challenged the zero charge for offices and industrial on the grounds that these uses put pressure on infrastructure, more so than residential uses. There was some misunderstanding that these categories are not being proposed to be exempt from a CIL charge. Rather it has been demonstrated that these uses are not currently sufficiently viable to support a charge. If and when they show sufficient viability a charge could be imposed.
- 10.3 Secondly, The Theatre Trust requested specific definitions within the schedule for community facilities which are proposed to be zero rated. We consider that as the Guidance recommends simplicity and clarity in the charging schedule, that the current category of 'All other uses' is adequate to address this concern.
- 10.4 The third comment came from Barton Wilmore planning consultants on behalf of developers Milln Gate Gosport LLP. These being a challenge to the £60 per m<sup>2</sup> charge for retail warehouses and supermarkets. Milln Gate was selected by Defence Estates (now Defence Infrastructure Organisation) as the preferred development partner to develop 4.65 Ha [11.5 acres] of former Ministry of Defence land at Brockhurst Gate, Heritage Way, Gosport, PO13 0AF.
- 10.5 Milln Gate's proposals include a mixed use scheme for which a planning application is expected to be submitted shortly. A meeting was held with Milln Gate and their advisors on 9<sup>th</sup> June 2014 to investigate their objections to the data used and the viability study's findings.
- 10.6 In essence the issue was whether the values and costs used in the residual appraisals used by Adams Integra were sound, based on the available evidence. Furthermore that the approach used was considered

'inconsistent with the advice provided in the Community Infrastructure Levy Guidance, April 2013 ("the Guidance")'.

- 10.7 Firstly we respond to whether the approach used and the methodology employed were sound.
- 10.8 The methodology used was set out in the 2013 Viability Report. The system of residual appraisals used to test various scenarios has been established now as a robust test of whether a particular form of development can generate sufficient surplus to allow for a CIL charge to be made without affecting that type of development coming forward. 2:2:2:4 of the Community Infrastructure Guidance February 2014 sets out how development should be valued for the purpose of the levy. It states that there are a number of valuation models and methodologies available. The methodology used by Adams Integra has been widely used and tested at Public Examination and in particular by nearby Winchester City Council and has been found to be sound.
- 10.9 Barton Wilmore refer to section 14(1) of The Community Infrastructure Levy Regulations 2010 requiring viability appraisal to be fit for purpose and contain relevant evidence. In fact 14(1) states that the charging authority must strike what appears to be an appropriate balance to funding infrastructure from CIL charging and the likely effects (taken as a whole) on development across the charging authority's area.
- 10.10 The method of using residual appraisals has been used to demonstrate that an appropriate balance has been struck to allow a sufficient developers profit and "buffer" or surplus to allow a modest CIL charge to be made on the two types of retail development. We now go on to examine the detailed comments made by Milln Gate in this regard.

## 11 RETAIL WAREHOUSES AND SUPERMARKETS

- 11.1 2:2:2:4 of the CIL Guidance states that 'the outcome of the sampling exercise should be to provide a robust evidence base about the potential effects of the rates proposed, balanced against the need to avoid excessive detail'.
- 11.2 It is against this guidance that a residual appraisal model has been developed that is simple to understand and avoids the more detailed and complex residual appraisal software used elsewhere in the industry. Furthermore the comparable evidence used is not required to be listed in detail although a sample of the evidence used was set out in Appendix 13 of the 2013 report.



11.3 Milln Gate go on to request that Adams Integra are instructed to review their evidence and undertake an updated Development Appraisal to test the sensitivity based on the evidence given under the following headings:

1. Site Value
2. Rental Levels
3. Building Costs & External Works
4. Professional Fees/Planning Costs
5. Development Duration
6. BREEAM
7. S106

11.4 We address these matters raised in the same order:

**11.4.1 Site Value** - no data or figures have been provided by Milln Gate for appropriate existing use site values. As stated in the 2013 report there has been very little non-residential development activity since 2008 and consequently few freehold transactions both within Gosport and locally on which to base values. The residential appraisals use a standard fixed threshold of £650,000 per Ha for Ministry of Defence land and £900,000 per Ha for employment land, against which to bench mark viability. Because the non-residential market is much more diverse, it is deemed appropriate to use more relevant bench mark values to reflect how such issues as location and potential for alternative non-residential uses impact on the value of the land.

Hence, in the absence useful evidence, the method of deducing an existing use value from the scenario of a redevelopment of a brown field site is still considered to be the most robust and is tested against what evidence is available. The figure previously used for retail warehouses is £615,515 equating to £1,324,500 per Ha [£536,236 per acre] based on a sample building of 1,858 m<sup>2</sup> [20,000 sqft] and the industry standard of 40% site cover. Milln Gate recommend that a standard retail warehouse is now smaller and 1,580 m<sup>2</sup> [17,000 sqft] is a more appropriate size to test and 30% site cover this requires a plot of 0.5 Ha [1.3 acres].

It was agreed that there was no current demand for new stores in Gosport from the main 4 supermarket operators (Tesco, Sainsbury, Asda, Morrisons) but that there was demand from the discount food retailers such as Aldi and Lidl. These types of stores use a smaller format store with 2,323 sqm [25,000 sqft] being the average. Based on 30% site cover which allows for customer parking, circulation space, landscaping, loading areas and trolley parks, the notional 2,323 sqm [25,000 sqft] store is estimated to require site area of 0.77 Ha [1.9 acres]. Therefore the threshold site values used equate to approximately £960,000 per Ha [£390,000 per acre].

In the light of the comments made we have amended both of the appraisals to reflect a threshold site value of approximately £650,000 per Ha [£263,000 per acre].

**11.4.2 Rental Levels** - we have reviewed the comments that the rental levels we have used are too high. No further evidence of values has been provided. We do not consider that £162 per m<sup>2</sup> for retail warehouses is high based on our findings. We have further researched discount supermarket rents and consider that a rate of £162 per m<sup>2</sup> is also appropriate. We have adjusted the appraisals accordingly.

**11.4.3 Building Costs and External Works** - whilst our appraisals have taken into account all of the items the objector has identified, these may be included within different categories within our appraisals. We recognise that supermarkets generally attract larger s106 contributions than other forms of non-residential development. This is due to the higher impact of supermarkets on the local infrastructure. These contributions have been accounted for, in part, through an increase in the planning fees. However we have also avoided the effect of 'double dipping' through a CIL charge as well.

We have increased the costs suggested to take into account the developers experiences.

**11.4.4 Professional Fees/Planning Costs** - we have taken on board the comments and reviewed the costs allowed for these elements and adjusted our data accordingly.

**11.4.5 Development Duration** - development finance would normally only be required once the site has been acquired. It would be normal to secure pre-lettings before these types of development were started or detailed planning permission applied for. Therefore we do not consider it necessary to make further allowances for finance costs.

We have listened to the need to account for different forms of development funding and to include an allowance for additional finance costs associated with forward funded schemes where an additional 0.5% on the investment yield has been allowed for to cover these costs.

**11.4.6 BREEAM** - In the light of the Housing Standards Review Gosport Borough Council are reviewing their requirement for BREEAM standards as part of the local plan review. Therefore there is no longer a need to examine the effect of a requirement for BREEAM standards as Building Regulations will be relied on to control sustainability issues.

**11.4.7S106** – as stated above allowances have been made for additional planning costs over and above other non-residential uses. This has been in recognition of the higher impact retail warehousing and supermarkets have on the infrastructure. It is a generic allowance and it is not appropriate to allow for site specific demands which would be negotiated through the s106 system in the usual way.

11.5 In the light of these comments we have reviewed the two appraisals for retail warehousing and supermarkets. Copies are included in the Appendix 3. The outcomes of both continue to show a significant surplus. After allowing for a £60 CIL charge there remains a sufficient buffer that is considered large enough not to unduly affect a development coming forward. The CIL contribution at £60 per m2 equates to 2.55% of the Gross Development Value for retail warehouses and 2.11% for supermarkets. These are well below the level of 4%-5% being used by Public Examiners to assess the levels of viability.

## 12 CIL IN NEIGHBOURING CHARGING AREAS

12.1 We list the CIL charges for retail warehouses and supermarkets in the context of other neighbouring areas.

<b>Fareham Borough Council</b>	All retail other than comparison retail in town, district and local centres: <b>£120</b>
<b>Winchester City Council</b>	High Street/Centre Retail A1 Retail in Winchester Town Centre : <b>£120</b>  All other areas: <b>£nil</b>  Out of Centre Retail All other areas other than Winchester Town Centre: <b>£nil</b>  All areas other than Winchester Town Centre – Convenience Stores, Supermarkets and Retail warehouse: <b>£120</b>
<b>Portsmouth City Council</b>	Basic CIL rate: <b>£105</b> A1-A5 Retail In Centre Retail of any size and small (less than 280 sqm) out of centre: <b>£52</b>
<b>Eastleigh Borough Council</b>	Supermarkets and superstores and retail warehousing over 280 sqm outside of centre: <b>£120</b>

- 12.2 As can be seen the proposed charges for Gosport at £60 are considerably lower than the surrounding charging authorities where many of the values and costs are similar to those that would be used in Gosport.

## 13 EXTRA CARE

- 13.1 Following comments from Hampshire County Council we have been specifically asked to examine Extra Care uses.
- 13.2 Extra Care housing is often defined as “purpose built accommodation in which varying amounts of care and support can be offered and where some services are shared”.
- 13.3 The key feature of an extra care scheme is that the design, layout, facilities and support services available enhance the life of the occupier. Facilities can include:
- On site carers
  - 24 hour cover
  - Ability to provide hot meals daily
  - Enhanced bathing and toilet facilities
- 13.4 The amount of care provided and the level of facilities needed is often a determining factor as to whether the Extra Care facility will sit within class C3 (dwelling houses) or class C2 (residential institutions) of the Town and Country Planning (Use Classes Order) 1987 as amended.
- 13.5 If the occupiers can live in independent flats and receive care either into their home, which may be designed to be adaptable to their changing needs, and there are some communal facilities then a C3 use is appropriate. Where perhaps more concentrated needs are required to be met, and consequently there are more intensive shared facilities, the actual accommodation may not be designed to allow fully independent living within the unit. Hence the scheme could sit within Class C2.
- 13.6 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. It is our view that public sector provision whether it be providing Extra Care in a C2 or a C3 scheme will benefit from the affordable housing exemption as it is being designed and developed to meet an identified housing need and therefore no CIL will be charged.

- 13.7 We would expect some form of protection to be afforded through S106 agreements to schemes which are developed solely for public sector use so that they remain as public/ social provision. We have considered C3 Extra Care private sector developments and note that they exhibit similar viability dynamics to that of sheltered accommodation where schemes are built for sale. The independent units are sold with support paid for through a service charge and top up charges for more intensive care.
- 13.8 We understand that there are issues with this type of development such as potentially slower sales rates, the need to complete schemes before sales can take place, higher build costs and recognise that these issues could impact on the return to the developer. On the other hand this form of development makes very efficient use of land and there may be a premium attached to sheltered housing schemes and potentially these issues could balance each other out.
- 13.9 We have undertaken some modelling to cover this aspect particularly in terms of the values associated with sheltered development within C3 use class. We have found from the evidence available a significant premium attached to the values generated by sheltered housing when compared to similar apartment developments unencumbered by an age restriction. Our modelling shows that the premium on sales values compensates for the concerns expressed above, about the particular characteristics of this form of development.
- 13.10 We have undertaken sensitivity analysis in this area. At this stage of the economical cycle we see no overriding reason to amend the CIL charging recommendation in order to treat sheltered/Extra Care housing differently from the overall C3 charge. In terms of Extra Care within C2 we have modelled provision in accordance with the methodology we use to assess the impact of CIL on cost and revenue. In this case we have mirrored the testing undertaken to inform the Fareham Borough Council CIL C2 assessment but with Gosport economic dynamics within our appraisal.
- 13.11 The modelling shows (see Appendix 4) that with the current state of the market, C2 Extra Care proposals appear very marginal and show no surplus able to support a CIL charge. We are therefore not recommending a CIL charge against C2 Extra Care.
- 13.12 For all other C2 and C2a (secure residential institution) uses, the occupation generally do not generate revenue and is usually funded by public subsidy. Even when services within these categories are contracted out, they are usually subsidised by public funding. Therefore we consider that a zero CIL charge rate is appropriate.

## 14 NON-RESIDENTIAL CONCLUSIONS

- 14.1 Our conclusions are that no new evidence has been provided that changes the outcomes for retail warehouses or supermarkets. Also that Extra Care uses do not show sufficient surplus to be able to afford a CIL charge.
- 14.2 Consequently our recommendation is that no change is made to the Draft Charging Schedule.

**Adams Integra**  
**July 2014**



**GOSPORT**  
Borough Council

Community Infrastructure Levy Viability  
Assessment

**Addendum Report in Response to the Consultation**

**APPENDICES**

## Appendix 1

Gosport

Sales Research April 2014

Newbuild for sale

Address	Housetype	Floor area sqm	Asking price	Assumed value deducting 3%	Assumed value per sqm
Alver Village, Gosport Plot 388	4 bed terr townhouse	112.18	£220,000	£213,400	£1,902
Alver Village, Gosport Plot 315	2 bed apartment	67.40	£130,000	£126,100	£1,871
Alver Village, Gosport The Barrel	1 bed apartment	42.70	£105,000	£101,850	£2,385
Jamaica Place, Gosport	1 bed apartment	36.90	£97,500	£94,575	£2,563
Magister Sq, Lee	3 bed semi	77.48	£257,500	£249,775	£3,224
Seacrest Gardens, Lee Barratt	Aylsham 1 bed flat	58.84	£195,000	£189,150	£3,215
	Tiverton 2 bed terrace	66.00	£218,000	£211,460	£3,204
	Barwick 3 bed terrace	74.00	£250,000	£242,500	£3,277
	Lincoln 4 bed detached	110.00	£360,000	£349,200	£3,175



**Appendix 1**

Gosport

Sales Research April 2014

Sold prices

**Lee on Solent**

Address	Housetype	Floor area sqm	Price paid	Price paid per sqm	Date of sale	Notes
23 Grayson Close PO13 8BH	5 bed detached		£379,950		3.12.13	
34 Proctor Drive	4 bed detached	143	£338,000	£2,364	25.10.13	
33 Fitzroy Drive PO13 8LY	4 bed detached double garage	142	£395,000	£2,782	14.3.14	
1 Darwin Close PO13 8LS	4 bed detached single garage	118	£355,000	£3,008	28.2.14	Area is an estimate
8 Saunders Close PO13 8LX	4 bed detached single garage		£290,000		28.2.14	
20 Holt Close PO13 8FA	3 bed semi	92	£192,500	£2,092	27.2.14	Area is an estimate
30 Martinet Drive	3 bed terr townhouse		£229,000		7.2.14	
12 Wessex Close PO13 8FL	3 bed link detached		£236,500		28.1.14	
86 Westland Drive PO13 8GJ	3 bed semi townhouse		£235,000		19.12.13	
36 Blanchard Avenue PO13 8FW	3 bed semi		£190,000		6.12.13	
42 Blanchard Avenue PO13 8FW	3 bed semi		£192,000		6.12.13	

**Appendix 1**

Gosport

Sales Research April 2014

Sold Prices

**Alverstoke**

Address	Housetype	Floor area sqm	Price paid	Price paid per sqm	Date of sale	Notes
29 Waterloo Road PO12 2AL	3 bed terrace		£175,000		16.1.14	
32 Cheriton Road PO12 3RQ	3 bed terrace	62.8	£131,000	£2,086	20.12.13	
11 Bury Hall Lane PO12 2PL	3 bed semi	108.1	£220,000	£2,035	20.12.13	
23 Beatty Drive PO12 2 JZ	3 bed detached		£385,000		10.1.14	
11 Friary Close PO12 2EZ	3 bed terr townhouse		£175,000		2.12.13	
98 Village Road PO12 2LG	4 bed terrace		£244,000		10.12.13	
21 Solent Way PO12 2 NR	5 bed detached	167.2	£387,000	£2,315	1.11.13	Area is estimated



## Appendix 1

Gosport

Sales Research April 2014

Second hand for sale

Address	Housetype	Floor area sqm	Asking price	Assumed value deducting 3%	Assumed value per sqm
<b>Gosport</b>					
Hayling Close, Priddys Hard	2 bed flat	67	169995	£164,895	£2,461
Heritage Way, Priddys Hard	2 bed flat		165000	£160,050	
Weevil Lane Royal Clarence Yard	2 bed flat		160000	£155,200	
Priddys Hard	2 bed flat	64.8	159950	£155,152	£2,394
Weevil Lane	2 bed flat	67.3	146950	£142,542	£2,118
Warrior Court, Gosport	2 bed flat		144999	£140,649	
Rowner	2 bed terrace		£139,000	£134,830	
Ensign Drive Rowner	2 bed terrace		£140,000	£135,800	
St Faiths Close, Gosport	2 bed terrace	54.00	£141,950	£137,692	£2,550
Cowslip Close, Rowner	2 bed semi	55.00	£144,995	£140,645	£2,557
Sapphire Close, Priddy's Hard	2 bed terrace		£159,000	£154,230	
Magennis Close, Rowner	3 bed terrace	70.00	£165,000	£160,050	£2,286
Challenger Drive, Priddys Hard	3 bed semi		£185,000	£179,450	
Priddys Hard	3 bed terrace	74.90	£186,000	£180,420	£2,409
Primrose Close, Bridgemaury	3 bed detached	78.00	£229,950	£223,052	£2,860
Rowallan Av Rowner	3 bed detached	98.00	£242,500	£235,225	£2,400
Graftons Close Priddys Hard	4 bed detached	134.00	£335,000	£324,950	£2,425

## Appendix 1

Gosport

Sales Research April 2014

Second hand for sale

Address	Housetype	Floor area sqm	Asking price	Assumed value deducting 3%	Assumed value per sqm
<b>Alverstoke</b>					
Monckton Road	2 bed flat	71.3	249950	£242,452	£3,400
Anglesey Arms Road	2 bed terrace	69.00	£199,995	£193,995	£2,812
Bramley Gardens	3 bed terrace	111.00	£280,000	£271,600	£2,447
Somervell Close	4 bed detached	120.00	£389,950	£378,252	£3,152

## Appendix 1

Gosport

Sales Research April 2014

Second hand for sale

Address	Housetype	Floor area sqm	Asking price	Assumed value deducting 3%	Assumed value per sqm
<b>Lee on Solent</b>					
Gibson Close	2 bed semi	60.00	£176,000	£170,720	£2,845
Martlet Close	3 bed semi	77.24	£245,000	£237,650	£3,077
Fitzroy Drive	3 bed semi	86.00	£249,995	£242,495	£2,820
Tiger Moth Close	3 bed detached	84.50	£272,500	£264,325	£3,128
Fitzroy Drive	3 bed detached	126.00	£295,000	£286,150	£2,271
David Newberry Drive	3 bed detached	104.70	£289,995	£281,295	£2,687
Cherque Farm	4 bed detached	144.30	£339,950	£329,752	£2,285
Fitzroy Drive	4 bed detached	139.00	£399,995	£387,995	£2,791
Wellington Drive	4 bed detached	160.00	£399,995	£387,995	£2,425
Cherque Farm	4 bed detached	125.70	£339,950	£329,752	£2,623
Howard Close	4 bed detached	114.90	£335,000	£324,950	£2,828

## Appendix 1

Gosport

Sales Research April 2014

Sold Prices

### Gosport town

Address	Housetype	Floor area sqm	Price paid	Price paid per sqm	Date of sale	Notes
9 Netley Court PO12 4LX	2 bed flat	72	£143,000	£1,986	8.11.13	Sea views, balcony, ensuite
7 Tennyson Gardens PO12 1LW	2 bed flat	87.3	£125,000	£1,432	22.11.13	
7 Dartmouth Court PO12 4BQ	2 bed flat	74.4	£115,000	£1,546	18.12.13	
St Matthews Court PO12 1AN	2 bed flat	56.3	£105,000	£1,865	28.11.13	Poor surrounding area
55 Ham Lane Gosport PO12 4AN	2 bed mid terrace		£157,000		13.2.14	
22 Blackthorn Drive PO12 4AZ	2 bed mid terrace	56.8	£122,000	£2,148	30.1.14	
84 Military Road PO12 3AS	2 bed terrace		£113,000		10.12.13	Appears very small
24 Highcliffe Road PO12 3RD	2 bed terrace	66.3	£139,995	£2,112	15.11.13	
39 Ensign Drive PO13 9XE	2 bed terrace		£129,500		6.12.13	
74 Military Road PO12 3AS	2 bed mid terrace		£138,000		22.11.13	
2 Helm Close PO13 9XG	3 bed end terrace		£148,000		14.2.14	
34 Bucklers Road PO12 4LT	3 bed end terrace	77	£183,000	£2,377	6.1.14	
9 Lanyard Drive, Rowner PO13 9UY	3 bed end terrace		£163,000		20.12.13	
22 Challenger Drive PO12 4GA	3 bed semi		£195,000		17.2.14	Integral garage. 2 storey
220 Brockhurst Road PO12 3BD	3 bed end terrace	59.7	£145,000	£2,429	11.12.13	
19 Compass Close PO13 9XF	3 bed end terrace		£156,000		6.12.13	
69 Ensign Drive PO13 9XN	3 bed end terrace		£152,000		2.12.13	
42 Howe Road PO13 8GR	3 bed terrace		£145,000		25.11.13	
4 Laurel Close PO12 4GN	3 bed semi		£229,300		20.11.13	
1 Queens Road PO12 1LJ	4 bed townhouse	109	£185,000	£1,697	18.2.14	

## Appendix 2

Gosport

Post Consultation Addendum

Testing 40% affordable, VP3 locations, £80 CIL. Cumulative impact of increased marketing costs to 5%, from 3%, and increasing sales values by 5%.

Figures are land value per hectare (LV/ha)

No. units	Density	LV/ha in July 2013	LV/ha with marketing	LV/ha with marketing
	dph	report	costs at 5%	costs at 5% and sales
				increased by 5%.
10	35	£768,993	£627,248	£848,662
	45	£264,051	£133,424	£325,124
	60	£633,113	£477,628	£717,253
	80	£1,414,441	£1,246,968	£1,498,086
15	35	£869,633	£727,615	£947,650
	45	£502,855	£367,068	£562,391
	60	£679,534	£521,661	£750,554
	80	£1,447,286	£1,296,646	£1,521,921
25	35	£819,433	£681,567	£895,546
	45	£442,752	£319,719	£511,492
	60	£629,797	£489,272	£707,241
	80	£1,397,729	£1,220,529	£1,475,724
	100	£1,840,091	£1,624,667	£1,928,471
	Average	£900,747	£748,770	£976,163
	LV/ha			



## Appendix 2

Gosport

Post Consultation Addendum

Testing 40% affordable, VP4 locations, £100 CIL. Cumulative impact of increased marketing costs to 5%, from 3%, and increasing sales values by 5%.

Figures are land value per hectare (LV/ha)

No. units	Density	LV/ha in July 2013	LV/ha with marketing	LV/ha with marketing
	dph	report	costs at 5%	costs at 5% and sales
				increased by 5%.
10	35	£1,675,099	£1,511,621	£1,746,525
	45	£929,422	£782,302	£989,877
	60	£1,527,358	£1,380,597	£1,608,386
	80	£2,836,715	£2,622,766	£2,937,846
15	35	£1,805,833	£1,640,159	£1,894,712
	45	£1,201,369	£1,050,785	£1,262,963
	60	£1,560,381	£1,383,726	£1,636,045
	80	£2,894,111	£2,681,305	£2,987,356
25	35	£1,716,080	£1,554,372	£1,802,552
	45	£1,137,885	£991,150	£1,204,251
	60	£1,508,584	£1,336,605	£1,584,660
	80	£2,780,046	£2,568,422	£2,875,107
	100	£3,648,411	£3,387,889	£3,763,729
	Average	£1,940,100	£1,760,900	£2,022,616
	LV/ha			

### Appendix 3

Testing 50 unit scenarios with Gosport's achieved s106 levels and CIL, at value points 3 and 4. CIL is £80 for VP3 and £100 for VP4.

S106 costs are: 1 bed unit £1,343, 2 bed unit £1,806, 3 bed + unit £2,579.

Appraisals carried out at 30% and 40% affordable housing. All are at code 4 of CfSH.

Density per ha	Average S106 per unit		30% affordable		VP4	Average S106 per unit		40% affordable	
	S106 per unit		VP3			VP3		VP3	VP4
35	£2,579	land value	£1,435,343	£2,772,655	land value per ha	£1,940,858	land value	£936,252	£2,174,233
		land value per ha	£1,004,740	£1,940,858			land value per ha	£655,376	£1,521,963
45	£2,208	land value	£848,603	£1,717,422	land value		land value	£309,104	£1,057,296
		land value per ha	£763,743	£1,545,680			land value per ha	£278,194	£951,566
60	£1,787	land value	£622,067	£1,391,011	land value		land value	£367,166	£1,076,382
		land value per ha	£746,480	£1,669,213			land value per ha	£440,599	£1,291,658
100	£1,380	land value	£1,009,468	£1,972,771	land value		land value	£776,583	£1,659,599
		land value per ha	£2,018,935	£3,945,543			land value per ha	£1,553,167	£3,319,198
		Av. Land value per hectare	£1,133,475	£2,275,324				£731,834	£1,771,096

#### Threshold values per ha

Greenfield	£450,000
Garage Courts	£550,000
MOD sites	£650,000
Employment	£900,000
Residential VP3	£1,285,000
Residential VP4	£1,530,000

### Appendix 3

Testing 50 unit scenarios with Gosport's achieved s106 levels and CIL, at value points 3 and 4.

CIL is £80 for VP3 and £100 for VP4.

S106 costs are: 1 bed unit £1,515, 2 bed unit £2,751, 3 bed + unit £2,751, including £172 per unit for recreational disturbance to habitats.

Appraisals carried out at 30% and 40% affordable housing. All are at code 4 of CfSH.

Density per ha	Average S106 per unit	30% affordable VP3	VP4	Average S106 per unit	40% affordable VP3	VP4
35	£2,751	£1,428,401	£2,765,713	£2,751	£929,310	£2,167,291
		land value per ha	land value per ha			
		£999,880	£1,935,999		£650,517	£1,517,104
45	£2,380	£841,661	£1,710,480	£2,472	£302,090	£1,050,354
		land value per ha	land value per ha			
		£757,495	£1,539,432		£271,881	£945,318
60	£1,959	£615,125	£1,384,069	£2,072	£360,152	£1,069,440
		land value per ha	land value per ha			
		£738,150	£1,660,883		£432,182	£1,283,328
100	£1,552	£1,002,526	£1,965,829	£1,552	£769,641	£1,652,657
		land value per ha	land value per ha			
		£2,005,051	£3,931,659		£1,539,283	£3,305,314

Av. Land value (LV)  
per hectare  
higher s106

£1,125,144

£723,466

£1,762,766

Av. Land value (LV)  
per hectare  
lower s106

£1,133,475

£731,834

£1,771,096

#### Threshold values per ha

Greenfield	£450,000
Garage Courts	£550,000
MOD sites	£650,000
Employment	£900,000
Residential VP3	£1,285,000
Residential VP4	£1,530,000

Appendix 4  
Commercial Development Appraisal

Use Class: Retail Warehouse

DEVELOPMENT VALUE			
Rental Income	GIA sqm	£ per sqm	£ per annum
Rent	1,580	162.00	£255,960
<b>Total Rental Income</b>			
	1,580		£255,960
Rent free/voids (years)	2	0.943	£241,370
Total revenue, capitalised (incl all costs)		6.50%	£3,713,389
<b>Gross Development Value</b>			
			<b>£3,713,389</b>
<b>Less Purchaser's Costs</b>			
	5.75%	£213,520	£3,499,869

DEVELOPMENT COSTS			
	Area	£ per sq m	Total
Demolition Costs	930	£65	£60,450
Building Costs		£629	£993,820
Area	1,580		
Contingency		7%	£69,567
External Works		5.00%	£49,691
Professional Fees		12%	£126,512
Planning Costs		15%	£149,073
Community Infrastructure Levy		60	£94,800
<b>Total</b>			<b>£1,543,914</b>
<b>Disposal Costs</b>			
		%	Total
Legal Letting Fees (% of Rent)		5%	£12,798
Letting Agent's Fee (% of Rent)		10%	£25,596
Sales Agent's Fees (on capital value)		1%	£37,134
Legal Fees (% of capital value)		0.75%	£27,850
<b>Total</b>			<b>£90,580</b>
<b>Interest on Finance</b>			
	Months	%	Total
Total Development duration	24		
Loan arrangement fee		1%	£15,439.14
Finance Costs		7.0%	£114,415
<b>Total</b>			<b>£129,854</b>
<b>Profit</b>			
		%	Total
Developer's Profit on Total Development Costs		20%	£352,870
<b>Total Development Costs</b>			<b>£2,117,217</b>

LAND VALUE			
		%	Total
Land Surplus			£1,596,172
Stamp Duty		4%	£63,847
Agent's Fees		1.25%	£19,952
Legal Fees		0.50%	£7,981
<b>Total</b>			<b>£91,780</b>
Interest on land finance		7.00%	£105,307
<b>Total</b>			<b>£197,087</b>
<b>RESIDUAL LAND VALUE</b>			<b>£1,399,084</b>

Existing Site Value			
	%		
Assumes existing space is % of new	50%	790	
Rent per sqm		£76.60	
Rental income per annum		£60,514	
Rent free/voids (years)		3	0.7513
Total revenue, capitalised (incl all costs)			10.00%
			£45,464
Refurbishment costs (per sqm)		£175	£138,250
Fees		7%	£9,678
<b>Total</b>			<b>£147,928</b>
Purchaser's Costs		4.75%	£21,595
<b>Total Costs</b>			<b>£169,523</b>
<b>Existing Site Value</b>			<b>£285,119</b>

Site Value incl Landowner Premium 20% £57,024 £342,142

Surplus available to fund CIL **£1,056,942**

Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
6.00%	£1,218,785	£1,429,777	£1,640,770
6.25%	£1,089,420	£1,291,902	£1,494,384
6.50%	£970,007	£1,164,632	£1,359,258
6.75%	£859,439	£1,046,790	£1,234,141
7.00%	£756,768	£937,365	£1,117,962

Surplus after CIL Charge £1,056,942

CIL Charge as % of GDV 2.55%

Commercial Development Appraisal

Use Class: Supermarket

DEVELOPMENT VALUE			
Rental Income	Area sq m	£ per sq m	£ per annum
Rent - (GIA)	2,323	172	£399,556
<b>Total Rental Income</b> 2,323 £399,556			
Rent free/voids (years)	1	0.952	£380,377
Total revenue, capitalised (incl all costs)		5.75%	£6,615,258
<b>Gross Development Value</b>			<b>£6,615,258</b>
<b>Less Purchaser's Costs</b>		<b>5.75%</b>	<b>£380,377</b>
			<b>£6,234,880</b>

DEVELOPMENT COSTS			
	Area	£ per sq m	Total
Demolition Costs	1,162	£64	£74,336
Building Costs		£1,178	£2,736,494
Area	2,323		
Contingency		5%	£136,825
External Works		5%	£136,825
Professional Fees		12%	£337,300
Planning Costs		10%	£273,649
Community Infrastructure Levy		60	£139,380
<b>Total</b>			<b>£3,834,808</b>
Disposal Costs			
		%	Total
Letting Agent's Fee (% of Rent)		10%	£39,956
Letting Legal fees (% of rent)		5%	£19,978
Agent's Fees (on capital value)		1%	£66,153
Legal Fees (% of capital value)		0.75%	£49,614
<b>Total</b>			<b>£175,700</b>
Interest on Finance			
	Months	%	Total
Total Development duration	36		
Loan arrangement fee		1%	£38,348.08
Finance Costs ('S' curve)		7.0%	£561,471
<b>Total</b>			<b>£599,819</b>
Profit			
Developer's Profit on Total Development Cost		%	Total
		20%	£922,066
<b>Total Development Costs</b>			<b>£5,532,394</b>

LAND VALUE			
		%	Total
Land Surplus			£702,487
Stamp Duty		4%	£28,099
Agent's Fees		1.25%	£8,781
Legal Fees		0.50%	£3,512
<b>Total</b>			<b>£40,393</b>
Interest on land finance		7.00%	£46,347
<b>Total</b>			<b>£86,740</b>
<b>RESIDUAL LAND VALUE</b>			<b>£615,747</b>

Existing Site Value			
	%		
Assumes existing space is % of new	50%	1,162	
Rent per sqm		£63	
Rental income per annum		£73,175	
Rent free/voids (years)	3	0.7938	£58,086
Total revenue, capitalised (incl all costs)		8.00%	£726,074
Refurbishment costs (per sqm)		£215	£249,723
Fees	7%		£17,481
<b>Total</b>			<b>£267,203</b>
Purchaser's Costs	5.75%		£41,749
<b>Total Costs</b>			<b>£308,952</b>
<b>Existing Site Value</b>			<b>£417,122</b>

Site Value incl Landowner Premium 20% £83,424 £500,546

Surplus available to fund CIL **£115,201**

Surplus to fund CIL - sensitivity

Rent/sqm	£152.00	£162.00	£172.00
Yield			
5.00%	£378,858	£730,793	£1,082,728
5.25%	£121,100	£456,077	£791,054
5.50%	-£113,226	£206,335	£525,896
5.75%	-£327,175	-£21,690	£283,796

Surplus after CIL Charge £115,201

CIL Charge as % of GDV 2.11%

Commercial Development Appraisal

Use Class: Extra Care Home

DEVELOPMENT VALUE			
Capital Value			
	No of Rooms	Area sq m	£
	60	2,550	
Capital value per room			£90,000
Total Capital Value			£5,400,000.00
<b>Gross Development Value</b>			<b>£5,400,000</b>
<b>Less Purchaser's Costs</b>			<b>5.75% £310,500 £5,089,500</b>

DEVELOPMENT COSTS			
	Area	£ per sq m	Total
Demolition Costs	1,500	£65	£97,500
Building Costs		£1,479	£4,437,000
Contingency	3,000	5%	£221,850
External Works		3.00%	£133,110
Professional Fees		10%	£453,450
Community Infrastructure Levy		0	£0
<b>Total</b>			<b>£5,342,910</b>
Disposal Costs			
Agent's Fees (on capital value)		1%	£54,000
Legal Fees (% of capital value)		0.75%	£40,500
Marketing		1.00%	£52,454
<b>Total</b>			<b>£94,500</b>
Interest on Finance			
Total Development duration	24		
Loan arrangement fee		1%	£53,429
Interest on Construction Costs		7.0%	£380,619
<b>Total</b>			<b>£434,048</b>
Profit			
Developer's Profit on Total Development Cost		25%	£1,467,864
<b>Total Development Costs</b>			<b>£7,339,322</b>

LAND VALUE		
	%	Total
Land Surplus		-£1,939,322
Stamp Duty	4%	-£77,573
Agent's Fees	1.25%	-£24,242
Legal Fees	0.50%	-£9,697
<b>Total</b>		<b>-£111,511</b>
Interest on land finance	7.00%	-£127,947
<b>Total</b>		<b>-£239,458</b>
<b>RESIDUAL LAND VALUE</b>		<b>-£2,178,780</b>

Existing Site Value			
	%		
Assumes existing space is % of new	50%	1,500	
Rent per sqm		£85	
Rental income per annum		£127,500	
Rent free/voids (years)	3	0.7938	£101,210
Total revenue, capitalised (incl all costs)		9%	£1,124,550
Refurbishment costs (per sqm)		£270	£405,000
Fees	7%		£28,350
<b>Total</b>			<b>£433,350</b>
Purchaser's Costs	5.75%	£64,662	£498,012
<b>Existing Site Value</b>			<b>£626,538</b>

Site Value incl Landowner Premium	20%	£125,308	£751,846
Surplus available to fund CIL			<b>-£2,930,626</b>

Surplus to fund CIL - sensitivity

Capital value per room	£80,000	£90,000	£100,000
<b>Build Costs</b>			
£1,379	-£3,052,025	-£2,393,717	-£1,735,410
£1,479	-£3,588,933	-£2,930,626	-£2,272,319
£1,579	-£4,125,842	-£3,467,535	-£2,809,228
£1,679	-£4,662,751	-£4,004,444	-£3,346,136

Surplus after CIL Charge -£2,930,626

CIL Charge as % of GDV 0.00%



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