

**ADAMS
INTEGRA**



**PROVISION OF FURTHER ECONOMIC
VIABILITY ASSESSMENT OF FUTURE
STRATEGIC SITES AND A WHOLE PLAN
ASSESSMENT IN CANTERBURY DISTRICT**

**Report for the consideration of
Canterbury City Council:**

This document does not constitute Council Policy

Final Report

October 2014

The logo for Adams Integra, featuring the words "ADAMS" and "INTEGRA" stacked vertically in white, uppercase, sans-serif font, set against a dark blue square background.

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Contents

	Executive Summary	v
1.	Introduction	1
2.	Methodology and Assumptions	3
3.	Results and Related Commentary	12
4.	Conclusions & Recommendations	16
5.	Appendices –	
	1. Typical Strategic Site	
	2. Typical Strategic Site – CfSH 5	
	3. Typical Strategic Site – CfSH 6	

EXECUTIVE SUMMARY

This summary first seeks to briefly introduce and explain the study. It then provides a quick overview of the main study findings.

For detailed information on the study methodology, results and conclusions it will be necessary to refer to the full text and appendices that follow this summary.

Background and Introduction

In the process of considering and developing its planning-led affordable housing policies Canterbury City Council have commissioned Adams Integra to:

- a) To carry out a viability assessment of the strategic sites identified in the draft Local Plan (Policy SP3), based on the valuation/value point assumptions set out in the original viability reports.
 - b) Consider known infrastructure costs, and include the general policy requirements set out in the draft Local Plan. Consider the possible availability of pump-priming funding from other sources.
 - c) Consider any substantive comments received during the Local Plan consultation in respect of viability issues, and to advise whether some technical consultations with developers or others might be valuable in relation to the work.
- 1 Government Policy at the time of publication of this work is as set out in the National Planning Policy Framework (NPPF) (published in March 2012).
 - 2 NPPF requires that Local Planning Authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.
 - 3 NPPF states the following "*Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards,*

infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.”

- 4 We have also taken account of the recent document – “Viability Testing Local Plans - Advice for planning practitioners” carried out by the Local Housing Delivery Group, chaired by Sir John Harmen.
- 5 The Harmen report states that:
“An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.”
- 6 The eight strategic sites that this study has investigated are
 - South Canterbury
 - Sturry/Broad Oak
 - Hillborough
 - Herne Bay Golf Course
 - Strode Farm
 - Greenhill
 - Thanet Way, Whitstable
 - North Hersden
- 7 We have sought consultation with all of the agents/developers of the eight strategic sites regarding the assumptions made regarding viability and delivery of the individual schemes.
- 8 We have received **confidential** information from all the strategic site agents/developers regarding revenues, build costs, abnormal costs, finance, fees, etc
- 9 Maintaining the viability (in this sense meaning the financial health) of these key residential development schemes is crucial to ensuring the release of sites and thus a continued supply of housing of all types.
- 10 The Council is intending to seek direct provision of much of the infrastructure required through the delivery of these larger development sites. The intention is that CIL will be used primarily to fund smaller more diverse, infrastructure schemes, such as generic traffic management improvements within the City, maintenance and improvement of open spaces, etc.

- 11 The study is based on carrying out developer-type appraisals based on typical housing numbers that are found in the eight strategic sites. These use well-established "residual land valuation" techniques to approximate the sums of money which will be left available for land purchase once all the development costs, including profit requirements, are met (hence "land residual"). The appraisals are based on the Homes and Communities Agency (HCA) Development Appraisal Tool.
- 12 A plan-wide test will only ever provide evidence of policies being 'broadly viable'. We have, in this report, made assumptions about abnormal costs and infrastructure costs that would need to be absorbed by these individual strategic sites alongside the "normal" costs of development.
- 13 The Local Plan viability assessment is not intended to be a detailed site development viability valuation.
- 14 The basic study methodology is settled and tested, having been used in a wide range of local authority areas for this purpose. The assumptions, detail and particular application of calculations are a result of our consultation with the eight strategic site developers and our own finding in our previous report:

"Economic Viability Assessment of Future Development in Canterbury District - December 2012"

- 15 Two of the key ingredients to ensuring viable development are sufficient land value created by a development (relative to existing or alternative use values, and/or perhaps to an owner's particular circumstances) and adequate developer's profit in terms of risk reward and the profile of a scheme from a funder's point of view. Throughout the appraisals we maintain developer's profit whilst reviewing the scope to create land value depending on the other assumptions considered.
- 16 The Council currently expects new development proposals to achieve Code for Sustainable Homes Level 4 and meet Code Level 6 by 2015. We have carried out the appraisals based on achieving Code Level 4 but we have also looked at the potential impact of achieving both Code Level 5 and Code Level 6.

Property Market Characteristics and Viability Findings

- 17 Before commencing the original report (Economic Viability Assessment of Future Development in Canterbury District - December 2012) Adams Integra researched the local residential property market to inform a range of appraisal assumptions. We have, for the purposes of this report, consulted with all of

the eight developers involved in the major strategic sites in order to verify the original assumptions.

- 18 The exercise led to the formation, in the original report, of 5 ascending Value Points (numbered 1 to 5) to describe the overall range of assumptions on values; i.e. from £1772/m² (about £164/ft²) to £4,000/m² (about £371ft²).
- 19 Our recent research on the strategic sites has confirmed that, in the main, the values correspond to Value Point 3 and above.
- 20 We have investigated the viability of the eight strategic sites assuming a **30%** affordable housing headline figure with a tenure split of 70% rent and 30% intermediate tenure

Overview of Main Findings/Recommendations

- 21 The assumptions used in the original report have been confirmed through the consultation process carried out with the developers of the eight strategic sites
- 22 It is our professional view that the eight strategic sites **are viable and can deliver 30% affordable housing alongside the major infrastructure works required to enable the schemes to proceed.**
- 23 A target affordable housing tenure mix of 70% social rented: 30% suitable intermediate tenure is viable and achievable. The introduction of affordable rent as a tenure for these sites will lead to increased viability in that the returns available for affordable rent are higher than those for social rent.
- 24 The build costs used in the assessments assume that the flats and houses are built to Code for Sustainable Homes Level 4.
- 25 The major infrastructure projects required to enable the major strategic sites to be developed can be fully funded by the revenue from the developments themselves without the need for public funding
- 26 There will need to be some negotiation between the Council and individual developers regarding the phasing of the affordable housing provision in order to help the cashflow of the projects.
- 27 More work will need to be carried out by the Council regarding the amount of financial burden each individual strategic site will need to bear to enable the infrastructure to be delivered, especially where the infrastructure serves more than one strategic site.

- 28 The Council have asked that we also consider the impact of Code Levels 5 and 6 on financial viability
- 29 The effect of the extra costs of Code 5 and Code 6 on viability mean that the overall percentage can be maintained for Code Level 4. However, the increased costs associated with Code Level 5 mean that the affordable housing requirement would need to be reduced to an overall provision of 10 to 15%. For Code Level 6 the affordable housing requirement would need to be reduced to an overall provision of zero.
- 30 However it is looking increasingly likely that this will now be scrapped and the measures incorporated into the updating of Building Regulations. This will require careful monitoring over time as this is likely to push build costs higher although builders are constantly finding new construction methods to reduce these costs
- 31 The overall impact on viability of all the relevant policies in the Plan have been taken into account when assessing the impact of CIL.
- 32 It is our opinion that there is a case for reviewing the CIL level for residential development as the previous report had a large "buffer" build into the appraisals and there has also been an improvement in the economy as a whole.

Executive Summary ends

1 INTRODUCTION

1.1 Background

1.1.1 Canterbury City Council is preparing a District-wide Local Plan. The notional period of coverage for the Local Plan will be to 2031.

1.1.2 The Regional Spatial Strategy (the South East Plan (SEP)) sets a nominal target for East Kent that 30% of new homes should be for affordable homes. The Core Strategy Options Report (Options Consultation document) published in January 2010 addressed this level of provision.

1.1.3 The purpose of this study is therefore to contribute to a robust evidence base to support the preparation of the Council's Core Strategy, other Local Plan documents and any other planning policy documents relating to affordable housing and CIL. The study assesses the (financial) capacity of eight strategic residential development schemes in the District to deliver affordable housing without their viability being unduly affected.

1.1.4 This is in the context of providing 30% affordable housing on site with an overall tenure split of 70% rented and 30% intermediate tenure.

1.1.5 Paragraphs 173-175 of the NPPF in particular, deal with the Government's approach to, and key guidance to local authorities on, seeking affordable housing through the Local Plan. Paragraph 173 is the focus of this in that to ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable.

1.1.6 The main objectives of this study are:

a) To carry out a detailed viability assessment of the strategic sites identified in the draft Local Plan (Policy SP3), based on the valuation/value point assumptions set out in the original viability reports.

b) Consider known infrastructure costs, and include the general policy requirements set out in the draft Local Plan. Consider the possible availability of pump-priming funding from other sources.

c) Consider any substantive comments received during the Local Plan consultation in respect of viability issues, and to advise whether some technical consultations with developers or others might be valuable in relation to the work.

1.1.7 The eight strategic sites that this study has investigated are:

- South Canterbury
- Sturry/Broad Oak
- Hillborough
- Herne Bay Golf Course
- Strode Farm
- Greenhill
- Thanet Way, Whitstable
- North Hersden

1.1.8 This study investigates and assesses the likely impact on land values, and therefore on development viability, of the abnormal infrastructure costs required to bring these sites forward alongside the normal development costs and the likely revenues from the open market and affordable housing.

1.1.9 In carrying out this assessment from the necessary strategic viewpoint, it is assumed that there will be a variety of market conditions, including periods of more stable economic and property market climate. By this we mean where there is improved access to mortgage and development finance, on appropriate terms, that will promote demand and re-stimulate more normal levels of development activity than we have seen while working in the Canterbury District at the present time. The same applies to all such studies which look at affordable housing supplied through market-led schemes.

1.1.10 The methodology and assumptions used are described in Chapter 2; the results are discussed in Chapter 3; the conclusions and recommendations are set out in Chapter 4. The tables, graphs and associated information referred to throughout this study are appended to the rear of the document.

2 METHODOLOGY AND ASSUMPTIONS

2.1 Background

2.1.1 This study investigates eight key strategic residential development sites across a range of scheme sizes (from 400 to 4000 units in size).

2.1.2 The recommended property types for new market housing taken from the Council's Housing Strategy are as follows:

Many affordable homes built in recent years have been one- and two-bedroom flats. The SHMA recommends that families with children should live in houses, rather than flats. Therefore, the supply needs to be rebalanced towards family houses as set out in Table 5

Household	Property type	Proportion
Singles	1-bedroom flats	15%
Singles, couples no children,	2-bedroom flats	15%
Couples with or without children	2-bedroom houses	30%
Couples with children	3-bedroom houses	30%
	4+-bedroom houses	10%
Total		100%

2.1.3 The recommended property types for new affordable homes are as follows:

The types of new market homes needed - Table 6 shows the recommended mix of property types for market housing based on household sizes. This is a good general guide. However, households purchase the size and type of home they can afford and want, not necessarily what they need. We recognise that each site will command its own mix

Property type	Annual Need	Proportion
1-bedroom flats	132	23%
2-bedroom flats	0	0%
2-bedroom houses	117	20%
3-bedroom houses	260	46%
4 +-bedroom houses	61	11%
Total	570	100%

2.1.4 The typical scheme modelled takes account of the mixes outlined above.

2.2 Residual Land Value (RLV) Appraisal Methodology

2.2.1 In order to review the viability of the eight strategic sites it is necessary to determine a common indicator to ensure that comparisons are made on a like-for-like basis.

- 2.2.2 The key viability outcome and indicator for this study is the land value that can be generated where there is a predetermined and fixed level of developer profit assumed (alongside an allowance for all other assumptions that have been included in this report). Local authorities and others involved in the process must recognise that developers need to make appropriate profits, and this work is not based on a premise that those should be eroded below reasonable levels.
- 2.2.3 Assuming a developer reaches the conclusion in principle that a site is likely to be viable for development and worthy of consideration, an appraisal is usually carried as part of fine-tuning the feasibility review and checking what price can be justified for the site purchase.
- 2.2.4 In this study we have to assume that a negotiation has occurred or is under way based on knowledge of the current development climate and planning policy requirements as they will apply to the scheme.
- 2.2.5 The land value produced by the typical strategic site appraisal is a product of a series of calculations that provide a residual valuation based on both the specific form of development a site can accommodate, and its development costs.
- 2.2.6 The simplest, most effective and widely understood way of checking site viability in most instances is via a residual land value (RLV) appraisal. We have in this instance used the **HCA Development Appraisal Tool** for this purpose. In doing so we have made what we feel are reasonable assumptions through consultation with all of the developers involved in the eight strategic sites.
- 2.2.7 We have been able to verify our experience and thoughts on the structure of, and components within, the approach and indicative output land values through our contact with developers and their advisers, through our experience of site-specific appraisal work and comparison with inputs and outputs used in/by a range of similar tools.
- 2.2.8 The tool used for analysis in this instance runs a calculation that provides an approximate Residual Land Value, after taking into account assumed normal costs for site development. We have made allowances for abnormal costs and infrastructure costs
- 2.2.9 The inclusion of the affordable housing element of a scheme is accounted for within this RLV calculation. This assumes that the developer receives a payment from a Registered Provider ('RP') (or other affordable homes provider) for a number of completed affordable homes provided within a market housing development. This level of receipt is based on a predetermined calculation that is not normally at a level comparable with

open market values. Essentially, this reduced level of revenue to the scheme, relative to market sales receipts (sales values), is where the key viability impact of the affordable housing comes from. The affordable housing revenue is based on a **70/30 tenure split of rent/shared ownership** and assumes that there will be no HCA grant available

2.2.10 Assuming that a developer will require a minimum fixed profit margin on any given site to balance risk and often to underpin funding arrangements, beyond a certain point it is therefore the land value that will be affected by the introduction of affordable housing or other infrastructure requirements and obligations. In this sense (and although there can be positive cash flow effects similar to those from “off-plan” sales) affordable housing is viewed as a significant cost element within the developer’s appraisals, in much the same way as other planning infrastructure requirements (planning obligations). This cost impact is seen through reduced land value (RLV) – the usual mode through which, effectively, the cost is passed on to the landowner. This then potentially affects the point at which a landowner will be prepared to release a site for residential development in comparison with other options they may have.

2.2.11 The results of the appraisal calculations show the indicative residual land value (RLV) generated (in monetary terms)DV) and the equivalent value per hectare (£ per ha). These give us indications of the strength of the RLV after the affordable housing and other abnormals and infrastructure assumptions are taken into account.

2.2.12 The results are compared against existing land use values which in all eight cases is agricultural land at approximately £250,000 per acre. **This value is purely used as an indicative benchmark and does not purport to represent the actual figure paid for the land.**

2.3 Property Market and Values

2.3.1 In determining the range of modelling to be carried out, we used, in our previous study a scale of “Value Points” appropriate to the District as a whole, rather than concentrate on the specifics of neighbourhood areas or centres (across which values can vary greatly in any event). Our work on this study and the consultation with developers has confirmed that these values were an accurate reflection and that the strategic sites show values that fit readily into value points 3 and 4 (£2,150 per m² to £3,400 per m²)

2.3.2 We undertook research into property prices, across the District as a whole in June and July 2012, to determine a realistic range of development values (property sales values) for each of our appraisals. This research has been updated and also verified through the consultation process.

2.3.3 This study does not attempt to provide comprehensive property valuation data, but rather identifies the typical range of new build values of various dwelling types based on the assumed sizes set out. The values research is carried out to enable us to make judgements about the range of values of new build properties typically available. It is not a statistical exercise and inevitably judgements have to be made. The values used in the appraisals are averaged across properties of varying size and type, and any settlement could contain a range of property values covering a single property type. We believe, however, that the information used is reasonably representative. The key point is to consider the likely range of typical new build values

2.4 Gross Development Value (GDV)

2.4.1 In order to further explain the residual valuation principles, we will now provide further information on the various key inputs and the implications of those.

2.4.2 Gross Development Value ("GDV") is the amount the developer ultimately receives on completion or sale of the scheme, whether through open market sales alone or a combination of open market sales and the receipt from a RP for completing the affordable homes on the scheme. Thus the developer's profit in each case relates to that scheme-specific sum rather than to a base level of GDV that assumes no affordable housing. It assumes that the developer has appraised the site and secured land in the knowledge of, and reflecting, policy that will apply; i.e. the developer is aware that a proportion of the receipts will be at a lower level than prior to any affordable housing policy taking effect. This can be regarded as a reasonable approach given established local and national policy guidance on the provision of affordable housing.

2.5 Developer's Profit

2.5.1 The requirement to place an increased proportion of affordable housing on a site will inevitably reduce the sales income that a developer can reasonably expect to receive. As this reduction will not be accompanied by lower construction costs, the offset must be taken up in a reduced development profit, a lower land price or a combination of the two.

2.5.2 Developer's profit and landowner's sale price are key considerations that must be taken into account if residential development is to be undertaken.

2.5.3 If profit levels fall below a certain point then developers will not take the risk of developing a site, nor in many cases will funding organisations provide the necessary support. Equally, if the price offered by a developer

to a landowner for a site is too low, the landowner may not sell and might instead continue with, or pursue, an existing or higher value use. There are also intangibles, for instance some smaller sites may start out as homes, gardens or small business premises which will not be sold unless certain aspirations are met. Business and tax considerations, investment values and costs, and availability and cost of replacement facilities can all influence decisions to retain or sell sites. A mix of these factors may be relevant in some cases.

- 2.5.4 Continued ready access to development finance is likely to be a particular issue in the current market conditions which have flowed from the recent economic recession.
- 2.5.5 At the time of considering the study assumptions, Adams Integra's experience of working with a range of developers and of reviewing appraisals, lead us to suggest that they would need to seek a fixed profit (margin) of approximately 20% (gross) of GDV.
- 2.5.6 The consultation process with the developers of the eight strategic sites has verified this approach.

2.6 Affordable Housing Transfer (to RP) – Method of Payment Calculation and Type of Property Transferred

- 2.6.2 The values assumed by the developers consulted showed only a small range. Some used 60% of open market value (omv) for the rented properties and 65% of omv for the shared ownership properties. Other developers have used an overall figure of 55% to 60% of omv for all affordable housing units assuming a tenure split of 70% rent and 30% intermediate.
- 2.6.3 For the purposes of this study we have assumed an income level of 55% of GDV for the affordable units on the scheme base on a tenure split of 70% rented and 30% intermediate housing.

2.7 Other Assumptions

- 2.7.1 The appraisals include a range of other variables that are all taken into account when calculating an approximate RLV. This is an extensive list and includes items such as fees, land buying costs, finance and agency costs
- 2.7.2 The percentages and values assumed for the purposes of this exercise are listed below and are the result of a Building Cost Information Service (BCIS) overview, Adams Integra's experience, work with and discussions with developers, valuers, agents and others:

2.7.3 Base build costs:

The developers that were consulted showed build cost figures of between £100 to £115 per sq ft for houses and £110 to 130 per sq ft for flats.

Our previous study used the following figures which we believe are still valid:

- **Base Build Costs (House Schemes)** - £1,100/m²
- **Base Build Costs (Flatted Schemes)** - £1,270/m²

2.7.4 The above are applied to the Net Internal Area (NIA) of the accommodation. Base costs for flats are likely to be higher than for a scheme of houses particularly where sites are constrained and often difficult to work on (involving materials storage difficulties, craning, etc). Common areas also have to be allowed for, as does the degree of repetition of costly elements. Cash-flow for flatted development can also be less favourable as rolling sales are more difficult to deliver. In this study the £1,270 per sq m figure assumes standard low-rise flats (typically no more than 3 storeys and allowing standard construction techniques).

2.7.5 Build cost figures have been taken as an indicative level, supported by our ongoing experience of scheme specifics, whilst also taking into account a range of information from BCIS data and feedback from developers.

2.7.6 There will always be a range of data and opinions on, and methods of describing, build costs. In our view, we have made reasonable assumptions which lie within the range of figures we generally see for typical new build schemes (rather than high specification or particularly complex schemes which might require particular construction techniques or materials). These build costs take account of the requirement for higher quality homes and reflect the requirements of the Code for Sustainable Homes Level 4. As with many aspects there is no single appropriate figure in reality, so a judgement on some form of benchmark is necessary. There will be instances where other costs are relevant, including in overcoming abnormal site issues or characteristics.

2.7.7 We have applied 5% of build costs for contingencies. This acts as a further "buffer" as contingencies are not normally applied on greenfield site.

2.7.8 Typical scheme-specific additions to these are:

- **Professional fees & contingencies:**
The consultation process with the developers showed design fees of between 6% to 8%. We have used *7% of build costs for professional fees*.

- **Marketing and Sales Fees:** We previously used 3% of GDV for sales and marketing fees but following the consultation process we have increased this to **4%**. This is made up of sales agent fees of 1.5% and marketing fees of 2.5%.
- **Legal Fees on Sale:** The consultation process has confirmed that *£600 per unit* is a reasonable assumption.
- **Finance:** The consultation process has confirmed that *6% - on build costs, fees, etc* is a reasonable assumption. No finance arrangement or related fees have been included for the purposes of this exercise. They might in practice be applicable, but we would not expect them to alter the viability equation fundamentally. Scheme funding arrangements will vary greatly, dependent again on the type of developer and scheme. As with much of this exercise, this is a snapshot and there are varying views as to what future trends will hold, and so over time we would need to see how added costs balanced with changes in sales values.

During the course of the study, the Bank of England Base Rate has been maintained at 0.5%. On fixing our assumptions in the early study stages we decided to leave our finance rate assumptions unchanged. Due to the continued reduced availability of finance, we considered this approach to be further validated and therefore to remain appropriate. The impacts of the low Base Rate have still not been seen in any notable way, but with further time our interest rate assumption might begin to look high – it is not possible to tell. Nevertheless, this again fits with looking at viability reasonably cautiously rather than stripping out too many cost allowances from appraisals. It also fits with the strategic view – in terms of trying to settle on assumptions reflective of a range of potential market conditions. Our understanding is that house-buying and development finance remains relatively difficult to access – at least on favourable terms, related to the risks perceived by the markets and to the fact that lending between institutions is still not working on terms or to the extent that had underpinned the active market in preceding years. We have had a climate recently whereby rate reductions have tended not to be passed on, certainly not to a significant degree, to borrowers, and where other charges (arrangement fees, etc) have weighed against any cuts. So far as we can see, similar applies in a commercial sense. In summary, at the time of writing, we have no reason to believe that the commercial lending climate has eased significantly.

- **Legal Fees on Land Purchase:** *0.75% of land value.*

- **Stamp Duty Land Tax:** *Between 0% and 5% depending on RLV.*
- **CIL:** *£40 per m².* On the strategic sites CIL it is envisaged that the infrastructure, affordable housing and other requirements will be significant, so the Council is considering whether a “nil CIL” should be applied to those sites. On smaller allocated sites, or non-allocated sites that come forward as “windfalls”, CIL would then be used to fund other projects which are considered important to the implementation of the wider planning strategy, such as traffic management improvements and open space provision.
- **Code for Sustainable Homes:** All base appraisals assume compliance with Level 4 of the Code for Sustainable Homes (for all dwellings – market and affordable). The Council also requested that the impact on development viability of achieving CfSH Level 5 and then CfSH Level 6. The costs of achieving those levels of the Code were based on research for the Government’s Department for Communities and Local Government (CLG)¹.
- The findings of the report look at many different scenarios but taking average figures and using a base level costing of Code for Sustainable Homes Level 4 the following extra over build costs should be applied to a typical 3 bed terraced house at 1,000 ft²:
 - i. Code Level 5 - £17/ft²
 - ii. Code Level 6 - £27/ft²
- **Lifetime Homes** - While this can affect scheme viability in a wider sense - from the point of view of increasing building footprints and therefore cost and, potentially, site capacity - it may not necessarily add significant cost but instead has design implications. Interpretations and opinions vary widely. Early design input minimises its impacts, and costs depend on to what degree standards are applied and what other standards are already to be met. There are overlaps, and even areas where it can compromise or not fit well with other requirements. It is an area that needs to be kept under review in terms of practicalities, costs and impacts – as part of the overall expectations from schemes. There have been a number of studies into the costs and benefits of building to the Lifetime Homes standard. These have concluded that the costs range from £545 to £1,615 per dwelling, depending on: the experience of the home designer and builder; the size of the dwelling (it is easier to design larger dwellings that incorporate Lifetime Homes standards cost effectively than smaller ones); whether Lifetime Homes design criteria were designed into developments from the outset or whether a standard house type is modified (it is more cost effective to

¹ DCLG – Code for Sustainable Homes: Cost Review

incorporate the standards at the design stage rather than modify standard designs); and any analysis of costs is a 'snapshot' in time.

It is an area that needs to be kept under review in terms of practicalities, costs and impacts – as part of the overall expectations from schemes. The same applies to the Council's likely approach to wheelchair adapted housing being incorporated wherever possible within schemes – specific needs, design implications and impacts will need to be considered as sites come forward and planning applicants will need to build this in to their thinking.

2.8 Stakeholders and Consultation

- 2.8.1 We consulted widely with all of the developers of the eight strategic sites and received varying levels of information; some very detailed, some not so. This information has been extremely useful in verifying the viability of these strategic sites.
- 2.8.2 Adams Integra undertook not to disclose the detail of any of the responses but these were collated and have helped to inform our views.

3 RESULTS AND RELATED COMMENTARY

3.1 Background

- 3.1.1 The residual land value (RLV) modelling carried out for this study looks at a typical site of 1,000 units that is representative of the eight strategic sites in accordance with the methodology as set out in Chapter 2.
- 3.1.2 Following consultation with Kent County Council we also undertook appraisals of a smaller site of around 500 units and a larger site of over 3,000 units.
- 3.1.3 It is acknowledged that each of the sites is different and will have different restraints and obligations.
- 3.1.4 With regard to the Section 106 and infrastructure costs we have been advised of the following:
- 3.1.5 In relation to South Canterbury, it is reasonably straightforward. The infrastructure requirements, primarily the new A2 junction, are all to be delivered through the one strategic development site
- 3.1.6 The new Sturry Crossing serves a number of developments (Sturry/Broad Oak; North Hersden; Hillborough; Strode Farm; Golf Course and Greenhill) all of which will have to contribute to its delivery. The Council are proposing that this should be by s106 with contributions from all relevant sites
- 3.1.7 At Herne, the relief road would have to be funded by those sites that benefit from it - Hillborough; Strode Farm; Golf Course and Greenhill. These sites therefore have to contribute to both Sturry Crossing and the Herne relief road

3.2 Indicative Value Comparisons

- 3.2.1 As a basic premise, development is unlikely to proceed unless there is a positive residual land value which exceeds both any existing or alternative use value by a margin considered reasonable under prevailing market conditions.
- 3.2.2 VOA data also suggests that agricultural land value is below £20,000 per ha (dependent on type). Although this is true for purely agricultural land, if the case arises in the Canterbury District that true Greenfield land comes forward for residential development (either through site allocations policy or other means) there is normally an associated uplift in value. While land

value expectations and payments in those cases are likely to be very much lower than with many previously developed sites, there may well still be varying degrees of incentive required – taking comparative land value situations up to around £250,000 per acre².

3.4 Results

- 3.4.1 A reduction in RLV would be seen if any of the costs within the appraisals are increased or the affordable housing revenue to the developer reduced, whilst maintaining the same private market sales values. These are all normal trends encountered in any such study (or indeed site-specific appraisal). They demonstrate the dynamic nature of the development process and the fluid nature of any appraisal modelling that endeavours to understand or demonstrate it.
- 3.4.2 The above will all have an impact on development viability because the sums of money remaining to purchase land after all costs are met (i.e. the RLVs) reduce as development costs increase (including increasing affordable housing requirements, in the context of this study). The importance of strong sales values to viability, particularly as development costs (again including affordable housing and infrastructure) increase, can clearly be seen.
- 3.4.3 The indicative HCA DAT appraisal carried out on a typical 1,000 unit scheme produced a Residual Land Value of approximately £23,000,000. This equates to a land value of £287,500 per acre. (See Appendix 1)
- 3.4.4 The two additional schemes also produced positive land values well in excess of the benchmark land values
- 3.4.5 This demonstrates that these indicative schemes, which we believe are an accurate representation of typical key sites, are viable and can be delivered

3.5 Sustainable Design and Construction Standards

- 3.9.1 Further sensitivity analysis has been carried out on the impact of applying likely additional development costs to schemes as the requirement to meet higher sustainable construction and design criteria increases over time. There are various interpretations of how the requirements will progress and be laid out at a national level, but it is likely that they will be achieved through increasing Building Regulations requirements, with the Code

² HCA Area Wide Viability Model Annex 1 “Transparent Viability Assumptions” (August 2010) Consultation Version suggests a benchmark of between 10 and 20 times agricultural value

potentially used as a tool or mode for achieving carbon reduction measures and other criteria. For the purposes of this study we have used the attainment of varying levels of the Code for Sustainable Homes as our cost measure. The HCA DAT appraisal has been carried out assuming that Code Level 4 is achieved. We have also carried out a further appraisals that assumes Code Level 5 and 6 attainment (see Appendices 2 and 3)

3.9.2 The HCA DAT appraisal that includes the extra over costs for delivery of all the residential units at Code 5 (Appendix 2) produces a Residual Land Value of approximately £12,000,000 which equates to a figure of £150,000 per acre. It is likely at this code level that the amount of affordable housing would need to be reduced to an overall provision of around 10 to 15%

3.9.3 The HCA DAT appraisal that includes the extra over costs for delivery of all the residential units at Code 6 (Appendix 3) produces a Residual Land Value of approximately £4,000,000 which equates to a figure of £50,000 per acre. It is likely at this code level that the amount of affordable housing would need to be reduced to an overall provision of zero.

3.9.4 There are potentially cost savings to be made over time as the likelihood of meeting the CfSH requirements becomes cheaper (potentially as technologies and their supply improve and cost savings are made through future innovations in this area). We cannot assume those and so do not build in any such savings from developments in this area.

3.9.5 However, it should be noted that it is looking increasingly likely that this will now be scrapped and the measures incorporated into the updating of Building Regulations. This will require careful monitoring over time as this is likely to push build costs higher although builders are constantly finding new construction methods to reduce these costs

3.9.6 **Lifetime Homes**

3.9.7 The Council currently expects 20% of affordable homes to be built to Lifetime Home Standards. We have been asked to appraise the impact of the 20% requirement and also the impact of constructing all affordable homes to Lifetime Home Standards on the viability of new affordable homes. In addition, we have been asked to appraise the impact of requiring 20% of market housing to be built such standards.

3.9.8 There have been a number of studies into the costs and benefits of building to the Lifetime Homes standard. These have concluded that the costs range from £545 to £1,615 per dwelling, depending on: the

experience of the home designer and builder; the size of the dwelling (it is easier to design larger dwellings that incorporate Lifetime Homes standards cost effectively than smaller ones); whether Lifetime Homes design criteria were designed into developments from the outset or whether a standard house type is modified (it is more cost effective to incorporate the standards at the design stage rather than modify standard designs); and any analysis of costs is a 'snapshot' in time. The net cost of implementing Lifetime Homes will diminish as the concept is more widely adopted and as design standards, and market expectations, rise. The most significant factor when considering costs was whether the home had been designed to incorporate Lifetime Homes criteria from the outset or whether a standard design had been modified. In 1997 Sangster[1] looked at costs when incorporating the Lifetime Homes standard from design stage and found that extra costs could be as low as £90 for a three-bedroom, five-person social rented house, and £100 for the same size house in the private sector. The study found that most of the Lifetime Homes design criteria cost nothing when designed in at the beginning. The inclusion of a downstairs toilet, with the possibility to incorporate a shower later, incurred the highest cost. With the exception of the two-bedroom, four-person house, the extra cost associated with the toilet was £69.

3.9.9 Cyril Sweett, when considering the implications of moving from EcoHomes Very Good to the draft Code for Sustainable Homes (CfSH), concluded that Lifetime Homes did not have a significant impact on overall project costs because the requirements of the revised Part M of Building Regulations now require many of the same considerations to be addressed as a matter of course.

3.9.10 It is our recommendation that if the Council chose to have all new housing built to Lifetime Homes then it would not have a significant negative impact on scheme viability.

4 CONCLUSIONS & RECOMMENDATIONS

4.1 Conclusions

- 4.1.2 Within the overall range of values assumptions, we consider that Value Points 3 and 4 are most relevant to the District and fit well with the eight strategic sites.
- 4.1.3 The HCA DAT carried out on a typical strategic site of 1,000 units makes reasonable assumptions about the mix of units, the likely sales values, the standard build costs, site specific infrastructure works, fees, interest, profit and other relevant costs resulting in a residual land value which when compared to an existing land value of £250,000 per acre demonstrates that the scheme is viable and is likely to be delivered.
- 4.1.4 Following consultation with Kent County Council we carried out two further appraisals on a smaller site of around 500 units and a larger site of over 3,000 units
- 4.1.5 Our appraisals took into account costs of the major infrastructure works and also further financial Section 106 contributions which equates to around £3,000 per private residential unit on top of the infrastructure works that the sites are going to deliver
- 4.1.6 We made further allowances in the appraisals for site preparation and demolition; roads and sewers; landscaping and Public Open Space; Primary Schools (if required); roundabouts (if required); retaining walls and "cut and fill"; and other costs under contingencies (typically an additional £2,500 per property)
- 4.1.7 The 30% target for affordable housing takes account of the collective impacts on schemes with regard to the general direction of increasing planning obligations and build enhancements through increasing Building Regulations/Code for Sustainable Homes as well as delivering key infrastructure without the need for public subsidy.
- 4.1.8 The overall impact on viability of all the relevant policies in the Plan have also been taken into account
- 4.1.9 The effect on viability of extra over costs associated with building to future renewables requirements means that the overall percentage can be maintained for Code Level 4. However, the increased costs associated with Code Level 5 means that the affordable housing requirement would need to be reduced to an overall provision of around 10% to 15% and for Code Level 6 means that the affordable housing requirement would need to be reduced to an overall provision of 0%.

- 4.1.10 However, as discussed earlier in this report it is likely that the Code for Sustainable Homes will be scrapped and the measures incorporated into the updating of Building Regulations. This will require careful monitoring over time as this is likely to push build costs higher although builders are constantly finding new construction methods to reduce these costs
- 4.1.11 At the present time the only requirement is to build to level 4 of the Code for Sustainable Homes and Building regulations.
- 4.1.12 It is our professional view that the eight strategic sites **are viable and can deliver 30% affordable housing alongside the major infrastructure works required to enable the schemes to proceed**
- 4.1.13 A target affordable housing tenure mix of 70% social rented: 30% suitable intermediate tenure is viable and achievable. The introduction of affordable rent as a tenure for these sites will lead to **increased viability** in that the returns available for affordable rent are higher than those for social rent.
- 4.1.14 The build costs used in the assessments assume that the flats and houses are built to Code for Sustainable Homes Level 4
- 4.1.15 The major infrastructure projects required to enable the major strategic sites to be developed can be fully funded by the revenue from the developments themselves without the need for public funding
- 4.1.16 There will need to be some negotiation between the Council and individual developers regarding the phasing of the affordable housing provision in order to help the cashflow of the projects.
- 4.1.17 More work will need to be carried out by the Council regarding the amount of financial burden each individual strategic site will need to bear to enable the infrastructure to be delivered, especially where the infrastructure serves more than one strategic site such as the Herne relief road.
- 4.1.18 On a wider note we are of the opinion that due to the improving economic climate and the large "buffer" built into our previous study the CIL level of £40 could be increased and recommend that this is considered

Report ends
October 2014

Appendices

- 1. Typical Strategic Site**
- 2. Typical Strategic Site – CfSH 5**
- 3. Typical Strategic Site – CfSH 6**



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Residual Land Valuation @ 23/1/2014 £23,997,424 0

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

RESIDUAL VALUATION COMPUTED

Site Address	Appendix 1 - Typical strategic site in Canterbury	
OS X coordinate		
OS Y coordinate		
Site Reference		
File Source		
Scheme Description		
Date of appraisal	23/01/2014	
Gross Site Area (hectares)		
Net Residential Site Area (hectares)	33.00	
Author & Organisation	David Coate, Adams Integra	
Local Planning Authority	Canterbury	
Land Purchase Price	23,997,424	
Land Purchase date		
Most recent valuation of the site £	23,997,424	
Basis of valuation	Residual	
Date of valuation	23/01/2014	
Any note on valuation		
Developer of sale units		
Developer of affordable units		
Manager of affordable units		
HCA Investment Partner (where applicable)		
Note on applicant (eg sub partner status)		

Date of scheme appraisal **23-Jan-14**

from Site Sheet

BUILDING PERIOD

Any valid Excel Date format (if entry is not recognised: use DD/MM/YY)

	Construction Start Date	Construction End Date
Affordable Low rise flats	01-Nov-14	01-Apr-24
Affordable Houses	01-Nov-14	01-Apr-24
OM 1:Build phase 1	01-Nov-14	01-Apr-24

	RP Purchase (transfer) start date	Purchase end date
Shared Ownership phase 1 Purchase Payment	01-Nov-14	01-Apr-24

	Open Market Sale Start Date	Sale End Date
OM Sales1:Build phase 1	01-Sep-15	01-Feb-26

	Start Date	Month
First Ground rent payment	01-Sep-20	79

High Sales rate ass

Monthly Sales rate
5.56

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Avg Cost pu
Shared Ownership phase 1	Low rise flats	1,270	0%		76,719
	Houses	1,100			102,230
Open Market Phase 1:	Low rise flats	1,270	0%		76,719
	Houses	1,100			102,230

* In blocks of flats to reflect the difference between GIA & NIA (i.e. common parts such as lifts, stairs, corridors etc) : 0% in houses which have no common areas

Fees & Contingencies as % of Building Costs

	%
Design and Professional Fees % (Architects, QS, Project Management)	7.00%
Building Contingencies (% of Building Costs)	5.00%

* This section excludes Affordable Housing section 106 payments

All dates must be between 23-Jan-14 22-Jan-29

External Works & Infrastructure Costs (£)

Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date
Site Preparation/Demolition	£2,500,000	01-Nov-14	01-Apr-16
Roads and Sewers	£15,000,000	01-Nov-14	01-Apr-20
Services (Power, Water, Gas, Telco and IT)			
Strategic Landscaping			
Off Site Works			
Public Open Space	£1,500,000	01-Nov-14	01-Apr-24
Site Specific Sustainability Initiatives			
Plot specific external works			
Major infrastructure works	£20,000,000	01-Nov-14	01-Apr-24
Other 3			

Site Abnormals (£)

Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date
De-canting tenants			
Decontamination			
Other			
Other 2			

Residential Car Parking Building Costs (average cost / car parking space)
 Total number of residential car parking spaces

Building Costs (£ / car parking space)	Payment Date
	(Open Market and Affordable)

Cost per unit (all tenures)
2,500
15,000

1,500

20,000

Cost per unit (all tenures)

Sustainability

		Additional information	
Enter the Code level to which the affordable rented units are to be built			
Enter the Code level to which the intermediate tenure units are to be built			
Enter the Code level to which the market sale units are to be built			
Certification Costs (total per scheme)			

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	<i>Per unit</i>
Education					
Sport & Recreation					
Social Infrastructure					
Public Realm					
Affordable Housing					
Transport					
Highway					
Health					
Public Art					
Flood work					
Community Infrastructure Levy	per sq metre				
Other Tariff	per sq metre				
Other 1		£2,250,000	01-Apr-17	01-Apr-24	2,250
Other 2					

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	0.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	5.00%

	Comment on nature of issue	Cost (£)	Payment start date	Payment end date
Other Acquisition Costs (£)				

FINANCE COSTS

Arrangement Fee (£)	
Interest Rate (%)	6.00%
Misc Fees - Surveyors etc (£)	
Credit balance reinvestment %	6.00%

MARKETING COSTS

Affordable Housing Marketing Costs

	Cost (£)	Payment start date	Payment end date
Developer cost of sale to RP (£)	£0		
RP purchase costs (£)	£0		
Intermediate Housing Sales and Marketing (£)	£0		

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %	4.00%
Legal Fees (per Open Market unit) - £	£600
Agents Private Rental Intial Letting fees - %	

DEVELOPER'S OVERHEAD AND RETURN FOR RISK (before taxation)

Developer O/head (£)			Return at Scheme end
Open Market Housing (% GDV)	20.00%	20.0% 53,700	inc Overheads per open market home
Private Rental (% Cost)			
Affordable Housing (% Cost)	5.00%		

SCHEME

Site Address	Appendix 1 - Typical strategic site in Canterbury
Site Reference	
File Source	
Scheme Description	
Date of appraisal	23/01/2014
Net Residential Site Area (hectares)	33
Author & Organisation	David Coate, Adams Integra
HCA Investment Partner (where applicable)	0

Housing Mix (Affordable + Open Market)

Total Number of Units	1,000	units
Total Number of Open Market Units	700	units
Total Number of Affordable Units	300	units
Total Net Internal Area (sq m)	83,862	sq m
Total Habitable Rooms	0	habitable rooms
% Affordable by Unit	30.0%	
% Affordable by Area	30.6%	
% Affordable by Habitable Rooms	-	
% Social Rented within the Affordable Hous	-	by number of units
% Social Rented within the Affordable Hous	-	by NIA of Units (sq m)
% Social Rented within the Affordable Hous	-	by habitable rooms
Density	30	units/ hectare
Total Number of A/H Persons	0	Persons
Number of Social and Affordable Rent	0	Persons
Number of Intermediate	0	Persons
Total Number of Open Market Persons	0	Persons
Total Number of Persons	0	Persons
Gross site Area	0.00	hectares
Net Site Area	33.00	hectares
Net Internal Housing Area / Hectare	2,541	sq m / hectare

AH Residential Values**AH & RENTAL VALUES BASED ON NET RENTS**

Type of Unit	Social Rented	Shared Ownership phase 1	Affordable Rent phase 1	Shared Ownership phase 2	Affordable Rent phase 2
1 Bed Flat Low rise					
2 Bed Flat Low rise		£7,176,000			
3 Bed Flat Low rise					
4 Bed + Flat Low rise					
1 Bed Flat High rise					
2 Bed Flat High rise					
3 Bed Flat High rise					
4 Bed + Flat High rise					
2 Bed House		£36,960,000			
3 Bed House					
4 Bed + House					
	£0	£44,136,000	£0	£0	£0

£ psqm of CV - 1,252.58

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING) £44,136,000

RP Cross Subsidy (use of own assets)	£0
LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Other source of funding 2	£0
Land Remediation Tax Relief	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING £0**TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING) £44,136,000****Open Market Housing**

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Open Market Phase 1:	58,225	£3,228	£187,950,000
Open Market Phase 2:	-	-	£0
Open Market Phase 3:	-	-	£0
Open Market Phase 4:	-	-	£0
Open Market Phase 5:	-	-	£0
Total	58,225	3,228	£187,950,000

Monthly Sales rate
5.56

	Average value (£ per unit)
Open Market Phase 1:	£268,500
Open Market Phase 2:	£0
Open Market Phase 3:	£0
Open Market Phase 4:	£0
Open Market Phase 5:	£0

Capital Value of Private Rental £0

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING £187,950,000

Car Parking

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

TOTAL VALUE OF CAR PARKING

£0

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0
Open market (all phases)	£1,050,000
TOTAL CAPITALISED ANNUAL GROUND RENT	£1,050,000

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME**£233,136,000****Non-Residential Values**

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

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME**£0****TOTAL VALUE OF SCHEME****£233,136,000****Residential Building, Marketing & Section 106 Costs**

			Per sq meter
Affordable Housing Build Costs	£28,908,875	-	1,128
Open Market Housing Build Costs	£66,203,996	-	1,137
	£95,112,872		

Residential Car Parking Build Costs

£0**External Works & Infrastructure Costs (£)**

		Per unit
Site Preparation/Demolition	£2,500,000	2,500
Roads and Sewers	£15,000,000	15,000
Services (Power, Water, Gas, Telco and IT)	£0	
Strategic Landscaping	£0	
Off Site Works	£0	
Public Open Space	£1,500,000	1,500
Site Specific Sustainability Initiatives	£0	
Plot specific external works	£0	
Major infrastructure works	£20,000,000	20,000
Other 3	£0	

Other site costs

Building Contingencies	5.0%	£4,755,644	4,756
Fees and certification		£6,990,796	6,991
Other Acquisition Costs (£)		£0	

Site Abnormals (£)

De-canting tenants	£0
Decontamination	£0
Other	£0
Other 2	£0

Total Building Costs inc Fees**£145,859,311**

145,859

Statutory 106 Costs (£)

Education	£0
Sport & Recreation	£0
Social Infrastructure	£0
Public Realm	£0
Affordable Housing	£0
Transport	£0
Highway	£0
Health	£0
Public Art	£0
Flood work	£0
Community Infrastructure Levy	£0
Other Tariff	£0

Other 1	£2,250,000	2,250
Other 2	£0	

Statutory 106 costs **£2,250,000**

Marketing (Open Market Housing ONLY)

Sales/letting Fees	4.0%	£7,518,000	per OM unit	10,740
Legal Fees (per Open Market unit):	£600	£420,000		600

Marketing (Affordable Housing)

Developer cost of sale to RP (£)		£0	per affordable unit	
RP purchase costs (£)		£0		
Intermediate Housing Sales and Marketing (£)		£0		

Total Marketing Costs **£7,938,000**

Non-Residential Building & Marketing Costs

Building Costs

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Professional Fees (Building, Letting & Sales)

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Total Non-Residential Costs **£0**

TOTAL DIRECT COSTS: **£156,047,311**

Finance and acquisition costs

Land Payment	£23,997,424	34,282	per OM home	727,195
Arrangement Fee	£0		0.0% of interest	23,997
Misc Fees (Surveyors etc)	£0		0.00% of scheme value	
Agents Fees	£0			
Legal Fees	£179,981			
Stamp Duty	£1,199,871			
Total Interest Paid	£12,603,698			

Total Finance and Acquisition Costs **£37,980,974**

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Value	20.0%	£37,590,000	53,700	per OM unit
Affordable Housing Return on Cost	5.0%	£1,517,716	5,059	per affordable unit
Return on sale of Private Rent	0.0%	£0	#DIV/0!	per PR unit

Non-residential

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Total Operating Profit **£39,107,716**

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

Surplus/(Deficit) at completion 1/2/2026 **(£1)**

Present Value of Surplus (Deficit) at 23/1/2014 **(£)**

(£) per unit

Scheme Investment IRR **12.5%** (before Developer's returns and interest to avoid double counting)

Measures

Site Value as a Percentage of Total Scheme Value	10.3%
Site Value per hectare	£0

Residual Land Valuation @ 23/1/2014 £11,950,347 0

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

RESIDUAL VALUATION COMPUTED

Site Address	Appendix 2 - Typical strategic site in Canterbury - CfSH level 5	
OS X coordinate		
OS Y coordinate		
Site Reference		
File Source		
Scheme Description		
Date of appraisal	23/01/2014	
Gross Site Area (hectares)		
Net Residential Site Area (hectares)	32.00	
Author & Organisation	David Coate, Adams Integra	
Local Planning Authority	Canterbury	
Land Purchase Price	11,950,347	
Land Purchase date		
Most recent valuation of the site £	11,950,347	
Basis of valuation	Residual	
Date of valuation	23/01/2014	
Any note on valuation		
Developer of sale units		
Developer of affordable units		
Manager of affordable units		
HCA Investment Partner (where applicable)		
Note on applicant (eg sub partner status)		

Date of scheme appraisal **23-Jan-14**

from Site Sheet

BUILDING PERIOD

Any valid Excel Date format (if entry is not recognised: use DD/MM/YY)

	Construction Start Date	Construction End Date
Affordable Low rise flats	01-Nov-14	01-Apr-24
Affordable Houses	01-Nov-14	01-Apr-24
OM 1:Build phase 1	01-Nov-14	01-Apr-24

	RP Purchase (transfer) start date	Purchase end date
Shared Ownership phase 1 Purchase Payment	01-Nov-14	01-Apr-24

	Open Market Sale Start Date	Sale End Date
OM Sales1:Build phase 1	01-Sep-15	01-Feb-26

	Start Date	Month
First Ground rent payment	01-Sep-20	79

High Sales rate ass

Monthly Sales rate
5.56

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Avg Cost pu
Shared Ownership phase 1	Low rise flats	1,450	0%		87,593 118,959
	Houses	1,280			
Open Market Phase 1:	Low rise flats	1,450	0%		87,593 118,959
	Houses	1,280			

* In blocks of flats to reflect the difference between GIA & NIA (i.e. common parts such as lifts, stairs, corridors etc) : 0% in houses which have no common areas

Fees & Contingencies as % of Building Costs

	%
Design and Professional Fees % (Architects, QS, Project Management)	7.00%
Building Contingencies (% of Building Costs)	5.00%

* This section excludes Affordable Housing section 106 payments

All dates must be between 23-Jan-14 22-Jan-29

External Works & Infrastructure

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
	Site Preparation/Demolition	£2,500,000	01-Nov-14	01-Apr-16	2,500
	Roads and Sewers	£15,000,000	01-Nov-14	01-Apr-20	15,000
	Services (Power, Water, Gas, Telco and IT)				
	Strategic Landscaping				
	Off Site Works				
	Public Open Space	£1,500,000	01-Nov-14	01-Apr-24	1,500
	Site Specific Sustainability Initiatives				
	Plot specific external works				
	Major infrastructure works	£20,000,000	01-Nov-14	01-Apr-24	20,000
	Other 3				

Site Abnormals (£)

	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
	De-canting tenants				
	Decontamination				
	Other				
	Other 2				

Residential Car Parking Building Costs (average cost / car parking space)
Total number of residential car parking spaces

Building Costs (£ / car parking space)	Payment Date
	(Open Market and Affordable)

Sustainability

		Additional information
Enter the Code level to which the affordable rented units are to be built		
Enter the Code level to which the intermediate tenure units are to be built	5	
Enter the Code level to which the market sale units are to be built	5	
Certification Costs (total per scheme)		

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	Per unit
Education					
Sport & Recreation					
Social Infrastructure					
Public Realm					
Affordable Housing					
Transport					
Highway					
Health					
Public Art					
Flood work					
Community Infrastructure Levy	per sq metre				
Other Tariff	per sq metre				
Other 1		£2,250,000	01-Apr-17	01-Apr-24	2,250
Other 2					

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	0.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	5.00%

Other Acquisition Costs (£)	Comment on nature of issue	Cost (£)	Payment start date	Payment end date

FINANCE COSTS

Arrangement Fee (£)	
Interest Rate (%)	6.00%
Misc Fees - Surveyors etc (£)	
Credit balance reinvestment %	6.00%

MARKETING COSTS

Affordable Housing Marketing Costs

	Cost (£)	Payment start date	Payment end date
Developer cost of sale to RP (£)	£0		
RP purchase costs (£)	£0		
Intermediate Housing Sales and Marketing (£)	£0		

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %	4.00%
Legal Fees (per Open Market unit) - £	£600
Agents Private Rental Intial Letting fees - %	

DEVELOPER'S OVERHEAD AND RETURN FOR RISK (before taxation)

Developer O/head (£)			Return at Scheme end
Open Market Housing (% GDV)	20.00%	20.0% 53,700	inc Overheads per open market home
Private Rental (% Cost)			
Affordable Housing (% Cost)	5.00%		

SCHEME

Site Address	Appendix 2 - Typical strategic site in Canterbury - CfSH level 5
Site Reference	
File Source	
Scheme Description	
Date of appraisal	23/01/2014
Net Residential Site Area (hectares)	32
Author & Organisation	David Coate, Adams Integra
HCA Investment Partner (where applicable)	0

Housing Mix (Affordable + Open Market)

Total Number of Units	1,000	units
Total Number of Open Market Units	700	units
Total Number of Affordable Units	300	units
Total Net Internal Area (sq m)	83,862	sq m
Total Habitable Rooms	0	habitable rooms
% Affordable by Unit	30.0%	
% Affordable by Area	30.6%	
% Affordable by Habitable Rooms	-	
% Social Rented within the Affordable Hous	-	by number of units
% Social Rented within the Affordable Hous	-	by NIA of Units (sq m)
% Social Rented within the Affordable Hous	-	by habitable rooms
Density	31	units/ hectare
Total Number of A/H Persons	0	Persons
Number of Social and Affordable Rent	0	Persons
Number of Intermediate	0	Persons
Total Number of Open Market Persons	0	Persons
Total Number of Persons	0	Persons
Gross site Area	0.00	hectares
Net Site Area	32.00	hectares
Net Internal Housing Area / Hectare	2,621	sq m / hectare

AH Residential Values**AH & RENTAL VALUES BASED ON NET RENTS**

Type of Unit	Social Rented	Shared Ownership phase 1	Affordable Rent phase 1	Shared Ownership phase 2	Affordable Rent phase 2
1 Bed Flat Low rise					
2 Bed Flat Low rise		£7,176,000			
3 Bed Flat Low rise					
4 Bed + Flat Low rise					
1 Bed Flat High rise					
2 Bed Flat High rise					
3 Bed Flat High rise					
4 Bed + Flat High rise					
2 Bed House					
3 Bed House		£36,960,000			
4 Bed + House					
	£0	£44,136,000	£0	£0	£0

£ psqm of CV - 1,252.58

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING) £44,136,000

RP Cross Subsidy (use of own assets)	£0
LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Other source of funding 2	£0
Land Remediation Tax Relief	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING £0

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING) £44,136,000

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Open Market Phase 1:	58,225	£3,228	£187,950,000
Open Market Phase 2:	-	-	£0
Open Market Phase 3:	-	-	£0
Open Market Phase 4:	-	-	£0
Open Market Phase 5:	-	-	£0
Total	58,225	3,228	£187,950,000

Monthly Sales rate
5.56

	Average value (£ per unit)
Open Market Phase 1:	£268,500
Open Market Phase 2:	£0
Open Market Phase 3:	£0
Open Market Phase 4:	£0
Open Market Phase 5:	£0

Capital Value of Private Rental £0

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING £187,950,000

Car Parking

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

TOTAL VALUE OF CAR PARKING

£0

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0
Open market (all phases)	£1,050,000
TOTAL CAPITALISED ANNUAL GROUND RENT	£1,050,000

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME**£233,136,000****Non-Residential Values**

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

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME**£0****TOTAL VALUE OF SCHEME****£233,136,000****Residential Building, Marketing & Section 106 Costs**

			Per sq meter
Affordable Housing Build Costs	£33,523,467	-	1,308
Open Market Housing Build Costs	£76,684,480	-	1,317
	£110,207,946		

Residential Car Parking Build Costs

£0

External Works & Infrastructure Costs (£)

		Per unit
Site Preparation/Demolition	£2,500,000	2,500
Roads and Sewers	£15,000,000	15,000
Services (Power, Water, Gas, Telco and IT)	£0	
Strategic Landscaping	£0	
Off Site Works	£0	
Public Open Space	£1,500,000	1,500
Site Specific Sustainability Initiatives	£0	
Plot specific external works	£0	
Major infrastructure works	£20,000,000	20,000
Other 3	£0	

Other site costs

Building Contingencies	5.0%	£5,510,397	5,510
Fees and certification		£8,100,284	8,100
Other Acquisition Costs (£)		£0	

Site Abnormals (£)

De-canting tenants	£0
Decontamination	£0
Other	£0
Other 2	£0

Total Building Costs inc Fees**£162,818,627**

162,819

Statutory 106 Costs (£)

Education	£0
Sport & Recreation	£0
Social Infrastructure	£0
Public Realm	£0
Affordable Housing	£0
Transport	£0
Highway	£0
Health	£0
Public Art	£0
Flood work	£0
Community Infrastructure Levy	£0
Other Tariff	£0

Other 1		£2,250,000	2,250
Other 2		£0	

Statutory 106 costs **£2,250,000**

Marketing (Open Market Housing ONLY)

Sales/letting Fees			per OM unit
Legal Fees (per Open Market unit):	4.0%	£7,518,000	10,740
	£600	£420,000	600

Marketing (Affordable Housing)

Developer cost of sale to RP (£)		£0	per affordable unit
RP purchase costs (£)		£0	
Intermediate Housing Sales and Marketing (£)		£0	

Total Marketing Costs **£7,938,000**

Non-Residential Building & Marketing Costs

Building Costs

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Professional Fees (Building, Letting & Sales)

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Total Non-Residential Costs **£0**

TOTAL DIRECT COSTS: **£173,006,627**

Finance and acquisition costs

Land Payment	£11,950,347	17,072	per OM home	373,448
Arrangement Fee	£0		0.0% of interest	11,950
Misc Fees (Surveyors etc)	£0		0.00% of scheme value	
Agents Fees	£0			
Legal Fees	£89,628			
Stamp Duty	£597,517			
Total Interest Paid	£8,141,899			

Total Finance and Acquisition Costs **£20,779,391**

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Value	20.0%	£37,590,000	53,700	per OM unit
Affordable Housing Return on Cost	5.0%	£1,759,982	5,867	per affordable unit
Return on sale of Private Rent	0.0%	£0	#DIV/0!	per PR unit

Non-residential

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Total Operating Profit **£39,349,982**

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

Surplus/(Deficit) at completion 1/2/2026 **(£)**

Present Value of Surplus (Deficit) at 23/1/2014 **(£)**

(£) per unit

Scheme Investment IRR **14.4%** (before Developer's returns and interest to avoid double counting)

Measures

Site Value as a Percentage of Total Scheme Value	5.1%
Site Value per hectare	£0

Residual Land Valuation @ 23/1/2014 £4,588,245 0

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

RESIDUAL VALUATION COMPUTED

Site Address	Appendix 3 - Typical strategic site in Canterbury - CfSH level 6	
OS X coordinate		
OS Y coordinate		
Site Reference		
File Source		
Scheme Description		
Date of appraisal	23/01/2014	
Gross Site Area (hectares)		
Net Residential Site Area (hectares)	33.00	
Author & Organisation	David Coate, Adams Integra	
Local Planning Authority	Canterbury	
Land Purchase Price	4,588,245	
Land Purchase date		
Most recent valuation of the site £	4,588,245	
Basis of valuation	Residual	
Date of valuation	23/01/2014	
Any note on valuation		
Developer of sale units		
Developer of affordable units		
Manager of affordable units		
HCA Investment Partner (where applicable)		
Note on applicant (eg sub partner status)		

Date of scheme appraisal **23-Jan-14**

from Site Sheet

BUILDING PERIOD

Any valid Excel Date format (if entry is not recognised: use DD/MM/YY)

	Construction Start Date	Construction End Date
Affordable Low rise flats	01-Nov-14	01-Apr-24
Affordable Houses	01-Nov-14	01-Apr-24
OM 1:Build phase 1	01-Nov-14	01-Apr-24

	RP Purchase (transfer) start date	Purchase end date
Shared Ownership phase 1 Purchase Payment	01-Nov-14	01-Apr-24

	Open Market Sale Start Date	Sale End Date
OM Sales1:Build phase 1	01-Sep-15	01-Feb-26

	Start Date	Month
First Ground rent payment	01-Sep-20	79

High Sales rate ass

Monthly Sales rate
5.56

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Avg Cost pu
Shared Ownership phase 1	Low rise flats	1,560	0%		94,238 129,182
	Houses	1,390			
Open Market Phase 1:	Low rise flats	1,560	0%		94,238 129,182
	Houses	1,390			

* In blocks of flats to reflect the difference between GIA & NIA (i.e. common parts such as lifts, stairs, corridors etc) : 0% in houses which have no common areas

Fees & Contingencies as % of Building Costs

	%
Design and Professional Fees % (Architects, QS, Project Management)	7.00%
Building Contingencies (% of Building Costs)	5.00%

* This section excludes Affordable Housing section 106 payments

All dates must be between 23-Jan-14 22-Jan-29

External Works & Infrastructure

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date
	Site Preparation/Demolition	£2,500,000	01-Nov-14	01-Apr-16
	Roads and Sewers	£15,000,000	01-Nov-14	01-Apr-20
	Services (Power, Water, Gas, Telco and IT)			
	Strategic Landscaping			
	Off Site Works			
	Public Open Space	£1,500,000	01-Nov-14	01-Apr-24
	Site Specific Sustainability Initiatives			
	Plot specific external works			
	Major infrastructure works	£20,000,000	01-Nov-14	01-Apr-24
	Other 3			

Site Abnormals (£)

	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date
	De-canting tenants			
	Decontamination			
	Other			
	Other 2			

Residential Car Parking Building Costs (average cost / car parking space)
Total number of residential car parking spaces

Building Costs (£ / car parking space)	Payment Date
	(Open Market and Affordable)

Cost per
unit (all
tenures)

2,500
15,000

1,500

20,000

Cost per
unit (all
tenures)

Sustainability

	Additional information		
Enter the Code level to which the affordable rented units are to be built			
Enter the Code level to which the intermediate tenure units are to be built			
Enter the Code level to which the market sale units are to be built			
Certification Costs (total per scheme)			

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	<i>Per unit</i>
Education					
Sport & Recreation					
Social Infrastructure					
Public Realm					
Affordable Housing					
Transport					
Highway					
Health					
Public Art					
Flood work					
Community Infrastructure Levy	per sq metre				
Other Tariff	per sq metre				
Other 1		£2,250,000	01-Apr-17	01-Apr-24	2,250
Other 2					

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	0.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	5.00%

Other Acquisition Costs (£)	Comment on nature of issue	Cost (£)	Payment start date	Payment end date

FINANCE COSTS

Arrangement Fee (£)	
Interest Rate (%)	6.00%
Misc Fees - Surveyors etc (£)	
Credit balance reinvestment %	6.00%

MARKETING COSTS

Affordable Housing Marketing Costs

	Cost (£)	Payment start date	Payment end date
Developer cost of sale to RP (£)	£0		
RP purchase costs (£)	£0		
Intermediate Housing Sales and Marketing (£)	£0		

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %	4.00%
Legal Fees (per Open Market unit) - £	£600
Agents Private Rental Intial Letting fees - %	

DEVELOPER'S OVERHEAD AND RETURN FOR RISK (before taxation)

Developer O/head (£)			Return at Scheme end
Open Market Housing (% GDV)	20.00%	20.0% 53,700	inc Overheads per open market home
Private Rental (% Cost)			
Affordable Housing (% Cost)	5.00%		

SCHEME

Site Address	Appendix 3 - Typical strategic site in Canterbury - CfSH level 6
Site Reference	
File Source	
Scheme Description	
Date of appraisal	23/01/2014
Net Residential Site Area (hectares)	33
Author & Organisation	David Coate, Adams Integra
HCA Investment Partner (where applicable)	0

Housing Mix (Affordable + Open Market)

Total Number of Units	1,000	units
Total Number of Open Market Units	700	units
Total Number of Affordable Units	300	units
Total Net Internal Area (sq m)	83,862	sq m
Total Habitable Rooms	0	habitable rooms
% Affordable by Unit	30.0%	
% Affordable by Area	30.6%	
% Affordable by Habitable Rooms	-	
% Social Rented within the Affordable Hous	-	by number of units
% Social Rented within the Affordable Hous	-	by NIA of Units (sq m)
% Social Rented within the Affordable Hous	-	by habitable rooms
Density	30	units/ hectare
Total Number of A/H Persons	0	Persons
Number of Social and Affordable Rent	0	Persons
Number of Intermediate	0	Persons
Total Number of Open Market Persons	0	Persons
Total Number of Persons	0	Persons
Gross site Area	0.00	hectares
Net Site Area	33.00	hectares
Net Internal Housing Area / Hectare	2,541	sq m / hectare

AH Residential Values**AH & RENTAL VALUES BASED ON NET RENTS**

Type of Unit	Social Rented	Shared Ownership phase 1	Affordable Rent phase 1	Shared Ownership phase 2	Affordable Rent phase 2
1 Bed Flat Low rise					
2 Bed Flat Low rise		£7,176,000			
3 Bed Flat Low rise					
4 Bed + Flat Low rise					
1 Bed Flat High rise					
2 Bed Flat High rise					
3 Bed Flat High rise					
4 Bed + Flat High rise					
2 Bed House		£36,960,000			
3 Bed House					
4 Bed + House					
	£0	£44,136,000	£0	£0	£0

£ psqm of CV - 1,252.58

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING) £44,136,000

RP Cross Subsidy (use of own assets)	£0
LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Other source of funding 2	£0
Land Remediation Tax Relief	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING £0

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING) £44,136,000

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Open Market Phase 1:	58,225	£3,228	£187,950,000
Open Market Phase 2:	-	-	£0
Open Market Phase 3:	-	-	£0
Open Market Phase 4:	-	-	£0
Open Market Phase 5:	-	-	£0
Total	58,225	3,228	£187,950,000

Monthly Sales rate
5.56

	Average value (£ per unit)
Open Market Phase 1:	£268,500
Open Market Phase 2:	£0
Open Market Phase 3:	£0
Open Market Phase 4:	£0
Open Market Phase 5:	£0

Capital Value of Private Rental £0

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING £187,950,000

Car Parking

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

TOTAL VALUE OF CAR PARKING

£0

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0
Open market (all phases)	£1,050,000
TOTAL CAPITALISED ANNUAL GROUND RENT	£1,050,000

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME	£233,136,000
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Non-Residential Values

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

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME	£0
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TOTAL VALUE OF SCHEME	£233,136,000
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Residential Building, Marketing & Section 106 Costs

			Per sq meter
Affordable Housing Build Costs	£36,343,494	-	1,418
Open Market Housing Build Costs	£83,089,219	-	1,427
	£119,432,714		

Residential Car Parking Build Costs £0

External Works & Infrastructure Costs (£)

		Per unit
Site Preparation/Demolition	£2,500,000	2,500
Roads and Sewers	£15,000,000	15,000
Services (Power, Water, Gas, Telco and IT)	£0	
Strategic Landscaping	£0	
Off Site Works	£0	
Public Open Space	£1,500,000	1,500
Site Specific Sustainability Initiatives	£0	
Plot specific external works	£0	
Major infrastructure works	£20,000,000	20,000
Other 3	£0	

Other site costs

Building Contingencies	5.0%	£5,971,636	5,972
Fees and certification		£8,778,304	8,778
Other Acquisition Costs (£)		£0	

Site Abnormals (£)

De-canting tenants	£0
Decontamination	£0
Other	£0
Other 2	£0

Total Building Costs inc Fees	£173,182,654	173,183
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Statutory 106 Costs (£)

Education	£0
Sport & Recreation	£0
Social Infrastructure	£0
Public Realm	£0
Affordable Housing	£0
Transport	£0
Highway	£0
Health	£0
Public Art	£0
Flood work	£0
Community Infrastructure Levy	£0
Other Tariff	£0

Other 1		£2,250,000	2,250
Other 2		£0	

Statutory 106 costs **£2,250,000**

Marketing (Open Market Housing ONLY)

Sales/letting Fees	4.0%	£7,518,000	per OM unit	10,740
Legal Fees (per Open Market unit):	£600	£420,000		600

Marketing (Affordable Housing)

Developer cost of sale to RP (£)		£0	per affordable unit	
RP purchase costs (£)		£0		
Intermediate Housing Sales and Marketing (£)		£0		

Total Marketing Costs **£7,938,000**

Non-Residential Building & Marketing Costs

Building Costs

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Professional Fees (Building, Letting & Sales)

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Total Non-Residential Costs **£0**

TOTAL DIRECT COSTS: **£183,370,654**

Finance and acquisition costs

Land Payment	£4,588,245	6,555	per OM home	139,038
Arrangement Fee	£0		0.0% of interest	4,588
Misc Fees (Surveyors etc)	£0		0.00% of scheme value	
Agents Fees	£0			
Legal Fees	£34,412			
Stamp Duty	£229,412			
Total Interest Paid	£5,415,243			

Total Finance and Acquisition Costs **£10,267,312**

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Value	20.0%	£37,590,000	53,700	per OM unit
Affordable Housing Return on Cost	5.0%	£1,908,033	6,360	per affordable unit
Return on sale of Private Rent	0.0%	£0	#DIV/0!	per PR unit

Non-residential

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Total Operating Profit **£39,498,033**

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

Surplus/(Deficit) at completion 1/2/2026 **£1**

Present Value of Surplus (Deficit) at 23/1/2014 **£0**

£0 per unit

Scheme Investment IRR **16.3%** (before Developer's returns and interest to avoid double counting)

Measures

Site Value as a Percentage of Total Scheme Value	2.0%
Site Value per hectare	£0