

**ADAMS
INTEGRA**



**VIABILITY ASSESSMENT OF
STRATEGIC SITES
IN CANTERBURY DISTRICT**

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

This document does not constitute Council Policy

April 2016 (Updated)

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

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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

- 1 In the process of considering and developing its planning-led infrastructure provision and affordable housing policies Canterbury City Council have commissioned Adams Integra to carry out a viability assessment of the strategic sites identified in the draft Local Plan (Policy SP3), based on assumptions set out in the original viability reports and also on further information received to date.
- 2 This report follows on from our previous report – *"Provision of further economic viability assessment of future strategic sites and a whole plan assessment in Canterbury District – October 2014"* and the Local Plan Examination in July 2015.
- 3 The previous report assessed the whole plan viability and concluded that in our professional view the eight strategic sites were viable and could deliver 30% affordable housing alongside the major infrastructure works required to enable the schemes to proceed.
- 4 Due to the high level of infrastructure provision the inspector has asked that we look in detail at the strategic sites. This study also incorporates the additional strategic sites.
- 5 This report is an additional review of specific strategic sites.
- 6 This will involve consideration of known or best estimated infrastructure costs, and include the general policy requirements set out in the draft Local Plan and will consider any substantive comments received during the Local Plan consultation in respect of viability issues.
- 7 Officers at Canterbury Council have contacted all of the developers involved in these strategic sites to gather information about specific site development costs and revenues.
- 8 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).

- 9 Paragraph 173 of the National Planning Policy Framework (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."

- 10 Paragraph 174 of the NPPF states the following:

"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."

- 11 We have also taken account of the recent document – "Viability Testing Local Plans - Advice for planning practitioners" 2012 carried out by the Local Housing Delivery Group, chaired by Sir John Harmen.

- 12 The Harmen report states in its introduction (page 6) 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."

- 13 The twelve strategic sites that this study has investigated are:

- Site 1 - South Canterbury
- Site 2 - Land at Sturry/Broad oak

- Site 3 - Land at Hillborough, Herne Bay
- Site 4 - Herne Bay Golf Club
- Site 5 - Land at Strode Farm, Herne
- Site 6 - Land at Greenhill, Herne Bay
- Site 7 - Land North of Thanet Way, Whitstable
- Site 8 - Land North of Hersden
- Site 9 - Howe Barracks, Canterbury
- Site 10 - Land at Ridlands Farm and Langton Fields, Canterbury
- Site 11 - Land South of Ridgeway (Grasmere Pasture), Chestfield
- Site 12 - Land at and adjacent to Cockerling Farm, Thanington

- 14 The information we have received, some of which has been marked as confidential, from the strategic site agents/developers regarding revenues, build costs, abnormal costs, finance, fees, has been used to inform the inputs into the individual viability assessments.
- 15 Maintaining the viability (in this sense meaning the financial health) of these strategic residential development schemes is crucial to ensuring the release of sites and thus a continued supply of housing of all types.
- 16 The Council is intending to seek direct provision of much of the infrastructure required for the delivery of these larger development sites by the sites creating the need. 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.
- 17 The study is based on carrying out high level developer-type appraisals based on allocated housing numbers for each of the twelve 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.
- 18 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.
- 19 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 information received from the twelve strategic site developers and our own findings outlined in our previous report "*Economic Viability Assessment of Future Development in Canterbury District - December 2012*" (CDLP 11.2) and further research carried out to date.

20 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.

Property Market Characteristics and Viability Findings

21 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, carried out further research in order to verify the original assumptions.

22 We have investigated the viability of the twelve 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

23 A target affordable housing tenure mix of 70% affordable rent: 30% suitable intermediate tenure is viable and achievable. The introduction of affordable rent as a tenure for these sites has led to increased viability in that the returns available for affordable rent are higher than those for social rent.

24 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

25 There may 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.

26 It is our professional view that the twelve strategic sites are viable and the majority can deliver 30% affordable housing alongside the major infrastructure works required to enable the schemes to proceed. In two instances, a reduced affordable housing provision may be necessary for the schemes to remain viable.

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 now superseded Regional Spatial Strategy (the South East Plan (SEP)) set a nominal target for East Kent that 30% of new homes should be for affordable homes. The SHMA 2009 (CDLP 5.1 (CCC website)) also recommended a 30% affordable housing target for Canterbury District. The Core Strategy Options Report (Options Consultation document) published in January 2010 addressed this level of provision as did the 2013 Preferred Option Consultation draft of the Local Plan.
- 1.1.3 The previous viability study – *“Provision of further economic viability assessment of future strategic sites and a whole plan assessment in Canterbury District – October 2014”* concluded that in our professional view the eight strategic sites were viable and could deliver 30% affordable housing alongside the major infrastructure works required to enable the schemes to proceed.
- 1.1.4 The early whole plan study was based on carrying out developer-type appraisals based on typical housing numbers that were found in the eight strategic sites. We carried out a residual land valuation appraisal of a typical site of 1,000 units that we felt was representative of the eight strategic sites. We also undertook appraisals of a smaller site of around 500 units and a larger site of over 3,000 units.
- 1.1.5 Due to the high level of infrastructure provision the inspector has asked that we look in detail at the strategic sites. This study also incorporates the additional strategic sites.
- 1.1.6 This report is an additional review of specific strategic sites including those additional strategic sites promoted in the Proposed Amendments consultation document November 2015.
- 1.1.7 The purpose of this study is, therefore, to contribute to a robust evidence base to support the preparation of the draft Local Plan, other Local Plan documents and any other planning policy documents relating to infrastructure provision, affordable housing and CIL. The study assesses the (financial) capacity of twelve strategic residential development schemes in the District to deliver major infrastructure required and the Draft Local Plan policy requirements including affordable housing without their viability being unduly affected.

1.1.8 This is in the context of providing 30% affordable housing on site with an overall tenure split of 70% rented and 30% intermediate tenure as recommended by the SHMA.

1.1.9 Paragraphs 173-175 of the NPPF in particular, deal with the Government's approach to, and key guidance for 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.

1.1.10 The main objectives of this study are:

a) To carry out a high level viability assessment of the strategic sites identified in the draft Local Plan (Policy SP3).

b) Consider known infrastructure costs, and include the general policy requirements set out in the draft Local Plan.

c) Consider any substantive comments received following consultation with the developers of the strategic sites in respect of viability issues.

1.1.11 The twelve strategic sites that this study has investigated are as follows:

- Site 1 - South Canterbury
- Site 2 - Land at Sturry/Broad oak
- Site 3 - Land at Hillborough, Herne Bay
- Site 4 - Herne Bay Golf Club
- Site 5 - Land at Strode Farm, Herne
- Site 6 - Land at Greenhill, Herne Bay
- Site 7 - Land North of Thanet Way, Whitstable
- Site 8 - Land North of Hersden
- Site 9 - Howe Barracks, Canterbury
- Site 10 - Land at Ridlands Farm and Langton Fields, Canterbury
- Site 11 - South of Ridgeway (Grasmere Pasture), Chestfield
- Site 12 - Land at and adjacent to Cockerling Farm, Thanington

1.1.12 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, the overall policies of the plan and the likely revenues from the open market and affordable housing.

1.1.13 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 stimulate higher levels of development activity. The same applies to all such studies which look at affordable housing supplied through market-led schemes.

1.1.14 The methodology and assumptions used are described in Chapter 2; the viability of the 12 strategic sites are discussed in Chapter 3 and the conclusions are set out in Chapter 4. The associated information referred to throughout this study is appended to the rear of the document.

2 METHODOLOGY AND ASSUMPTIONS

2.1 Background

2.1.1 This study investigates twelve key strategic residential development sites across a range of scheme sizes.

2.2 Residual Land Value (RLV) Appraisal Methodology

2.2.1 In order to review the viability of the twelve 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, which in this case is 17.5% of GDV (alongside an allowance for all other assumptions that have been included in this report). Local authorities and others involved in the process recognise that developers need to make appropriate profits, and this work is not based on a premise that those profit margins should be eroded below reasonable levels.

2.2.3 The RICS Guidance Note – Financial viability in planning (2012) states the following at Paragraph 3.3.2:

“The developer’s profit allowance should be at a level reflective of the market at the time of the assessment being undertaken. It will include the risks attached to the specific scheme. This will include both property-specific risk, i.e. the direct development risks within the scheme being considered, and also broader market risk issues, such as the strength of the economy and occupational demand, the level of rents and capital values, the level of interest rates and availability of finance. The level of profit required will vary from scheme to scheme, given different risk profiles as well as the stage in the economic cycle.”

2.2.4 This report is looking at the specific strategic sites, which are all greenfield developments and where infrastructure costs are more clearly defined. This carries less risk.

2.2.5 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.

- 2.2.6 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 the planning policy and infrastructure requirements as they will apply to the scheme.
- 2.2.7 The land value produced by a typical strategic site appraisal is the 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.
- 2.2.8 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 Homes and Communities Agency Development Appraisal Tool (HCA DAT) for this purpose. In doing so we have made what we feel are reasonable assumptions through our own research and from information received from the developers of the strategic sites and the local and regional Council.
- 2.2.9 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 information provided by Canterbury City Council in their consultation with the developers of the strategic sites, through our experience of site-specific appraisal work and comparison with inputs and outputs used in/by a range of similar tools.
- 2.2.10 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 also made allowances for infrastructure costs provided by Canterbury City Council.
- 2.2.11 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 (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.
- 2.2.12 The Government are currently consulting on new Starter Homes regulations. Their intention is a starter homes requirement of 20% of all homes delivered on a residential development. The Government's first report is likely to be produced in April 2017.

- 2.2.13 If this was implemented as initially proposed, it would mean that 2/3 of the 30% affordable housing requirement would be for Starter Homes. This is likely to have a positive impact on the viability of schemes in general.
- 2.2.14 This legislation has not been approved and has not, therefore, been included in the appraisals in this report. The proposed 20% Starter Homes requirement was defeated during the bill's report stage in the House of Lords on 12th April. The minister promised to *"take this issue away and return to it at Third Reading"*.
- 2.2.15 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 a reduced land value – 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.
- 2.2.16 The results of the appraisal calculations show the indicative residual land value (RLV) generated 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.
- 2.2.17 The results are compared against existing land use values, which in all twelve cases, is agricultural land to agricultural uplift land value at approximately £200,000 to £300,000 per gross hectare. **This value is purely used as an indicative benchmark and does not purport to represent the actual figure paid for the land.**
- 2.2.18 Site Value either as an input into a scheme specific appraisal or as a benchmark is defined in the RICS guidance note – *"Financial Viability in Planning"* as follows: *'Site Value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.'*
- 2.2.19 Savills Market survey – UK Agricultural Land 2016 shows prime arable land (the most valuable type) to be under £25,000 per hectare. Our

benchmark land value represents a land figure of approximately 10 times agricultural value.

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 research has been updated and along with the information received from developers confirmed that the strategic sites show values that fit readily into value points 3 and 4 (£2,900 per m² to £3,500 per m²)

2.3.2 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. In our expert opinion, the information used is reasonably representative. The key point is to consider the likely range of typical new build values.

2.4 Various key inputs

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.

2.5 Gross Development Value (“GDV”)

2.5.1 This 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 Registered Provider 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, the policies that will apply; i.e. the developer is aware that a proportion of the receipts will be at a lower level for the affordable housing units. This can be regarded as a reasonable approach given established local and national policy guidance on the provision of affordable housing.

2.6 Housing mix

2.6.1 For the purposes of this report we have made the following assumptions:

2.6.2 The private housing units are assumed to be split as between 85% houses and 15% apartments. The houses will range from two bedrooms up to five bedrooms and will deliver an overall average of approximately 1,000 ft² per unit. The private apartments will be provided by a range of one and two bedroom units with an overall average size of 650 ft².

2.7 Non-Residential Rents and Yields

2.7.1 At present all non-residential elements are assumed to be sold as serviced land parcels

2.8 Developer's Profit

2.8.1 The requirement to place a set 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.

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

2.8.3 If profit levels fall below a certain point then developers will not take on 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 an existing use. Business and tax considerations, investment values and costs, and availability and cost of replacement facilities can all influence decisions to retain or sell sites

2.8.4 Continued ready access to development finance continues to be an issue in the current market conditions as banks and financiers are still cautious.

2.8.5 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 17.5 of GDV.

2.8.6 In the years following the financial crisis of 2007/08 developer profit levels, in general, rose to the point where 20% of GDV was considered reasonable. However more recently, as the economic climate has

improved and house prices have continued to rise, profit levels have started to fall again. Recent planning appeals have alluded to this¹². We consider that an appropriate return for the Market Sale housing is 17.5% on GDV. 20% on GDV might have been appropriate at the midpoint of the recession where there was a genuine risk that housing might not sell or values might drop. However, after several years of continuous price growth and volume of sales it is not appropriate. This report is looking at the financial viability of the strategic sites over the life of the plan therefore, **for the purposes of this report**, we have tested at a profit level of 17.5% on GDV.

2.9 Affordable Housing Transfer (to Registered Provider) – Method of Payment Calculation and Type of Property Transferred

2.9.1 The values assumed by the developers consulted showed only a small range. Some used 60% of open market value for the rented properties and 65% of open market value for the shared ownership properties. Other developers have used an overall figure of 55% to 60% of open market value for all affordable housing units assuming a tenure split of 70% rent and 30% intermediate.

2.9.2 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.

2.10 Other Assumptions

2.10.1 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

2.10.2 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:

2.10.3 Base build costs:

The developers that were consulted showed build cost figures of between £100 to £115 per ft² for houses and £110 to 130 per ft² for flats.

Our recent work on updating the CIL study used the following figures which we consider are still valid:

¹ Appeal Ref: APP/G2245/W/15/3078147

² Appeal Ref: APP/G2245/W/15/3132303

- **Base Build Costs (House Schemes)** - £1,175/m²
- **Base Build Costs (Flatted Schemes)** - £1,290/m²

2.10.4 The above are applied to the Net Internal Area 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 £1,290 per m² figure assumes standard low-rise flats (typically no more than 3 storeys and allowing standard construction techniques).

2.10.5 We have also made an allowance for general infrastructure costs for new build greenfield development.

2.10.6 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.

2.10.7 There will always be a range of data and opinions on, and methods of, describing build costs. In our professional opinion, 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 Housing Standards Review. Planners will no longer be able to ask for Code for Sustainable Homes compliance, or any individual aspects of the Code (including energy efficiency) after the date of the next Part L Building Regulations amendments in Autumn 2016. The build costs used in this report assumes Code for Sustainable Homes Level 4 which is the level that Part L 2016 will be pitched at. 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.

2.10.8 Typical scheme-specific additions to these are:

- **Professional fees:**

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

- **Contingencies:**
On greenfield sites we consider the application of 3% for contingencies to be a fair and reasonable assumption. Contingencies are to cover unanticipated building problems in schemes where there is a high level of build cost risk (eg large complex schemes, contamination or refurbishment). It is our opinion that the above estimated build cost and the allowance for infrastructure works provides a reasonable assumption for standard build costs. However, we have included 3% contingencies in these high level appraisals to act as a "buffer". It is our professional opinion that 3% is a fair and reasonable assumption.
- **Marketing and Sales Fees:** We have used a value of 3% of GDV for sales and marketing fees. Our experience has shown that some developers make an allowance of 2% whilst others use a figure of up to 4%. It is our professional opinion that 3% is a fair and reasonable assumption.
- **Legal Fees on Sale:** We have made an allowance of £1,000 per unit.
- **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 high level snapshot so over time added costs will have to be 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. Nevertheless, this corresponds 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 select 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, 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 commercial situations. In summary, at

the time of writing, we have no evidence that the commercial lending climate has eased significantly.

- **Legal Fees on Land Purchase:** *0.75% of land value.*
- **Stamp Duty Land Tax:** *We have applied a rate of 4%.*
- **CIL:** 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 windfall and smaller allocated sites 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.

2.11 Stakeholders and Consultation

2.11.1 The Council sent out the following email to all of the developers/owners of the strategic sites and received varying levels of information in response; some very detailed, some not so:

"In light of the Full Council approval of the inclusion of your site in the proposed draft Local Plan allocations I am writing to you to collect information as to how you would propose to deliver development and key infrastructure on your site, to inform further viability assessment work for the Local Plan. I am contacting all of the strategic sites and newly proposed sites on a non-prejudicial basis to gain standard information on viability as set out below.

As you may be aware, at Stage 1 of the Examination, one of the key issues considered by the Inspector was the deliverability of the Plan, in particular, the provision of the Sturry and Herne relief roads, Wincheap off-slip and relief road and affordable housing, as well as site specific infrastructure.

We are aware that we may have previously contacted you in 2013 and you may have previously provided us with information, however, we need to ensure that the viability assessment is based on the most up to date information available as we head towards Stage 2 of the Examination in Spring 2016 (dates yet to be confirmed by the Inspector).

Viability Assessment information

As part of that work, it will be necessary to have as much viability information as possible in relation to each of the proposed sites. The Council has retained Adams Integra to continue work on viability and they have advised us that they will require the following information to carry out an updated appraisal:

- *Site area – gross and net in hectares*
- *List of all House Types, Tenures & Sizes (for example 3 bed houses @ 86m² for the open market*
- *List of all non-residential units – Gross and Net areas*
- *Non-resi rent (£ per m²) and Investor's Yield*
- *Base Build Costs (in £ per m²)*
- *Design Fees*
- *Any other fees*

- *Site Preparation/Demolition/ Contamination costs*
- *Roads and Sewers costs*
- *Services (Power, Water, Gas, Telco and IT) costs*
- *Strategic Landscaping costs*
- *Off Site Works*
- *Abnormal costs (Itemize)*
- *Public Open Space costs (also see Habitat Regulations section overleaf)*
- *Finance costs – including interest rate and any arrangement fees and exit fees*
- *Section 106 Costs (£) – infrastructure, highways, education, libraries etc*
- *Scheme timings - length of build / expected month of first release, build period – start on site and completion date and Sales Period (date of first sales to date of last sale)*
- *Residential Values - Open Market Housing*
- *Affordable housing costs and revenues – including a list of assumptions for both rented and shared ownership units*
- *·Ground rents*
- *·Non-Residential Values (where applicable) and assumed profit level*
- *·Assumed Profit (%) on scheme both affordable and market*
- *·Existing Use Value of the site*
- *·Actual price paid for the land/ site or property*

We appreciate that some of this information will be commercially sensitive and this will be provided to the consultant on a confidential basis. No commercially sensitive information will appear in their report or be provided to any other party. We also appreciate that some of these factors may still be uncertain, but would appreciate your best estimate on these points.

Development phasing and implementation

In addition, we need you to provide your best estimate of development and infrastructure phasing through the whole development period and how it will be funded, in the form of an implementation plan (we appreciate you may have supplied details on phasing separately to Sarah Parker for her housing land supply work). Can you also provide details of the delivery model you intend to use for your site, and details of any partnership arrangements required for the delivery of infrastructure? You will appreciate that we need to present a robust viability case to the Inspector

Habitat Regulations information

Another issue, which you will need to consider, is the requirements of the Habitat Regulations. The Council has had extensive discussions with Natural England and neighbouring authorities regarding this matter and has undertaken to develop two Strategic Access Management and Monitoring schemes, which determined a 7.2km zone of influence for the Thanet Coast SPA and a 6km Zone of Influence for the North Kent Coast SPA/RAMSAR. Any housing and accommodation development within these zones will be required to contribute to mitigation and monitoring. The Council considers that failure to contribute to such measures could result in the requirement for a full Appropriate Assessment of individual development sites, under the Habitat Regulations. This obviously implies significant delay to the bringing forward of development sites.

In order for the Council to progress this viability work quickly, please can you let us have this information as soon as possible and by 4.30pm on Monday 4 January 2016 at the latest.”

3 VIABILITY APPRAISALS OF THE 12 STRATEGIC SITES

3.1 Site 1 - South Canterbury (4,000 units)

- 3.1.1 A hybrid planning application has recently been received on this scheme. The master plan has been completed and submitted with the Planning application.
- 3.1.2 The Master Plan is supported by a development viability appraisal by Savills, this has assumed that the scheme will provide a new junction onto the A2 within the first four years of the commencement of construction.
- 3.1.3 To facilitate this the developer has assumed that the first 565 residential units will be private sale only, together with an appropriate level of Section 106 works and contributions. Savills have stated that this will enable the cash flow revenue within the early phases to offset the initial heavy infrastructure burden.
- 3.1.4 To compensate for this, the level of affordable housing has been increased over the remaining phases so that the overall level of affordable housing provision across the entire scheme will achieve the policy guidance level at 30%.
- 3.1.5 The site requires a total infrastructure and s106 cost of £62.85m (£22.5k per dwelling) which includes the A2 junction works, two primary schools and the CHP Plant.
- 3.1.6 The site has a gross area of 565.40 acres (228.81 hectares) and a net area of 352 acres (142.45 hectares)
- 3.1.7 The scheme provides a total of 4,000 residential units based on the indicative Master Plan. Of the total units approximately 2,800 will be private units and 1,200 will be affordable homes, equivalent to 30%.
- 3.1.8 Extensive viability work has been carried out by Savills on this scheme and this shows that the scheme can deliver 30% affordable housing.
- 3.1.9 We have looked at the various inputs into the Savills appraisal and confirm that they are broadly in line with our general assumptions for these strategic sites as set out earlier in this report.
- 3.1.10 The Savills report has assumed an average sales value of £300 per ft².
- 3.1.11 We appreciate that much of the infrastructure required for this scheme will be front loaded and that a reduced affordable housing quota may need to be delivered on the earlier stages but the suggestion that the first 565 residential units will deliver no affordable housing has not, in our opinion, been justified. Further detailed viability work needs to be carried out to ascertain the amount of affordable housing that can be delivered on the earlier stages.
- 3.1.12 However, the overall viability of the scheme shows that 30% affordable housing can be delivered on site along with all of the necessary infrastructure works.

3.2 Site 2 - Land at Sturry/Broad oak (1,000 units)

- 3.2.1 The scheme as a whole is still at Master Plan stage and some of the elements will be further refined in due course. The application is supported by a development viability appraisal by Savills.
- 3.2.2 The site has a gross area of 185.52 acres (75.08 hectares)
- 3.2.3 Below is the latest information regarding the infrastructure requirements for this scheme:
- Proportionate contribution towards the strategic highway network (Sturry Relief Road).
 - Provision of land of no less than 2.05ha for a primary school within the development, to be transferred at no cost to the County Council.
 - Cycling and walking links via a riverside path.
 - Expand Sturry Road Park & Ride and create new access.
 - Strategic Access Management and Monitoring Mitigation Measures (SAMMs).
 - Proportionate contribution towards the construction of a Primary School.
 - Proportionate contribution towards Secondary School provision.
 - Proportionate contributions for Kent County Council towards Community Learning, Libraries, Youth provision and Social Care provision.
- 3.2.4 Total current estimated infrastructure cost: £26.7m
- 3.2.5 We have considered the various inputs into the Savills appraisal and confirm that they are broadly in line with our general assumptions for these strategic sites as set out earlier in this report.
- 3.2.6 The Savills report states that minimum profit requirement of 20% on gross development value will be required over the lifetime of the project. We consider that an appropriate return for the Market Sale housing is 17.5% on GDV. 20% on GDV might have been appropriate at the height of the recession where there was a genuine risk that housing might not sell or values might drop but after several years of continuous price growth and volume of sales it is no longer appropriate.
- 3.2.7 The Savills report has assumed an average sales value of £285 per ft².
- 3.2.8 The overall assessment of the scheme, carried out by Savills, shows that all of the major infrastructure works can be delivered by this scheme without impacting on its viability. The viability work carried out by Savills states that of the total units the level of affordable housing that could be provided ranges from 7% to 27% depending on the cost of the Bridge and road infrastructure and s106 contribution levels.
- 3.2.9 We are broadly in agreement with the assumptions in the Savills report.

3.3 Site 3 – Land at Hillborough, Herne Bay (1,300 units)

3.3.1 The scheme as a whole is still at Master Plan stage and some of the elements will be further refined in due course.

3.3.2 The site has a gross area of 201.74 acres (81.64 hectares)

3.3.3 Below is the latest information regarding the infrastructure requirements for this site:

- Proportionate contribution towards the strategic highway network (Herne Relief Road).
- Provision of new west-facing on-slip to Thanet Way.
- Provision of land of no less than 2.05ha for a primary school within the development, to be transferred at no cost to the County Council.
- Doctors surgery.
- Strategic Access Management and Monitoring Mitigation Measures.
- Proportionate contribution towards the construction of a Primary School.
- Proportionate contribution towards Secondary School provision.
- Proportionate contributions to Kent County Council towards Community Learning, Libraries, Youth provision and Social Care provision

3.3.4 Total current estimated infrastructure cost - £11.4m

3.3.5 We carried out a high level appraisal of the scheme with 1300 units with an average sales value of £250 per ft². All of the other assumptions in the appraisal are as outlined in the report above.

3.3.6 The scheme includes approximately 3.3 hectares of employment land which we have shown as an input for the land value. We have allowed for the commercial and employment land area to be sold as a serviced land parcels at an average rate of £250,000 per net acre.

3.3.7 The appraisal, which can be found in the appendices to this report, is a very high level appraisal, which, makes general assumptions about sales values and build costs. However, this appraisal does demonstrate that with 30% affordable housing and all of the above infrastructure costs the scheme is viable and can be delivered.

3.4 Site 4 –Herne Bay Golf Course (572 units)

- 3.4.1 The site has a gross area of 105.32 acres (42.62 hectares).
- 3.4.2 This site was granted outline planning permission in September 2015.
- 3.4.3 30% affordable housing has been agreed on this scheme so no viability appraisal has been required.
- 3.4.4 Below are the agreed infrastructure requirements for this site:
- Herne Bay Gateway Project (Libraries): £102,960
 - Strategic Access Management and Monitoring Mitigation Measures (SAMMs) £73,559 (initial payment) followed by a second payment dependent upon the mix of housing as determined at the reserved matter stages.
 - Primary education: £2,502,000
 - Secondary education contribution: £258,000
 - Strategic Highways Contribution (Herne Relief Road): £3,361,200
 - Youth services: £7,250
- 3.4.11 30% affordable housing can be delivered on this site along with all of the necessary infrastructure works.

3.5 Site 5 –Strode Farm (Up to 800 dwellings)

- 3.5.1 The site has a gross area of 105.32 acres (42.62 hectares)
- 3.5.2 The site is directly opposite Herne Bay Golf Club site above across the A299.
- 3.5.3 The appropriate level of affordable housing remains under discussion between the applicant and the Council in the context of a submitted outline application which is currently subject to an appeal against non-determination.
- 3.5.4 In accordance with the Council's adopted Development Contributions SPD, the viability appraisal submitted was considered by an independent development valuation specialist for assessment. This concluded there is a significant surplus which could be utilised to improve the amount of Affordable Housing.
- 3.5.6 This surplus is less an agreed contribution towards the mitigation of impacts upon the strategic highway network.
- 3.5.7 Below is the latest information regarding the infrastructure requirements for this site:
- Herne Bay Gateway Project (Libraries)
 - Strategic Access Management and Monitoring Mitigation Measures (SAMMs)
 - Proportionate contribution towards the construction of a Primary School plus the transfer of 1.68ha land for the erection of a school
 - Proportionate contribution towards Secondary School provision
 - Proportionate open space contribution towards sports provision at Cherry Orchard Recreation Ground.
 - Upgrades to public rights of way.
 - Strategic Highways Contribution (Herne Relief Road).
 - Proportionate contributions for Kent County Council towards Community Learning, Libraries, Youth provision and Social Care provision.
- 3.5.8 Total current estimated infrastructure cost £6.7m.
- 3.5.9 These infrastructure and S106 costs are not dissimilar to the costs for the Herne Bay Golf Club which is delivering 30% affordable housing.
- 3.5.10 We have read the independent development valuation specialist's report on the viability of this scheme and we are broadly in agreement with all of their assumptions. They have assumed an average sales value of £270 per ft².
- 3.5.11 Our conclusion is that this scheme should be able to provide all of the necessary infrastructure and 30% affordable housing and remain viable.

3.6 Site 6 –Land at Greenhill (300 dwellings)

- 3.6.1 The site has a gross area of 51.57 acres (20.87 hectares).
- 3.6.2 The site is in close proximity to the Herne Bay Golf Club site 4 above.
- 3.6.3 Below is the latest information regarding the infrastructure requirements for this site:
- Strategic Highways Contribution (Herne Relief Road).
 - Provision of land to provide relocation of Briary Primary School's existing separated playing field to land adjacent to the existing school site.
 - Provision of additional land to accommodate the expansion of Briary by an additional form of entry.
 - Proportionate contribution to fund the expansion of an existing Primary School.
 - Proportionate contribution towards Secondary School provision.
 - Strategic Access Management and Monitoring Mitigation Measures (SAMMs).
 - Proportionate contributions for Kent County Council towards Community Learning, Libraries, Youth provision and Social Care provision.
- 3.6.4 Total current estimated infrastructure cost £1.8m.
- 3.6.5 We carried out a high level appraisal of the scheme with 300 units with an average sales value of £250 per ft². All of the other assumptions in the appraisal are as outlined in the report above.
- 3.6.6 The appraisal, which can be found in the appendices to this report is a very high level appraisal which makes general assumptions about sales values and build costs. However, this appraisal does demonstrate that with 30% affordable housing and all of the above infrastructure costs the scheme is viable and can be delivered.

3.7 Site 7 –Land North of Thanet Way, Whitstable (400 dwellings)

- 3.7.1 The site has a gross area of 78.6 acres (31.80 hectares)
- 3.7.2 This planning application has been agreed at Committee subject to the completion of the Section 106 agreement.
- 3.7.3 30% affordable housing has been agreed on this scheme so no viability appraisal has been required.
- 3.7.4 Below is the latest information regarding the infrastructure requirements for this site:
- Bus service contribution
 - Contribution to Whitstable Park and Ride.
 - Strategic Access Management and Monitoring Mitigation Measures (SAMMs): To be determined by the final mix of housing as agreed at the reserved matter stage.
 - Youth services.
- 3.7.8 30% affordable housing can be delivered on site along with all of the necessary infrastructure works.

3.8 Site 8 –Land North of Hersden (800 dwellings)

- 3.8.1 The site has a gross area of 149.5 acres (60.51 hectares).
- 3.8.2 This is a greenfield site that is currently cultivated farmland and no abnormal costs are anticipated. The Environment Agency have in the amendment consultation raised some concerns with respect to a former rubbish dump on part of the site and associated contamination issues.
- 3.8.3 Below is the latest information regarding the infrastructure requirements for this site:
- Strategic Highways Contribution (Sturry Relief Road).
 - Transfer of 6,695m² of land to accommodate expansion of the adjacent school.
 - Provision of vehicular access from within the proposed development to the new northern boundary of the school to accommodate the traffic movements of a 2FE primary school.
 - Cycle links from Hersden to Sturry and a contribution to Sturry Park and Ride to be shared with Sturry/ Broad Oak site.
 - Appropriate contributions towards additional Secondary School provision.
 - Strategic Access Management and Monitoring Mitigation Measures (SAMMs).
 - Proportionate contributions for Kent County Council towards Community Learning, Libraries, Youth provision and Social Care provision.
- 3.8.4 Total currently estimated infrastructure cost - **£16.9m**
- 3.8.5 We carried out a high level appraisal of the scheme with 800 units with an average sales value of £260 per ft². All of the other assumptions in the appraisal are as outlined in the report above.
- 3.8.6 The scheme includes approximately 1 hectare of employment land which we have shown as an input for the land value. We have allowed for the commercial and employment land area to be sold as a serviced land parcels at an average rate of £250,000 per net acre.
- 3.8.7 The appraisal, which can be found in the appendices to this report is a very high level appraisal which makes general assumptions about sales values and build costs.
- 3.8.8 The appraisal with 30% affordable housing generates a land value in the middle of the range (£200,000 to £300,000 per acre). This shows that it can deliver on all of the above infrastructure costs.
- 3.8.9 It is our opinion that given the high infrastructure costs on this site the percentage of affordable housing provision may need to be reassessed through further detailed viability assessment.

3.9 Site 9 –Howe Barracks, Canterbury (500 dwellings)

- 3.9.1 The site has a gross area of 45.46 acres (18.4 hectares)
- 3.9.2 This planning application has been granted planning permission with a requirement to provide 26.5% affordable housing on-site.
- 3.9.3 It should be noted that, unlike the other strategic allocations, this site was previously developed and so would have qualified for Vacant Buildings Credit, therefore, the 26.5% secured was significantly above what may have been secured had the Vacant Building Credit been applied in full.
- 3.9.4 Below are the agreed infrastructure requirements for this site:
- Primary School – Expansion of Pilgrims Way School: £733,247
 - Secondary School – New Provision on the Chaucer site: £1,479,619
 - Community Learning: £18,175.25
 - Libraries: £28,815
 - Youth: £6,336
 - Social Care: £27,885
 - Public Open Space: £5,130,339
 - Traffic regulation order: £10,000
 - Public Right of Way: £20,295
 - Provision of A28/A257 distributor road: £2,546,256.
 - Bus Shelter: £30,000.
- 3.9.5 The 26.5% affordable housing can be delivered on site along with all of the necessary section 106 contributions.

3.10 Site 10 – Land at Ridlands Farm and Langton Field (310 dwellings)

3.10.1 The site has a gross area of 66.15 acres (26.77 hectares)

3.10.2 Below is the latest information regarding the infrastructure requirements for this site:

- Appropriate contributions to fund expansion of the existing Primary Schools.
- Provision of fast bus link through the site including bus gate and associated technology
- Appropriate contributions towards secondary education provision.
- Proportionate contributions for Kent County Council towards Community Learning, Libraries, Youth provision and Social Care provision.

3.10.3 Total currently estimated infrastructure cost - £2.6m

3.10.4 We carried out a high level appraisal of the scheme with 310 units with an average sales value of £300 per ft². All of the other assumptions in the appraisal are as outlined in the report above.

3.10.5 The appraisal, which can be found in the appendices to this report is a very high level appraisal which makes general assumptions about sales values and build costs. However, this appraisal does demonstrate that with 30% affordable housing and all of the above infrastructure costs the scheme is viable and can be delivered.

3.11 Site 11 – Land South of Ridgeway (300 dwellings)

3.11.1 The site has a gross area of 41.71 acres (16.88 hectares)

3.11.2 Below is the latest information regarding the infrastructure requirements for this site:

- Highway improvement to roundabout and cycle links to site.
- Provision of land of no less than 2.05ha for a primary school within the development, to be transferred at no cost to the County Council.
- Appropriate contributions towards the construction of a primary school within the allocation.
- Appropriate contributions towards secondary education provision.
- Proportionate contributions for Kent County Council towards Community Learning, Libraries, Youth provision and Social Care provision.
- Strategic Access Management and Monitoring Mitigation Measures (SAMMs).

3.11.3 Total currently estimated infrastructure cost - £2.3m

3.11.4 We carried out a high level appraisal of the scheme with 300 units with an average sales value of £270 per ft². All of the other assumptions in the appraisal are as outlined in the report above.

3.11.5 The appraisal, which can be found in the appendices to this report is a very high level appraisal which makes general assumptions about sales values and build costs. However, this appraisal does demonstrate that with 30% affordable housing and all of the above infrastructure costs the scheme is viable and can be delivered.

3.11 Site 12 – Land at and adjacent Cockerling Farm, Thanington (1,150 dwellings)

- 3.11.1 The whole site has a gross area of 380 acres (153.8 hectares)
- 3.11.2 A planning application for 750 units of this allocation was agreed at Committee in January 2016 subject to the completion of the Section 106 agreement.
- 3.11.3 30% affordable housing has been agreed on this scheme so no viability appraisal has been required.
- 3.11.4 Below is the latest information regarding the infrastructure requirements for this site:
- Fund its proportion of the Dover Bound off slip road: - (total estimated cost £7.5m).
 - Extend the London bound off slip.
 - Contribute to the extension of the existing Park and Ride Site at Wincheap.
 - Provision of its proportion of the costs of a bus service: Total estimated cost for 1,150-unit allocation up to the value of up to £650,000.
 - Proportional contribution towards towards cycling and walking initiatives. Total estimated cost for 1,150-unit allocation - £100,000.
 - Provision of land of no less than 2.05ha for a primary school within the development, to be transferred at no cost to the County Council.
 - Appropriate contributions towards the construction of a primary school within the allocation - known to KCC at £4.5m.
 - Appropriate contributions towards additional secondary provision. Secondary school in Canterbury at £5,091.60 per applicable house and £1,272.90 per applicable flat.
 - Community learning £27,262.50 (proportion)
 - Youth services £12.67 per dwelling
 - Libraries £108.32 per dwelling
 - Social care £72.93 per household
- 3.11.5 30% affordable housing can be delivered on site along with all of the necessary infrastructure works.

- 3.11.6 **The remainder of the site has an allocation for 400 units.**
- 3.11.7 Below is the latest information regarding the infrastructure requirements for this part of the site:
- Fund its proportion of the Dover Bound off slip road: - (total estimated cost £7.5m).
 - Provision of its proportion of the costs of a bus service: Total estimated cost for 1,150-unit allocation up to the value of up to £650,000
 - Proportional contribution towards towards cycling and walking initiatives. Total estimated cost for 1,150-unit allocation - £100,000
 - Appropriate contributions towards the construction of a primary school within the allocation - known to KCC at £4.5m for the 1,150 allocation.
 - Wincheap Relief road – Estimated cost of £4,000,000
 - Appropriate contributions towards additional secondary provision. Secondary school in Canterbury at £5,091.60 per applicable house and £1,272.90 per applicable flat
 - Community learning £27,262.50 (proportion)
 - Youth services £12.67 per dwelling
 - Libraries £108.32 per dwelling
 - Social care £72.93 per household
- 3.11.8 Total currently estimated infrastructure cost for the 400 units - **£10.32m.**
- 3.11.9 We carried out a high level appraisal of the scheme with 400 units with an average sales value of £290 per ft². All of the other assumptions in the appraisal are as outlined in the report above.
- 3.11.10 The appraisal, which can be found in the appendices to this report is a very high level appraisal which makes general assumptions about sales values and build costs. However, this appraisal does demonstrate that with 30% affordable housing and all of the above infrastructure costs the scheme is viable and can be delivered.

4 CONCLUSIONS

- 4.1.2 The Appraisals carried out make 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 a benchmark land value of £200,000 to £300,000 per gross hectare demonstrate that overall the strategic allocations within the draft Local Plan are viable and are likely to be delivered.
- 4.1.3 We carried out high level appraisals which make general assumptions about sales values, build costs and other development costs.
- 4.1.4 Our appraisals took into account costs of the major infrastructure works and other further financial Section 106 contributions that the sites are required to deliver.
- 4.1.5 The 30% target for affordable housing takes account of the collective impacts on schemes with regard to the planning obligations as well as delivering key infrastructure without the need for public subsidy.
- 4.1.6 The overall cumulative impact on viability of all the relevant policies in the Plan has also been taken into account.
- 4.1.7 It is our professional view that the all of the strategic sites can deliver the major infrastructure works required to enable the schemes to proceed and remain viable. All of the sites can deliver affordable housing alongside the major infrastructure works. All sites apart from sites 2 and 8 can deliver affordable housing at the target of 30% and remain viable.
- 4.1.8 Sites 2 and 8 carry high abnormal infrastructure costs with respect to the provision of the Sturry Relief Road. As such affordable housing provision on these two sites may need to be reassessed through further viability assessments once the detailed final costs have been determined.
- 4.1.9 A target affordable housing tenure mix of 70% 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.
- 4.1.10 The Government consultation paper on Starter Homes Regulations - Starter Homes Regulations -Technical consultation (March 2016) says that:

"We have examined the actual level of affordable housing contributions, delivered through Section 106 agreements over the last 3 years. Evidence suggests that a starter homes requirement of 20% of all homes delivered on a residential development would be viable on an average development."....." There is an option to set the requirement at a level that is lower than this estimate, for example at 15%. This would ensure that most schemes can deliver this requirement alongside other forms of affordable housing. Councils and developers would be free to agree a larger percentage of starter homes where they agreed that viability would allow or, in these circumstances, agree a mix of affordable housing to include the starter homes requirement."....." On balance, we propose that a single national minimum requirement of 20% of all homes delivered as part of residential developments is broadly justified.

4.1.11 The Government's intention is that the regulations for the starter homes requirement would set a clear percentage for the number of starter homes required on relevant residential developments. The starter homes requirement would be secured through a section 106 agreement. It is our view that these new Starter Home Regulations would not have a significant effect on the overall viability of the Plan.

4.1.12 This legislation has not been approved and has not, therefore, been included in the appraisals in this report. The proposed 20% Starter Homes requirement was defeated during the bill's report stage in the House of Lords on 12th April. The minister promised to "take this issue away and return to it at Third Reading".

4.1.11 The major infrastructure projects required to enable the strategic sites to be developed can be funded by the revenue from the developments themselves.

4.1.12 On some of the sites where there are large upfront infrastructure costs there may 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.

Report ends
April 2016

Appendices

- 1. Viability Appraisal – Site 3 – Land at Hillborough**
- 2. Viability Appraisal – Site 6 – Land at Greenhill**
- 3. Viability Appraisal – Site 8 – Land North of Hersden**
- 4. Viability Appraisal – Site 10 – Land at Ridlands Farm**
- 5. Viability Appraisal – Site 11 – Land South of Ridgeway**
- 6. Viability Appraisal – Site 12 - Cockerling Farm, Thanington (400 units)**



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APPENDIX 1
HILLBOROUGH
HERNE BAY

Residual Land valuation 0

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

RESIDUAL VALUATION COMPUTED

Site Address	Appendix 1 - Land at Hillborough	
OS X coordinate		
OS Y coordinate		
Site Reference	AI VIABILITY ASSESSMENT	
File Source		
Scheme Description	1300 new houses and flats	
Date of appraisal	07/03/2016	
Gross Site Area (hectares)	81.64	
Net Residential Site Area (hectares)		
Author & Organisation	David Coate - Adams Integra	
Local Planning Authority	Canterbury	
Land Purchase Price	26,695,900	
Land Purchase date	07/03/2016	
Most recent valuation of the site £	26,695,900	
Basis of valuation	Residual	
Date of valuation	07/03/2016	
Any note on valuation		
Developer of sale units		
Developer of affordable units		
Manager of affordable units		
Registered Provider (where applicable)		
Note on applicant (eg sub partner status)		

Date of scheme appraisal 07-Mar-16 from Site Sheet

Use any valid Excel Date format (eg DD/MM/YY)

Build Period	Construction Start Date	Construction End Date
Tenure phases display for date input only after transfer from Input 2 sheet		
Affordable Low rise flats ph 1	01-Nov-16	01-Nov-27
Affordable Houses ph 1	01-Nov-16	01-Nov-27
OM 1:Phase 1	01-Nov-16	01-Nov-27

RP Purchase from Developer	Purchase start date	Purchase end date
AH phases display for date input only after transfer from Input 2 sheet		
Affordable Rent phase 1	01-Nov-16	01-Nov-27

Open Market Sale	Sale Start Date	Sale End Date
OM phases display for date input only after transfer from Input 2 sheet		
OM Sales1:Phase 1	01-Nov-17	01-Nov-28

Private Rental Units	First Rental Start Date	Final Rental Start Date
PR phases display for date input only after transfer from Input 2 sheet		

Monthly Sales rate

High Sales rate ass

6.86

Residual Land valuation 0

HCA Development Appraisal Tool
INPUT SHEET 4 - OTHER FUNDING

Note: Social Housing Grant is not an input in DAT. It will be assessed in relation to this nil grant case.

Other sources of funding

Must be between **07-Mar-16**
 and **01-Nov-28**

	Value (£)	Date of receipt
Employment land	£2,000,000	01-Nov-17
LA s106 commuted in lieu		
RP Re-cycled SHG		
Use of AR rent conversion income		
Other source of AH funding		

Implied Present Value of Affordable Housing 37,112,367

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Avg Cost pu
Affordable Rent phase 1	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201
Open Market Phase 1:	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201

Fees & Contingencies as % of Building Costs

	%	£ Total
Design and Professional Fees % (Architects, QS, Project Management)	7.00%	9,510,388
Residential Building Contingencies (% of Building Costs)	3.00%	4,075,881

* This section excludes Affordable Housing section 106 payments

All dates must be between
'Historic' costs incurred earlier may be entered as

07-Mar-16

02-Mar-36

07-Mar-16 PROVIDED they are not taken into account in the site valuation (& hence double c

External Works & Infrastructure

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
Phase 1					
Site Preparation/Demolition					
Roads and Sewers		£20,379,000	01-Nov-16	01-Nov-26	15,676
Off Site Works					
Public Open Space					
Site Specific Sustainability Initiatives					
Plot specific external works					
Other 1					
Other 2					

Site Abnormals (£)

	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
Total current estimated infrastructure cost		£11,400,000	01-Nov-16	01-Nov-26	8,769
Decontamination					
Other					
Other 2					
Other 3					
Other 4					
Other 5					

	Building Costs (£ / car parking space)	Payment Date
Residential Car Parking Building Costs (average cost / car parking space)		
Total number of residential car parking spaces		(Open Market and Affordable)

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	Per unit
Primary education					
SAMMs					
Secondary Educ					
Other KCC					
Affordable Housing					
Transport					
Highway					
Health					
Public Art					
Flood work					
Community Infrastructure Levy	per sq metre				
Other Tariff	per unit				
Other 1					
Other 2					
Other 3					
Other 4					

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	0.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	4.00%

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

FINANCE COSTS

Arrangement Fee (£)	£0
Interest Rate (%)	6.00%
Misc Fees - Surveyors etc (£)	£0
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) - %	3.00%
Legal Fees (per Open Market unit) - £	£1,000
Agents Private Rental Initial Letting fees - %	

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

Developer O/head (£)			Return at Scheme end
Open Market Housing (% GDV)	17.50%	17.5%	inc Overheads per open market home
Private Rental (% Cost)		41,450	
Affordable Housing (% Cost)	5.00%		

Residual Land valuation £0**HCA DEVELOPMENT APPRAISAL TOOL****SUMMARY****DETAIL****SCHEME**

Site Address Appendix 1 - Land at Hillborough
 Site Reference AI VIABILITY ASSESSMENT
 File Source

Date of appraisal 07/03/2016
 Net Residential Site Area
 Author & Organisation David Coate - Adams Integra

Scheme Description 1300 new houses and flats

Registered Provider (whe 0

Housing Mix (Affordable + Open Market)

Total Number of Units	1,300	units
Total Number of Open Market Units	912	units
Total Number of Affordable Units	388	units
Total Net Internal Area (sq m)	114,475	sq m
% Affordable by Unit	29.8%	
% Affordable by Area	29.9%	
Density	No Area input	units/ hectare
Total Number of A/H Persons	0	Persons
Total Number of Open Market Persons	0	Persons
Total Number of Persons	0	Persons
Gross site Area	81.64	hectares
Net Site Area	0.00	hectares
Net Internal Housing Area / Hectare	-	sq m / hectare

Average value (£ per unit)	Open Market Phase 1:	Open Market Phase 2:	Open Market Phase 3:	Open Market Phase 4:	Open Market Phase 5:	Total
1 Bed Flat Low rise	£0	£0	£0	£0	£0	
2 Bed Flat Low rise	£162,500	£0	£0	£0	£0	
3 Bed Flat Low rise	£0	£0	£0	£0	£0	
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	
1 Bed Flat High rise	£0	£0	£0	£0	£0	
2 Bed Flat High rise	£0	£0	£0	£0	£0	
3 Bed Flat High rise	£0	£0	£0	£0	£0	
4 Bed + Flat High rise	£0	£0	£0	£0	£0	
2 Bed House	£0	£0	£0	£0	£0	
3 Bed House	£250,000	£0	£0	£0	£0	
4 Bed + House	£0	£0	£0	£0	£0	
Total Revenue £	£216,012,500	£0	£0	£0	£0	£216,012,500
Net Area (sq m)	80,302	-	-	-	-	80,302
Revenue (£ / sq m)	£2,690	-	-	-	-	

CAPITAL VALUE OF OPEN MARKET SALES

£216,012,500

Capital Value of Private Rental

Phase 1	£0
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	£0

CAPITAL VALUE OF OPEN MARKET HOUSING

£216,012,500 £ 2,690 psqm

BUILD COST OF OPEN MARKET HOUSING inc Contingency

£98,165,844 £ 1,222 psqm

CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING

£117,846,656

AH Residential Values**AH & RENTAL VALUATION BASED ON CAPITAL VALUES for RESIDUAL VALUATION**

Type of Unit	Social Rented	Shared Ownership (all phases)	Affordable Rent (all phases)	Total
1 Bed Flat Low rise				
2 Bed Flat Low rise			£5,183,750	£5,183,750
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			£45,375,000	£45,375,000
4 Bed + House				
	£0	£0	£50,558,750	£50,558,750

£ psqm of CV (phase 1) - - 1,480

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)

£50,558,750

Employment land

£2,000,000

LA s106 commuted in lieu

£0

RP Re-cycled SHG

£0

Use of AR rent conversion income

£0

Other source of AH funding

£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING

£2,000,000

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)

£52,558,750

BUILD COST OF AFFORDABLE HOUSING inc Contingency

£41,772,722 £ 1,222 psqm

CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING

£10,786,028

Car Parking

No. of Spaces	Price per Space (£)	Value
-	£0	

Value of Residential Car Parking

£0

Car Parking Build Costs £0

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0

Open market (all phases) £0

Capitalised Annual Ground Rents

£0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME

£268,571,250

TOTAL BUILD COST OF RESIDENTIAL SCHEME

£139,938,566

TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME

£128,632,684

Non-Residential

	Cost	Values
Office	£0	£0
Retail	£0	£0
Industrial	£0	£0
Leisure	£0	£0
Community Use	£0	£0
Community Infrastructure Levy	£0	£0

CAPITAL VALUE OF NON-RESIDENTIAL SCHEME

£0

COSTS OF NON-RESIDENTIAL SCHEME

£0

CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL

£0

GROSS DEVELOPMENT VALUE OF SCHEME

£268,571,250

TOTAL BUILD COSTS

£139,938,566

TOTAL CONTRIBUTION TO SCHEME COSTS

£128,632,684

External Works & Infrastructure Costs (£)

		Per unit	% of GDV	per Hectare
Site Preparation/Demolition	£0			
Roads and Sewers	£20,379,000	15,676	7.6%	249,620
£0	£0			
£0	£0			
Off Site Works	£0			
Public Open Space	£0			
Site Specific Sustainability Initiatives	£0			
Plot specific external works	£0			
Other 1	£0			
Other 2	£0			
	£20,379,000		7.6%	249,620

Other site costs

Fees and certification	7.0%	£9,510,388	7,316	3.5%	116,492
Other Acquisition Costs (£)		£0			

Site Abnormals (£)

Total current estimated infrastructure cost	£11,400,000	8,769	4.2%	139,637
Decontamination	£0			
Other	£0			
Other 2	£0			
Other 3	£0			
Other 4	£0			
Other 5	£0			
	£11,400,000		4.2%	139,637

Total Site Costs inc Fees

£41,289,388

31,761

Statutory 106 Costs (£)

Primary education	£0
SAMMs	£0
Secondary Educ	£0
Other KCC	£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	£0
Other 2	£0
Other 3	£0
Other 4	£0

Statutory 106 costs

£0

Marketing (Open Market Housing ONLY)

			per OM unit
Sales/letting Fees	3.0%	£6,480,375	7,106
Legal Fees (per Open Market unit):	£1,000	£912,000	1,000

Marketing (Affordable Housing)

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

Total Marketing Costs

£7,392,375

Total Direct Costs

£188,620,329

Finance and acquisition costs

Land Payment	£26,695,900	29,272 per OM home	326,995 per hectare
Arrangement Fee	£0	0.0% of interest	

Misc Fees (Surveyors etc)	£0	0.00% of scheme value
Agents Fees	£0	
Legal Fees	£200,219	
Stamp Duty	£1,067,836	
Total Interest Paid	£12,156,976	

Total Finance and Acquisition Costs **£40,120,932**

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Val	17.5%	£37,802,188	41,450 per OM unit
Affordable Housing Return on Cost	5.0%	£2,027,802	5,226 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 **£39,829,990**

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

TOTAL COST **£268,571,251**

Surplus/(Deficit) at completion 1/11/2028 **(£1)**

Present Value of Surplus (Deficit) at 7/3/2016 **(£)**

Scheme Investment MIRR **9.2%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value 9.9% Peak Cash Requirement -£47,876,534

Site Value (PV) per hectare No area input per hectare No area input per acre

APPENDIX 2
LAND AT GREENHILL

Residual Land valuation 0

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

RESIDUAL VALUATION COMPUTED

Site Address	Appendix 2 - Land at Greenhill	
OS X coordinate		
OS Y coordinate		
Site Reference	AI VIABILITY ASSESSMENT	
File Source		
Scheme Description	300 new houses and flats	
Date of appraisal	07/03/2016	
Gross Site Area (hectares)	20.87	
Net Residential Site Area (hectares)		
Author & Organisation	David Coate - Adams Integra	
Local Planning Authority	Canterbury	
Land Purchase Price	9,041,062	
Land Purchase date	07/03/2016	
Most recent valuation of the site £	9,041,062	
Basis of valuation	Residual	
Date of valuation	07/03/2016	
Any note on valuation		
Developer of sale units		
Developer of affordable units		
Manager of affordable units		
Registered Provider (where applicable)		
Note on applicant (eg sub partner status)		

Free text Description	No. of units	sq ft	Property type	Tenure/phase	Sales Valuation £	Weekly Rent Chargeable
<Enter description here>	178	1,000	3 Bed House	Open Market Build phase 1	250,000	
<Enter description here>	76	1,000	3 Bed House	Affordable Rent phase 1	137,500	
<Enter description here>	32	650	2 Bed Flat Low rise	Open Market Build phase 1	162,500	
<Enter description here>	14	650	2 Bed Flat Low rise	Affordable Rent phase 1	89,375	
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Date of scheme appraisal 07-Mar-16 from Site Sheet

Use any valid Excel Date format (eg DD/MM/YY)

Build Period	Construction Start Date	Construction End Date
Tenure phases display for date input only after transfer from Input 2 sheet		
Affordable Low rise flats ph 1	01-Nov-16	01-Nov-22
Affordable Houses ph 1	01-Nov-16	01-Nov-22
OM 1:Phase 1	01-Nov-16	01-Nov-22

RP Purchase from Developer	Purchase start date	Purchase end date
AH phases display for date input only after transfer from Input 2 sheet		
Affordable Rent phase 1	01-Nov-16	01-Nov-22

Open Market Sale	Sale Start Date	Sale End Date
OM phases display for date input only after transfer from Input 2 sheet		
OM Sales1:Phase 1	01-Nov-17	01-Nov-23

Private Rental Units	First Rental Start Date	Final Rental Start Date
PR phases display for date input only after transfer from Input 2 sheet		

Monthly
Sales
rate

2.88

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Avg Cost pu
Affordable Rent phase 1	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201
Open Market Phase 1:	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201

Fees & Contingencies as % of Building Costs

	%	£ Total
Design and Professional Fees % (Architects, QS, Project Management)	7.00%	2,192,516
Residential Building Contingencies (% of Building Costs)	3.00%	939,650

* This section excludes Affordable Housing section 106 payments

All dates must be between
'Historic' costs incurred earlier may be entered as

07-Mar-16

02-Mar-36

07-Mar-16 PROVIDED they are not taken into account in the site valuation (& hence double counted)

External Works & Infrastructure

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
Phase 1					
Site Preparation/Demolition					
Roads and Sewers		£3,000,000	01-Nov-16	01-Nov-26	10,000
Off Site Works					
Public Open Space					
Site Specific Sustainability Initiatives					
Plot specific external works					
Other 1					
Other 2					

Site Abnormals (£)

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
De-canting tenants					
Decontamination					
Other					
Other 2					
Other 3					
Other 4					
Other 5					

	Building Costs (£ / car parking space)	Payment Date
Residential Car Parking Building Costs (average cost / car parking space)		
Total number of residential car parking spaces		(Open Market and Affordable)

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	Per unit
Total current estimated infrastructure cost		£1,800,000	01-Nov-16	01-Nov-20	6,000
SAMMs					
Secondary Educ					
Other KCC					
Affordable Housing					
Transport					
Highway					
Health					
Public Art					
Flood work					
Community Infrastructure Levy	per sq metre				
Other Tariff	per unit				
Other 1					
Other 2					
Other 3					
Other 4					

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	0.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	4.00%

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

FINANCE COSTS

Arrangement Fee (£)	£0
Interest Rate (%)	6.00%
Misc Fees - Surveyors etc (£)	£0
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) - %	3.00%
Legal Fees (per Open Market unit) - £	£1,000
Agents Private Rental Initial Letting fees - %	

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

Developer O/head (£)			Return at Scheme end
Open Market Housing (% GDV)	17.50%	17.5%	inc Overheads per open market home
Private Rental (% Cost)		41,417	
Affordable Housing (% Cost)	5.00%		

Residual Land valuation £0**HCA DEVELOPMENT APPRAISAL TOOL**

SUMMARY

DETAIL

SCHEME

Site Address Appendix 2 - Land at Greenhill Date of appraisal 07/03/2016
 Site Reference AI VIABILITY ASSESSMENT Net Residential Site Area
 File Source Author & Organisation David Coate - Adams Integra
 Scheme Description 300 new houses and flats Registered Provider (whe 0)

Housing Mix (Affordable + Open Market)

Total Number of Units	300	units
Total Number of Open Market Units	210	units
Total Number of Affordable Units	90	units
Total Net Internal Area (sq m)	26,385	sq m
% Affordable by Unit	30.0%	
% Affordable by Area	30.0%	
Density	No Area input	units/ hectare
Total Number of A/H Persons	0	Persons
Total Number of Open Market Persons	0	Persons
Total Number of Persons	0	Persons
Gross site Area	20.87	hectares
Net Site Area	0.00	hectares
Net Internal Housing Area / Hectare	-	sq m / hectare

Average value (£ per unit)	Open Market Phase 1:	Open Market Phase 2:	Open Market Phase 3:	Open Market Phase 4:	Open Market Phase 5:	Total
1 Bed Flat Low rise	£0	£0	£0	£0	£0	£0
2 Bed Flat Low rise	£162,500	£0	£0	£0	£0	£0
3 Bed Flat Low rise	£0	£0	£0	£0	£0	£0
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	£0
1 Bed Flat High rise	£0	£0	£0	£0	£0	£0
2 Bed Flat High rise	£0	£0	£0	£0	£0	£0
3 Bed Flat High rise	£0	£0	£0	£0	£0	£0
4 Bed + Flat High rise	£0	£0	£0	£0	£0	£0
2 Bed House	£0	£0	£0	£0	£0	£0
3 Bed House	£250,000	£0	£0	£0	£0	£0
4 Bed + House	£0	£0	£0	£0	£0	£0
Total Revenue £	£49,700,000	£0	£0	£0	£0	£49,700,000
Net Area (sq m)	18,476	-	-	-	-	18,476
Revenue (£ / sq m)	£2,690	-	-	-	-	-

CAPITAL VALUE OF OPEN MARKET SALES

£49,700,000

Capital Value of Private Rental

Phase 1	£0
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	£0

CAPITAL VALUE OF OPEN MARKET HOUSING

£49,700,000

£ 2,690 psqm

BUILD COST OF OPEN MARKET HOUSING inc Contingency

£22,589,355 £ 1,223 psqm

CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING

£27,110,645

AH Residential Values**AH & RENTAL VALUATION BASED ON CAPITAL VALUES for RESIDUAL VALUATION**

Type of Unit	Social Rented	Shared Ownership (all phases)	Affordable Rent (all phases)	Total
1 Bed Flat Low rise				
2 Bed Flat Low rise			£1,251,250	£1,251,250
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			£10,450,000	£10,450,000
4 Bed + House				
	£0	£0	£11,701,250	£11,701,250

£ psqm of CV (phase 1)

1,480

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)

£11,701,250

Employment land	£0
LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Use of AR rent conversion income	£0
Other source of AH funding	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING

£0

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)

£11,701,250

BUILD COST OF AFFORDABLE HOUSING inc Contingency

£9,671,949 £ 1,223 psqm

CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING

£2,029,301

Car Parking

No. of Spaces	Price per Space (£)	Value
-	£0	

Value of Residential Car Parking

£0

Car Parking Build Costs £0

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0

Open market (all phases) £0

Capitalised Annual Ground Rents

£0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME**£61,401,250****TOTAL BUILD COST OF RESIDENTIAL SCHEME****£32,261,304****TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME****£29,139,946****Non-Residential**

	Cost	Values
Office	£0	£0
Retail	£0	£0
Industrial	£0	£0
Leisure	£0	£0
Community Use	£0	£0
Community Infrastructure Levy	£0	£0

CAPITAL VALUE OF NON-RESIDENTIAL SCHEME**£0****COSTS OF NON-RESIDENTIAL SCHEME****£0****CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL****£0****GROSS DEVELOPMENT VALUE OF SCHEME****£61,401,250****TOTAL BUILD COSTS****£32,261,304****TOTAL CONTRIBUTION TO SCHEME COSTS****£29,139,946****External Works & Infrastructure Costs (£)**

		Per unit	% of GDV	per Hectare
Site Preparation/Demolition	£0			
Roads and Sewers	£3,000,000	10,000	4.9%	143,747
£0	£0			
£0	£0			
Off Site Works	£0			
Public Open Space	£0			
Site Specific Sustainability Initiatives	£0			
Plot specific external works	£0			
Other 1	£0			
Other 2	£0			
	£3,000,000		4.9%	143,747

Other site costs

Fees and certification	7.0%	£2,192,516	7,308	3.6%	105,056
Other Acquisition Costs (£)		£0			

Site Abnormals (£)

De-canting tenants	£0
Decontamination	£0
Other	£0
Other 2	£0
Other 3	£0
Other 4	£0
Other 5	£0
	£0

Total Site Costs inc Fees**£5,192,516**

17,308

Statutory 106 Costs (£)

Total current estimated infrastructure cost	£1,800,000	6,000
SAMMs	£0	
Secondary Educ	£0	
Other KCC	£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	£0	
Other 2	£0	
Other 3	£0	
Other 4	£0	

Statutory 106 costs**£1,800,000**

6,000

Marketing (Open Market Housing ONLY)

			per OM unit
Sales/letting Fees	3.0%	£1,491,000	7,100
Legal Fees (per Open Market unit):	£1,000	£210,000	1,000

Marketing (Affordable Housing)

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

Total Marketing Costs**£1,701,000****Total Direct Costs****£40,954,820****Finance and acquisition costs**

Land Payment	£9,041,062	43,053 per OM home	433,209 per hectare
Arrangement Fee	£0	0.0% of interest	

Misc Fees (Surveyors etc)	£0	0.00% of scheme value
Agents Fees	£0	
Legal Fees	£67,808	
Stamp Duty	£361,642	
Total Interest Paid	£1,808,906	

Total Finance and Acquisition Costs **£11,279,419**

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Val	17.5%	£8,697,500	41,417 per OM unit
Affordable Housing Return on Cost	5.0%	£469,512	5,217 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 **£9,167,012**

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

TOTAL COST **£61,401,250**

Surplus/(Deficit) at completion 1/11/2026 **(£)**

Present Value of Surplus (Deficit) at 7/3/2016 **(£)**

Scheme Investment MIRR **9.0%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value 14.7% Peak Cash Requirement -£16,035,144

Site Value (PV) per hectare No area input per hectare No area input per acre

APPENDIX 3
LAND NORTH OF HERSDEN

Residual Land valuation 0

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

RESIDUAL VALUATION COMPUTED

Site Address	Appendix 3 - Land North of Hersden	
OS X coordinate		
OS Y coordinate		
Site Reference	AI VIABILITY ASSESSMENT	
File Source		
Scheme Description	800 new houses and flats	
Date of appraisal	07/03/2016	
Gross Site Area (hectares)	60.51	
Net Residential Site Area (hectares)		
Author & Organisation	David Coate - Adams Integra	
Local Planning Authority	Canterbury	
Land Purchase Price	14,911,938	
Land Purchase date	07/03/2016	
Most recent valuation of the site £	14,911,938	
Basis of valuation	Residual	
Date of valuation	07/03/2016	
Any note on valuation		
Developer of sale units		
Developer of affordable units		
Manager of affordable units		
Registered Provider (where applicable)		
Note on applicant (eg sub partner status)		

Date of scheme appraisal 07-Mar-16 from Site Sheet

Use any valid Excel Date format (eg DD/MM/YY)

Build Period	Construction Start Date	Construction End Date
Tenure phases display for date input only after transfer from Input 2 sheet		
Affordable Low rise flats ph 1	01-Nov-18	01-Nov-25
Affordable Houses ph 1	01-Nov-18	01-Nov-25
OM 1:Phase 1	01-Nov-18	01-Nov-25

RP Purchase from Developer	Purchase start date	Purchase end date
AH phases display for date input only after transfer from Input 2 sheet		
Affordable Rent phase 1	01-Nov-18	01-Nov-25

Open Market Sale	Sale Start Date	Sale End Date
OM phases display for date input only after transfer from Input 2 sheet		
OM Sales1:Phase 1	01-Nov-19	01-Nov-26

Private Rental Units	First Rental Start Date	Final Rental Start Date
PR phases display for date input only after transfer from Input 2 sheet		

Monthly Sales rate

High Sales rate ass

6.59

Residual Land valuation 0

HCA Development Appraisal Tool
INPUT SHEET 4 - OTHER FUNDING

Note: Social Housing Grant is not an input in DAT. It will be assessed in relation to this nil grant case.

Other sources of funding

Must be between **07-Mar-16**
 and **01-Nov-26**

	Value (£)	Date of receipt
Employment land	£600,000	01-Nov-19
LA s106 commuted in lieu		
RP Re-cycled SHG		
Use of AR rent conversion income		
Other source of AH funding		

Implied Present Value of Affordable Housing 23,187,076

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Avg Cost pu
Affordable Rent phase 1	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201
Open Market Phase 1:	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201

Fees & Contingencies as % of Building Costs

	%	£ Total
Design and Professional Fees % (Architects, QS, Project Management)	7.00%	5,852,546
Residential Building Contingencies (% of Building Costs)	3.00%	2,508,234

* This section excludes Affordable Housing section 106 payments

All dates must be between
'Historic' costs incurred earlier may be entered as

07-Mar-16

02-Mar-36

07-Mar-16 PROVIDED they are not taken into account in the site valuation (& hence double counted)

External Works & Infrastructure

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
Phase 1					
Site Preparation/Demolition					
Roads and Sewers		£8,000,000	01-Nov-18	01-Nov-25	10,000
Off Site Works					
Public Open Space					
Site Specific Sustainability Initiatives					
Plot specific external works					
Other 1					
Other 2					

Site Abnormals (£)

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
De-canting tenants					
Decontamination					
Other					
Other 2					
Other 3					
Other 4					
Other 5					

	Building Costs (£ / car parking space)	Payment Date
Residential Car Parking Building Costs (average cost / car parking space)		
Total number of residential car parking spaces		(Open Market and Affordable)

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	Per unit
Total currently estimated infrastructure cost		£16,700,000	01-Nov-18	01-Nov-25	20,875
SAMMs					
Secondary Educ					
Other KCC					
Affordable Housing					
Transport					
Highway					
Health					
Public Art					
Flood work					
Community Infrastructure Levy	per sq metre				
Other Tariff	per unit				
Other 1					
Other 2					
Other 3					
Other 4					

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	0.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	4.00%

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

FINANCE COSTS

Arrangement Fee (£)	£0
Interest Rate (%)	6.00%
Misc Fees - Surveyors etc (£)	£0
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) - %	3.00%
Legal Fees (per Open Market unit) - £	£1,000
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)	17.50%	17.5%	inc Overheads per open market home
Private Rental (% Cost)		43,111	
Affordable Housing (% Cost)	5.00%		

Residual Land valuation £0

HCA DEVELOPMENT APPRAISAL TOOL

SUMMARY

DETAIL

SCHEME

Site Address Appendix 3 - Land North of Hersden
 Site Reference AI VIABILITY ASSESSMENT
 File Source

Date of appraisal 07/03/2016
 Net Residential Site Area
 Author & Organisation David Coate - Adams Integra

Scheme Description 800 new houses and flats

Registered Provider (whe 0

Housing Mix (Affordable + Open Market)

Total Number of Units	800	units
Total Number of Open Market Units	560	units
Total Number of Affordable Units	240	units
Total Net Internal Area (sq m)	70,446	sq m
% Affordable by Unit	30.0%	
% Affordable by Area	30.0%	
Density	No Area input	units/ hectare
Total Number of A/H Persons	0	Persons
Total Number of Open Market Persons	0	Persons
Total Number of Persons	0	Persons
Gross site Area	60.51	hectares
Net Site Area	0.00	hectares
Net Internal Housing Area / Hectare	-	sq m / hectare

Average value (£ per unit)	Open Market Phase 1:	Open Market Phase 2:	Open Market Phase 3:	Open Market Phase 4:	Open Market Phase 5:	Total
1 Bed Flat Low rise	£0	£0	£0	£0	£0	£0
2 Bed Flat Low rise	£169,000	£0	£0	£0	£0	£0
3 Bed Flat Low rise	£0	£0	£0	£0	£0	£0
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	£0
1 Bed Flat High rise	£0	£0	£0	£0	£0	£0
2 Bed Flat High rise	£0	£0	£0	£0	£0	£0
3 Bed Flat High rise	£0	£0	£0	£0	£0	£0
4 Bed + Flat High rise	£0	£0	£0	£0	£0	£0
2 Bed House	£0	£0	£0	£0	£0	£0
3 Bed House	£260,000	£0	£0	£0	£0	£0
4 Bed + House	£0	£0	£0	£0	£0	£0
Total Revenue £	£137,956,000	£0	£0	£0	£0	£137,956,000
Net Area (sq m)	49,312	-	-	-	-	49,312
Revenue (£ / sq m)	£2,798	-	-	-	-	-

CAPITAL VALUE OF OPEN MARKET SALES £137,956,000

Capital Value of Private Rental

Phase 1	£0
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	£0

CAPITAL VALUE OF OPEN MARKET HOUSING

BUILD COST OF OPEN MARKET HOUSING inc Contingency £60,281,229 £ 1,222 psqm **£137,956,000** £ 2,798 psqm

CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING

£77,674,771

AH Residential Values

AH & RENTAL VALUATION BASED ON CAPITAL VALUES for RESIDUAL VALUATION

Type of Unit	Social Rented	Shared Ownership (all phases)	Affordable Rent (all phases)	Total
1 Bed Flat Low rise				
2 Bed Flat Low rise			£3,346,200	£3,346,200
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			£29,172,000	£29,172,000
4 Bed + House				
	£0	£0	£32,518,200	£32,518,200

£ psqm of CV (phase 1) - - 1,539

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)

Employment land	£600,000
LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Use of AR rent conversion income	£0
Other source of AH funding	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING

£600,000

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)

BUILD COST OF AFFORDABLE HOUSING inc Contingency £25,834,812 £ 1,222 psqm **£33,118,200**

CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING

£7,283,388

Car Parking

No. of Spaces	Price per Space (£)	Value
-	£0	

Value of Residential Car Parking

£0

Car Parking Build Costs £0

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0

Open market (all phases) £0

Capitalised Annual Ground Rents

£0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME

£171,074,200

TOTAL BUILD COST OF RESIDENTIAL SCHEME £86,116,041

TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME

£84,958,159

Non-Residential

	Cost	Values
Office	£0	£0
Retail	£0	£0
Industrial	£0	£0
Leisure	£0	£0
Community Use	£0	£0
Community Infrastructure Levy	£0	£0

CAPITAL VALUE OF NON-RESIDENTIAL SCHEME

£0

COSTS OF NON-RESIDENTIAL SCHEME £0

CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL

£0

GROSS DEVELOPMENT VALUE OF SCHEME

£171,074,200

TOTAL BUILD COSTS £86,116,041

TOTAL CONTRIBUTION TO SCHEME COSTS

£84,958,159

External Works & Infrastructure Costs (£)

		Per unit	% of GDV	per Hectare
Site Preparation/Demolition	£0			
Roads and Sewers	£8,000,000	10,000	4.7%	132,210
£0	£0			
£0	£0			
Off Site Works	£0			
Public Open Space	£0			
Site Specific Sustainability Initiatives	£0			
Plot specific external works	£0			
Other 1	£0			
Other 2	£0			
	£8,000,000		4.7%	132,210

Other site costs

Fees and certification	7.0%	£5,852,546	7,316	3.4%	96,720
Other Acquisition Costs (£)		£0			

Site Abnormals (£)

De-canting tenants	£0
Decontamination	£0
Other	£0
Other 2	£0
Other 3	£0
Other 4	£0
Other 5	£0
	£0

Total Site Costs inc Fees

£13,852,546

17,316

Statutory 106 Costs (£)

Total currently estimated infrastructure cost	£16,700,000	20,875
SAMMs	£0	
Secondary Educ	£0	
Other KCC	£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	£0	
Other 2	£0	
Other 3	£0	
Other 4	£0	
	£16,700,000	20,875

Statutory 106 costs

£16,700,000

20,875

Marketing (Open Market Housing ONLY)

		per OM unit
Sales/letting Fees	3.0%	£4,138,680 7,391
Legal Fees (per Open Market unit):	£1,000	£560,000 1,000

Marketing (Affordable Housing)

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

Total Marketing Costs

£4,698,680

Total Direct Costs

£121,367,267

Finance and acquisition costs

Land Payment	£14,911,938	26,628 per OM home	246,438 per hectare
Arrangement Fee	£0	0.0% of interest	

Misc Fees (Surveyors etc)	£0	0.00% of scheme value
Agents Fees	£0	
Legal Fees	£111,840	
Stamp Duty	£596,478	
Total Interest Paid	£8,690,261	

Total Finance and Acquisition Costs **£24,310,516**

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Val	17.5%	£24,142,300	43,111 per OM unit
Affordable Housing Return on Cost	5.0%	£1,254,117	5,225 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 **£25,396,417**

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

TOTAL COST **£171,074,200**

Surplus/(Deficit) at completion 1/11/2026 **£0**

Present Value of Surplus (Deficit) at 7/3/2016 **£0**

Scheme Investment MIRR **10.1%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value 8.7% Peak Cash Requirement -£34,279,024

Site Value (PV) per hectare No area input per hectare No area input per acre

APPENDIX 4
LAND AT RIDLANDS FARM

Residual Land valuation 0

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

RESIDUAL VALUATION COMPUTED

Site Address	Appendix 4 - Land at Ridlands Farm	
OS X coordinate		
OS Y coordinate		
Site Reference	AI VIABILITY ASSESSMENT	
File Source		
Scheme Description	310 new houses and flats	
Date of appraisal	07/03/2016	
Gross Site Area (hectares)	26.77	
Net Residential Site Area (hectares)		
Author & Organisation	David Coate - Adams Integra	
Local Planning Authority	Canterbury	
Land Purchase Price	14,017,647	
Land Purchase date	07/03/2016	
Most recent valuation of the site £	14,017,647	
Basis of valuation	Residual	
Date of valuation	07/03/2016	
Any note on valuation		
Developer of sale units		
Developer of affordable units		
Manager of affordable units		
Registered Provider (where applicable)		
Note on applicant (eg sub partner status)		

Date of scheme appraisal 07-Mar-16 from Site Sheet

Use any valid Excel Date format (eg DD/MM/YY)

Build Period	Construction Start Date	Construction End Date
Tenure phases display for date input only after transfer from Input 2 sheet		
Affordable Low rise flats ph 1	01-Nov-18	01-Nov-24
Affordable Houses ph 1	01-Nov-18	01-Nov-24
OM 1:Phase 1	01-Nov-18	01-Nov-24

RP Purchase from Developer	Purchase start date	Purchase end date
AH phases display for date input only after transfer from Input 2 sheet		
Affordable Rent phase 1	01-Nov-18	01-Nov-24

Open Market Sale	Sale Start Date	Sale End Date
OM phases display for date input only after transfer from Input 2 sheet		
OM Sales1:Phase 1	01-Nov-19	01-Nov-25

Private Rental Units	First Rental Start Date	Final Rental Start Date
PR phases display for date input only after transfer from Input 2 sheet		

Monthly
Sales
rate

2.97

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Avg Cost pu
Affordable Rent phase 1	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201
Open Market Phase 1:	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201

Fees & Contingencies as % of Building Costs

	%	£ Total
Design and Professional Fees % (Architects, QS, Project Management)	7.00%	2,266,767
Residential Building Contingencies (% of Building Costs)	3.00%	971,472

* This section excludes Affordable Housing section 106 payments

All dates must be between
'Historic' costs incurred earlier may be entered as

07-Mar-16

02-Mar-36

07-Mar-16 PROVIDED they are not taken into account in the site valuation (& hence double c

External Works & Infrastructure

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
Phase 1					
Site Preparation/Demolition					
Roads and Sewers		£3,100,000	01-Nov-18	01-Nov-24	10,000
Off Site Works					
Public Open Space					
Site Specific Sustainability Initiatives					
Plot specific external works					
Other 1					
Other 2					

Site Abnormals (£)

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
De-canting tenants					
Decontamination					
Other					
Other 2					
Other 3					
Other 4					
Other 5					

	Building Costs (£ / car parking space)	Payment Date
Residential Car Parking Building Costs (average cost / car parking space)		
Total number of residential car parking spaces		(Open Market and Affordable)

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	Per unit
Total currently estimated infrastructure cost		£2,600,000	01-Nov-18	01-Nov-24	8,387
Secondary Educ					
Other KCC					
Affordable Housing					
Transport					
Highway					
Health					
Public Art					
Flood work					
Community Infrastructure Levy	per sq metre				
Other Tariff	per unit				
Other 1					
Other 2					
Other 3					
Other 4					

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	0.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	4.00%

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

FINANCE COSTS

Arrangement Fee (£)	£0
Interest Rate (%)	6.00%
Misc Fees - Surveyors etc (£)	£0
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) - %	3.00%
Legal Fees (per Open Market unit) - £	£1,000
Agents Private Rental Initial Letting fees - %	

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

Developer O/head (£)			Return at Scheme end
Open Market Housing (% GDV)	17.50%	17.5%	inc Overheads per open market home
Private Rental (% Cost)		49,706	
Affordable Housing (% Cost)	5.00%		

Residual Land valuation £0**HCA DEVELOPMENT APPRAISAL TOOL****SUMMARY****DETAIL****SCHEME**

Site Address	Appendix 4 - Land at Ridlands Farm	Date of appraisal	07/03/2016
Site Reference	AI VIABILITY ASSESSMENT	Net Residential Site Area	
File Source		Author & Organisation	David Coate - Adams Integra
Scheme Description	310 new houses and flats	Registered Provider (whe 0	

Housing Mix (Affordable + Open Market)

Total Number of Units	310	units
Total Number of Open Market Units	217	units
Total Number of Affordable Units	93	units
Total Net Internal Area (sq m)	27,282	sq m
% Affordable by Unit	30.0%	
% Affordable by Area	30.0%	
Density	No Area input	units/ hectare
Total Number of A/H Persons	0	Persons
Total Number of Open Market Persons	0	Persons
Total Number of Persons	0	Persons
Gross site Area	26.77	hectares
Net Site Area	0.00	hectares
Net Internal Housing Area / Hectare	-	sq m / hectare

Average value (£ per unit)	Open Market Phase 1:	Open Market Phase 2:	Open Market Phase 3:	Open Market Phase 4:	Open Market Phase 5:	Total
1 Bed Flat Low rise	£0	£0	£0	£0	£0	
2 Bed Flat Low rise	£195,000	£0	£0	£0	£0	
3 Bed Flat Low rise	£0	£0	£0	£0	£0	
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	
1 Bed Flat High rise	£0	£0	£0	£0	£0	
2 Bed Flat High rise	£0	£0	£0	£0	£0	
3 Bed Flat High rise	£0	£0	£0	£0	£0	
4 Bed + Flat High rise	£0	£0	£0	£0	£0	
2 Bed House	£0	£0	£0	£0	£0	
3 Bed House	£300,000	£0	£0	£0	£0	
4 Bed + House	£0	£0	£0	£0	£0	
Total Revenue £	£61,635,000	£0	£0	£0	£0	£61,635,000
Net Area (sq m)	19,094	-	-	-	-	19,094
Revenue (£ / sq m)	£3,228	-	-	-	-	

CAPITAL VALUE OF OPEN MARKET SALES

£61,635,000

Capital Value of Private Rental

Phase 1	£0
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	£0

CAPITAL VALUE OF OPEN MARKET HOUSING

£61,635,000 £ 3,228 psqm

BUILD COST OF OPEN MARKET HOUSING inc Contingency

£23,344,481 £ 1,223 psqm

CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING

£38,290,519

AH Residential Values**AH & RENTAL VALUATION BASED ON CAPITAL VALUES for RESIDUAL VALUATION**

Type of Unit	Social Rented	Shared Ownership (all phases)	Affordable Rent (all phases)	Total
1 Bed Flat Low rise				
2 Bed Flat Low rise			£1,501,500	£1,501,500
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			£13,035,000	£13,035,000
4 Bed + House				
	£0	£0	£14,536,500	£14,536,500

£ psqm of CV (phase 1)

1,775

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)

£14,536,500

Employment land

£0

LA s106 commuted in lieu

£0

RP Re-cycled SHG

£0

Use of AR rent conversion income

£0

Other source of AH funding

£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING

£0

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)

£14,536,500

BUILD COST OF AFFORDABLE HOUSING inc Contingency

£10,009,379 £ 1,222 psqm

CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING

£4,527,121

Car Parking

No. of Spaces	Price per Space (£)	Value
-	£0	

Value of Residential Car Parking

£0

Car Parking Build Costs £0

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0
Open market (all phases)	£0
Capitalised Annual Ground Rents	£0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME	£76,171,500
TOTAL BUILD COST OF RESIDENTIAL SCHEME	£33,353,860
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME	£42,817,640

Non-Residential

	Cost	Values
Office	£0	£0
Retail	£0	£0
Industrial	£0	£0
Leisure	£0	£0
Community Use	£0	£0
Community Infrastructure Levy	£0	£0

CAPITAL VALUE OF NON-RESIDENTIAL SCHEME	£0
COSTS OF NON-RESIDENTIAL SCHEME	£0
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL	£0

GROSS DEVELOPMENT VALUE OF SCHEME	£76,171,500
TOTAL BUILD COSTS	£33,353,860
TOTAL CONTRIBUTION TO SCHEME COSTS	£42,817,640

External Works & Infrastructure Costs (£)

		Per unit	% of GDV	per Hectare
Site Preparation/Demolition	£0			
Roads and Sewers	£3,100,000	10,000	4.1%	115,801
£0	£0			
£0	£0			
Off Site Works	£0			
Public Open Space	£0			
Site Specific Sustainability Initiatives	£0			
Plot specific external works	£0			
Other 1	£0			
Other 2	£0			
	£3,100,000		4.1%	115,801

Other site costs

Fees and certification	7.0%	£2,266,767	7,312	3.0%	84,676
Other Acquisition Costs (£)		£0			

Site Abnormals (£)

De-canting tenants	£0
Decontamination	£0
Other	£0
Other 2	£0
Other 3	£0
Other 4	£0
Other 5	£0
	£0

Total Site Costs inc Fees £5,366,767 17,312

Statutory 106 Costs (£)

Total currently estimated infrastructure cost	£2,600,000	8,387
0	£0	
Secondary Educ	£0	
Other KCC	£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	£0	
Other 2	£0	
Other 3	£0	
Other 4	£0	
	£2,600,000	8,387

Statutory 106 costs £2,600,000 8,387

Marketing (Open Market Housing ONLY)

			per OM unit
Sales/letting Fees	3.0%	£1,849,050	8,521
Legal Fees (per Open Market unit):	£1,000	£217,000	1,000

Marketing (Affordable Housing)

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

Total Marketing Costs £2,066,050

Total Direct Costs £43,386,677

Finance and acquisition costs

Land Payment	£14,017,647	64,597 per OM home	523,633 per hectare
Arrangement Fee	£0	0.0% of interest	

Misc Fees (Surveyors etc)	£0	0.00% of scheme value
Agents Fees	£0	
Legal Fees	£105,132	
Stamp Duty	£560,706	
Total Interest Paid	£6,829,321	

Total Finance and Acquisition Costs **£21,512,806**

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Val	17.5%	£10,786,125	49,706 per OM unit
Affordable Housing Return on Cost	5.0%	£485,892	5,225 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 **£11,272,017**

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

TOTAL COST **£76,171,501**

Surplus/(Deficit) at completion 1/11/2025 **(£1)**

Present Value of Surplus (Deficit) at 7/3/2016 **(£)**

Scheme Investment MIRR **9.3%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value 18.4% Peak Cash Requirement -£23,734,746

Site Value (PV) per hectare No area input per hectare No area input per acre

APPENDIX 5
LAND SOUTH OF RIDGEWAY

Residual Land valuation 0

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

RESIDUAL VALUATION COMPUTED

Site Address	Appendix 5 - Land South of Ridgeway	
OS X coordinate		
OS Y coordinate		
Site Reference	AI VIABILITY ASSESSMENT	
File Source		
Scheme Description	300 new houses and flats	
Date of appraisal	07/03/2016	
Gross Site Area (hectares)	16.88	
Net Residential Site Area (hectares)		
Author & Organisation	David Coate - Adams Integra	
Local Planning Authority	Canterbury	
Land Purchase Price	8,999,743	
Land Purchase date	07/03/2016	
Most recent valuation of the site £	8,999,743	
Basis of valuation	Residual	
Date of valuation	07/03/2016	
Any note on valuation		
Developer of sale units		
Developer of affordable units		
Manager of affordable units		
Registered Provider (where applicable)		
Note on applicant (eg sub partner status)		

Date of scheme appraisal 07-Mar-16 from Site Sheet

Use any valid Excel Date format (eg DD/MM/YY)

Build Period	Construction Start Date	Construction End Date
Tenure phases display for date input only after transfer from Input 2 sheet		
Affordable Low rise flats ph 1	01-Nov-19	01-Nov-25
Affordable Houses ph 1	01-Nov-19	01-Nov-25
OM 1:Phase 1	01-Nov-19	01-Nov-25

RP Purchase from Developer	Purchase start date	Purchase end date
AH phases display for date input only after transfer from Input 2 sheet		
Affordable Rent phase 1	01-Nov-19	01-Nov-25

Open Market Sale	Sale Start Date	Sale End Date
OM phases display for date input only after transfer from Input 2 sheet		
OM Sales1:Phase 1	01-Nov-20	01-Nov-26

Private Rental Units	First Rental Start Date	Final Rental Start Date
PR phases display for date input only after transfer from Input 2 sheet		

Monthly Sales rate

2.88

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Avg Cost pu
Affordable Rent phase 1	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201
Open Market Phase 1:	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201

Fees & Contingencies as % of Building Costs

	%	£ Total
Design and Professional Fees % (Architects, QS, Project Management)	7.00%	2,192,516
Residential Building Contingencies (% of Building Costs)	3.00%	939,650

* This section excludes Affordable Housing section 106 payments

All dates must be between
'Historic' costs incurred earlier may be entered as

07-Mar-16

02-Mar-36

07-Mar-16 PROVIDED they are not taken into account in the site valuation (& hence double counted)

External Works & Infrastructure

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
Phase 1					
Site Preparation/Demolition					
Roads and Sewers		£3,000,000	01-Nov-19	01-Nov-25	10,000
Herne Bay Relief Road					
Off Site Works					
Public Open Space					
Site Specific Sustainability Initiatives					
Plot specific external works					
Other 1					
Other 2					

Site Abnormals (£)

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
De-canting tenants					
Decontamination					
Other					
Other 2					
Other 3					
Other 4					
Other 5					

	Building Costs (£ / car parking space)	Payment Date
Residential Car Parking Building Costs (average cost / car parking space)		
Total number of residential car parking spaces		(Open Market and Affordable)

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date
Total currently estimated infrastructure cost		£2,300,000	01-Nov-19	01-Nov-25
SAMMs				
Secondary Educ				
Other KCC				
Affordable Housing				
Transport				
Highway				
Health				
Public Art				
Flood work				
Community Infrastructure Levy	per sq metre			
Other Tariff	per unit			
Other 1				
Other 2				
Other 3				
Other 4				

Per unit
7,667

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	0.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	4.00%

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

FINANCE COSTS

Arrangement Fee (£)	£0
Interest Rate (%)	6.00%
Misc Fees - Surveyors etc (£)	£0
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) - %	3.00%
Legal Fees (per Open Market unit) - £	£1,000
Agents Private Rental Initial Letting fees - %	

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

Developer O/head (£)			Return at Scheme end
Open Market Housing (% GDV)	17.50%	17.5%	inc Overheads per open market home
Private Rental (% Cost)		44,730	
Affordable Housing (% Cost)	5.00%		

Residual Land valuation £0

HCA DEVELOPMENT APPRAISAL TOOL

SUMMARY

DETAIL

SCHEME

Site Address	Appendix 5 - Land South of Ridgeway	Date of appraisal	07/03/2016
Site Reference	AI VIABILITY ASSESSMENT	Net Residential Site Area	
File Source		Author & Organisation	David Coate - Adams Integra
Scheme Description	300 new houses and flats	Registered Provider (whe 0	

Housing Mix (Affordable + Open Market)

Total Number of Units	300	units
Total Number of Open Market Units	210	units
Total Number of Affordable Units	90	units
Total Net Internal Area (sq m)	26,385	sq m
% Affordable by Unit	30.0%	
% Affordable by Area	30.0%	
Density	No Area input	units/ hectare
Total Number of A/H Persons	0	Persons
Total Number of Open Market Persons	0	Persons
Total Number of Persons	0	Persons
Gross site Area	16.88	hectares
Net Site Area	0.00	hectares
Net Internal Housing Area / Hectare	-	sq m / hectare

Average value (£ per unit)	Open Market Phase 1:	Open Market Phase 2:	Open Market Phase 3:	Open Market Phase 4:	Open Market Phase 5:	Total
1 Bed Flat Low rise	£0	£0	£0	£0	£0	
2 Bed Flat Low rise	£175,500	£0	£0	£0	£0	
3 Bed Flat Low rise	£0	£0	£0	£0	£0	
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	
1 Bed Flat High rise	£0	£0	£0	£0	£0	
2 Bed Flat High rise	£0	£0	£0	£0	£0	
3 Bed Flat High rise	£0	£0	£0	£0	£0	
4 Bed + Flat High rise	£0	£0	£0	£0	£0	
2 Bed House	£0	£0	£0	£0	£0	
3 Bed House	£270,000	£0	£0	£0	£0	
4 Bed + House	£0	£0	£0	£0	£0	
Total Revenue £	£53,676,000	£0	£0	£0	£0	£53,676,000
Net Area (sq m)	18,476	-	-	-	-	18,476
Revenue (£ / sq m)	£2,905	-	-	-	-	

CAPITAL VALUE OF OPEN MARKET SALES **£53,676,000**

Capital Value of Private Rental

Phase 1	£0
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	£0

CAPITAL VALUE OF OPEN MARKET HOUSING **£53,676,000**
BUILD COST OF OPEN MARKET HOUSING inc Contingency **£22,589,355** £ 1,223 psqm
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING **£31,086,645**

AH Residential Values

AH & RENTAL VALUATION BASED ON CAPITAL VALUES for RESIDUAL VALUATION

Type of Unit	Social Rented	Shared Ownership (all phases)	Affordable Rent (all phases)	Total
1 Bed Flat Low rise				
2 Bed Flat Low rise			£1,351,350	£1,351,350
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			£11,286,000	£11,286,000
4 Bed + House				
	£0	£0	£12,637,350	£12,637,350

£ psqm of CV (phase 1) 1,598

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING) **£12,637,350**

Employment land	£0
LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Use of AR rent conversion income	£0
Other source of AH funding	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING **£0**

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING) **£12,637,350**

BUILD COST OF AFFORDABLE HOUSING inc Contingency **£9,671,949** £ 1,223 psqm
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING **£2,965,401**

Car Parking

No. of Spaces	Price per Space (£)	Value
-	£0	

Value of Residential Car Parking **£0**

Car Parking Build Costs £0

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0

Open market (all phases) £0

Capitalised Annual Ground Rents

£0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME**£66,313,350****TOTAL BUILD COST OF RESIDENTIAL SCHEME****£32,261,304****TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME****£34,052,046****Non-Residential**

	Cost	Values
Office	£0	£0
Retail	£0	£0
Industrial	£0	£0
Leisure	£0	£0
Community Use	£0	£0
Community Infrastructure Levy	£0	£0

CAPITAL VALUE OF NON-RESIDENTIAL SCHEME**£0****COSTS OF NON-RESIDENTIAL SCHEME****£0****CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL****£0****GROSS DEVELOPMENT VALUE OF SCHEME****£66,313,350****TOTAL BUILD COSTS****£32,261,304****TOTAL CONTRIBUTION TO SCHEME COSTS****£34,052,046****External Works & Infrastructure Costs (£)**

		Per unit	% of GDV	per Hectare
Site Preparation/Demolition	£0			
Roads and Sewers	£3,000,000	10,000	4.5%	177,725
Herne Bay Relief Road	£0			
£0	£0			
Off Site Works	£0			
Public Open Space	£0			
Site Specific Sustainability Initiatives	£0			
Plot specific external works	£0			
Other 1	£0			
Other 2	£0			
	£3,000,000		4.5%	177,725

Other site costs

Fees and certification	7.0%	£2,192,516	7,308	3.3%	129,888
Other Acquisition Costs (£)		£0			

Site Abnormals (£)

De-canting tenants	£0
Decontamination	£0
Other	£0
Other 2	£0
Other 3	£0
Other 4	£0
Other 5	£0
	£0

Total Site Costs inc Fees**£5,192,516**

17,308

Statutory 106 Costs (£)

Total currently estimated infrastructure cost	£2,300,000	7,667
SAMMs	£0	
Secondary Educ	£0	
Other KCC	£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	£0	
Other 2	£0	
Other 3	£0	
Other 4	£0	

Statutory 106 costs**£2,300,000**

7,667

Marketing (Open Market Housing ONLY)

			per OM unit
Sales/letting Fees	3.0%	£1,610,280	7,668
Legal Fees (per Open Market unit):	£1,000	£210,000	1,000

Marketing (Affordable Housing)

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

Total Marketing Costs**£1,820,280****Total Direct Costs****£41,574,100****Finance and acquisition costs**

Land Payment	£8,999,743	42,856 per OM home	533,160 per hectare
Arrangement Fee	£0	0.0% of interest	

Misc Fees (Surveyors etc)	£0	0.00% of scheme value
Agents Fees	£0	
Legal Fees	£67,498	
Stamp Duty	£359,990	
Total Interest Paid	£5,449,207	

Total Finance and Acquisition Costs **£14,876,437**

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Val	17.5%	£9,393,300	44,730 per OM unit
Affordable Housing Return on Cost	5.0%	£469,512	5,217 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 **£9,862,812**

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

TOTAL COST **£66,313,349**

Surplus/(Deficit) at completion 1/11/2026 **£1**

Present Value of Surplus (Deficit) at 7/3/2016 **£0**

Scheme Investment MIRR **9.4%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value 13.6% Peak Cash Requirement -£17,950,193

Site Value (PV) per hectare No area input per hectare No area input per acre

APPENDIX 6
COCKERING FARM, THANINGTON
(400 UNITS)

Residual Land valuation 0

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

RESIDUAL VALUATION COMPUTED

Site Address	Appendix 6 - Cockerling Farm, Thanington (400 units)	
OS X coordinate		
OS Y coordinate		
Site Reference	AI VIABILITY ASSESSMENT	
File Source		
Scheme Description	400 new houses and flats	
Date of appraisal	07/03/2016	
Gross Site Area (hectares)	40.00	
Net Residential Site Area (hectares)		
Author & Organisation	David Coate - Adams Integra	
Local Planning Authority	Canterbury	
Land Purchase Price	10,837,548	
Land Purchase date	07/03/2016	
Most recent valuation of the site £	10,837,548	
Basis of valuation	Residual	
Date of valuation	07/03/2016	
Any note on valuation		
Developer of sale units		
Developer of affordable units		
Manager of affordable units		
Registered Provider (where applicable)		
Note on applicant (eg sub partner status)		

Date of scheme appraisal 07-Mar-16 from Site Sheet

Use any valid Excel Date format (eg DD/MM/YY)

Build Period	Construction Start Date	Construction End Date
Tenure phases display for date input only after transfer from Input 2 sheet		
Affordable Low rise flats ph 1	01-Nov-19	01-Nov-24
Affordable Houses ph 1	01-Nov-19	01-Nov-24
OM 1:Phase 1	01-Nov-19	01-Nov-24

RP Purchase from Developer	Purchase start date	Purchase end date
AH phases display for date input only after transfer from Input 2 sheet		
Affordable Rent phase 1	01-Nov-19	01-Nov-24

Open Market Sale	Sale Start Date	Sale End Date
OM phases display for date input only after transfer from Input 2 sheet		
OM Sales1:Phase 1	01-Nov-20	01-Nov-25

Private Rental Units	First Rental Start Date	Final Rental Start Date
PR phases display for date input only after transfer from Input 2 sheet		

Monthly Sales rate

High Sales rate ass

4.59

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Avg Cost pu
Affordable Rent phase 1	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201
Open Market Phase 1:	Low rise flats	1,290	0%		77,928
	Houses	1,175			109,201

Fees & Contingencies as % of Building Costs

	%	£ Total
Design and Professional Fees % (Architects, QS, Project Management)	7.00%	2,926,273
Residential Building Contingencies (% of Building Costs)	3.00%	1,254,117

* This section excludes Affordable Housing section 106 payments

All dates must be between
'Historic' costs incurred earlier may be entered as

07-Mar-16

02-Mar-36

07-Mar-16 PROVIDED they are not taken into account in the site valuation (& hence double counted)

External Works & Infrastructure

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
Phase 1					
Site Preparation/Demolition					
Roads and Sewers		£4,500,000	01-Nov-19	01-Nov-25	11,250
Herne Bay Relief Road					
Off Site Works					
Public Open Space					
Site Specific Sustainability Initiatives					
Plot specific external works					
Other 1					
Other 2					

Site Abnormals (£)

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Cost per unit (all tenures)
De-canting tenants					
Decontamination					
Other					
Other 2					
Other 3					
Other 4					
Other 5					

	Building Costs (£ / car parking space)	Payment Date
Residential Car Parking Building Costs (average cost / car parking space)		
Total number of residential car parking spaces		(Open Market and Affordable)

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	Per unit
Total currently estimated infrastructure cost		£10,320,000	01-Nov-19	01-Nov-25	25,800
SAMMs					
Secondary Educ					
Other KCC					
Affordable Housing					
Transport					
Highway					
Health					
Public Art					
Flood work					
Community Infrastructure Levy	per sq metre				
Other Tariff	per unit				
Other 1					
Other 2					
Other 3					
Other 4					

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	0.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	4.00%

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

FINANCE COSTS

Arrangement Fee (£)	£0
Interest Rate (%)	6.00%
Misc Fees - Surveyors etc (£)	£0
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) - %	3.00%
Legal Fees (per Open Market unit) - £	£1,000
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)	17.50%	17.5%	inc Overheads per open market home
Private Rental (% Cost)		48,086	
Affordable Housing (% Cost)	5.00%		

Residual Land valuation

£0

HCA DEVELOPMENT APPRAISAL TOOL

SUMMARY

DETAIL

SCHEME

Site Address Appendix 6 - Cockering Farm, Thanington (400 unit) Date of appraisal 07/03/2016
 Site Reference AI VIABILITY ASSESSMENT Net Residential Site Area
 File Source Author & Organisation David Coate - Adams Integra
 Scheme Description 400 new houses and flats Registered Provider (whe 0

Housing Mix (Affordable + Open Market)

Total Number of Units	400	units
Total Number of Open Market Units	280	units
Total Number of Affordable Units	120	units
Total Net Internal Area (sq m)	35,223	sq m
% Affordable by Unit	30.0%	
% Affordable by Area	30.0%	
Density	No Area input	units/ hectare
Total Number of A/H Persons	0	Persons
Total Number of Open Market Persons	0	Persons
Total Number of Persons	0	Persons
Gross site Area	40.00	hectares
Net Site Area	0.00	hectares
Net Internal Housing Area / Hectare	-	sq m / hectare

Average value (£ per unit)	Open Market Phase 1:	Open Market Phase 2:	Open Market Phase 3:	Open Market Phase 4:	Open Market Phase 5:	Total
1 Bed Flat Low rise	£0	£0	£0	£0	£0	
2 Bed Flat Low rise	£188,500	£0	£0	£0	£0	
3 Bed Flat Low rise	£0	£0	£0	£0	£0	
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	
1 Bed Flat High rise	£0	£0	£0	£0	£0	
2 Bed Flat High rise	£0	£0	£0	£0	£0	
3 Bed Flat High rise	£0	£0	£0	£0	£0	
4 Bed + Flat High rise	£0	£0	£0	£0	£0	
2 Bed House	£0	£0	£0	£0	£0	
3 Bed House	£290,000	£0	£0	£0	£0	
4 Bed + House	£0	£0	£0	£0	£0	
Total Revenue £	£76,937,000	£0	£0	£0	£0	£76,937,000
Net Area (sq m)	24,656	-	-	-	-	24,656
Revenue (£ / sq m)	£3,120	-	-	-	-	

CAPITAL VALUE OF OPEN MARKET SALES

£76,937,000

Capital Value of Private Rental

Phase 1	£0
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	£0

CAPITAL VALUE OF OPEN MARKET HOUSING

£76,937,000 £ 3,120 psqm

BUILD COST OF OPEN MARKET HOUSING inc Contingency

£30,140,614 £ 1,222 psqm

CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING

£46,796,386

AH Residential Values**AH & RENTAL VALUATION BASED ON CAPITAL VALUES for RESIDUAL VALUATION**

Type of Unit	Social Rented	Shared Ownership (all phases)	Affordable Rent (all phases)	Total
1 Bed Flat Low rise				
2 Bed Flat Low rise			£1,866,150	£1,866,150
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			£16,269,000	£16,269,000
4 Bed + House				
	£0	£0	£18,135,150	£18,135,150

£ psqm of CV (phase 1)

1,716

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)

£18,135,150

Employment land

LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Use of AR rent conversion income	£0
Other source of AH funding	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING

£0

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)

£18,135,150

BUILD COST OF AFFORDABLE HOUSING inc Contingency

£12,917,406 £ 1,222 psqm

CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING

£5,217,744

Car Parking

No. of Spaces	Price per Space (£)	Value
-	£0	

Value of Residential Car Parking

£0

Car Parking Build Costs £0

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0

Open market (all phases) £0

Capitalised Annual Ground Rents

£0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME**£95,072,150****TOTAL BUILD COST OF RESIDENTIAL SCHEME****£43,058,020****TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME****£52,014,130****Non-Residential**

	Cost	Values
Office	£0	£0
Retail	£0	£0
Industrial	£0	£0
Leisure	£0	£0
Community Use	£0	£0
Community Infrastructure Levy	£0	£0

CAPITAL VALUE OF NON-RESIDENTIAL SCHEME**£0****COSTS OF NON-RESIDENTIAL SCHEME****£0****CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL****£0****GROSS DEVELOPMENT VALUE OF SCHEME****£95,072,150****TOTAL BUILD COSTS****£43,058,020****TOTAL CONTRIBUTION TO SCHEME COSTS****£52,014,130****External Works & Infrastructure Costs (£)**

	Cost	Per unit	% of GDV	per Hectare
Site Preparation/Demolition	£0			
Roads and Sewers	£4,500,000	11,250	4.7%	112,500
Herne Bay Relief Road	£0			
£0	£0			
Off Site Works	£0			
Public Open Space	£0			
Site Specific Sustainability Initiatives	£0			
Plot specific external works	£0			
Other 1	£0			
Other 2	£0			
	£4,500,000		4.7%	112,500

Other site costs

Fees and certification	7.0%	£2,926,273	7,316	3.1%	73,157
Other Acquisition Costs (£)		£0			

Site Abnormals (£)

De-canting tenants	£0
Decontamination	£0
Other	£0
Other 2	£0
Other 3	£0
Other 4	£0
Other 5	£0
	£0

Total Site Costs inc Fees**£7,426,273**

18,566

Statutory 106 Costs (£)

Total currently estimated infrastructure cost	£10,320,000	25,800
SAMMs	£0	
Secondary Educ	£0	
Other KCC	£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	£0	
Other 2	£0	
Other 3	£0	
Other 4	£0	

Statutory 106 costs**£10,320,000**

25,800

Marketing (Open Market Housing ONLY)

		per OM unit
Sales/letting Fees	3.0%	£2,308,110 8,243
Legal Fees (per Open Market unit):	£1,000	£280,000 1,000

Marketing (Affordable Housing)

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

Total Marketing Costs**£2,588,110****Total Direct Costs****£63,392,404****Finance and acquisition costs**

Land Payment	£10,837,548	38,706 per OM home	270,939 per hectare
Arrangement Fee	£0	0.0% of interest	

Misc Fees (Surveyors etc)	£0	0.00% of scheme value
Agents Fees	£0	
Legal Fees	£81,282	
Stamp Duty	£433,502	
Total Interest Paid	£6,236,380	

Total Finance and Acquisition Costs **£17,588,712**

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Val	17.5%	£13,463,975	48,086 per OM unit
Affordable Housing Return on Cost	5.0%	£627,059	5,225 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 **£14,091,034**

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

TOTAL COST **£95,072,149**

Surplus/(Deficit) at completion 1/11/2025 **£1**

Present Value of Surplus (Deficit) at 7/3/2016 **£0**

Scheme Investment MIRR **10.1%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value 11.4% Peak Cash Requirement -£24,323,200

Site Value (PV) per hectare No area input per hectare No area input per acre