



Mansfield District Council Whole Plan & Community Infrastructure Levy Viability Assessment

June 2018



Nationwide CIL Service

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Appendix 1 - Heb Surveyors Valuation Report 2018
(Separate Report)

Appendix 2 – Gleeds Construction Cost Study January 2018
(Separate Report)

Appendix 3 – Strategic Site Viability Assessments

Executive Summary

Purpose of the Study

1.1 The purpose of the Whole Plan Viability Study is to appraise the viability of the Mansfield District Local Plan in terms of the impact of its policies on the economic viability of the development expected to be delivered during the Plan period. The study considers policies that might affect the cost and value of development (e.g. Affordable Housing and Design and Construction Standards) in addition to the potential to accommodate Community Infrastructure Levy Charges. The area covered by the study is the Mansfield District Council administrative area.

1.2 Section 173 of the National Planning Policy Framework requires that plans should be deliverable ensuring that obligations and policy burdens do not threaten the viability of the developments identified in the plan. An assessment of the costs and values of each category of development is therefore required to consider whether they will yield competitive returns to a willing land owner and willing developer thus enabling the identified development to proceed.

1.3 The study also includes an assessment of the ability of different categories of development within the Local Plan area to make infrastructure contributions via a Community Infrastructure Levy (having taken account of the cost impacts of Affordable Housing delivery and other relevant policies). If there is any additional return beyond these reasonable allowances then this is the margin available to make CIL contributions. This information is provided to enable the Council to make informed decisions on the scope for future introduction of the Levy if supported.

Methodology

1.4 The viability assessment comprises a number of key stages as outlined below:

EVIDENCE BASE – LAND & PROPERTY VALUATION STUDY

1.5 Collation of an area-wide evidence base of land and property values for both residential and commercial property

EVIDENCE BASE – CONSTRUCTION COST STUDY

1.6 Collation of an area-wide evidence base of construction costs for both residential and commercial property

Executive Summary

IDENTIFICATION OF SUB-MARKETS

1.7 Sub market identification informed by the valuation evidence gathered at stage one above, Large differences in values across a study area indicate the need to define independent sub areas for viability testing purposes and in turn these will inform the creation of different charging zones for Community Infrastructure Levy Purposes.

POLICY IMPACT ASSESSMENT

1.8 Identification of the policies within the plan, which will have a direct impact on the costs of development and hence the viability of development. Typical policy impacts include affordable housing requirements and sustainable construction requirement.

VIABILITY APPRAISAL

1.9 Viability assessment for both residential and commercial development scenarios based on a series of typologies which reflect the development likely to emerge over the plan period. The assessments are conducted for both greenfield and brownfield development as it is recognised this can result in significant difference in viability.

STAKEHOLDER ENGAGEMENT

1.10 Consultation with local developers/landowners with regard to the appropriateness of assumptions used to conduct the appraisals with regard to prevailing market conditions and any local factors.

1.11 The assessment of viability is an iterative process and therefore a number of stages are revisited when new or updated information is received.

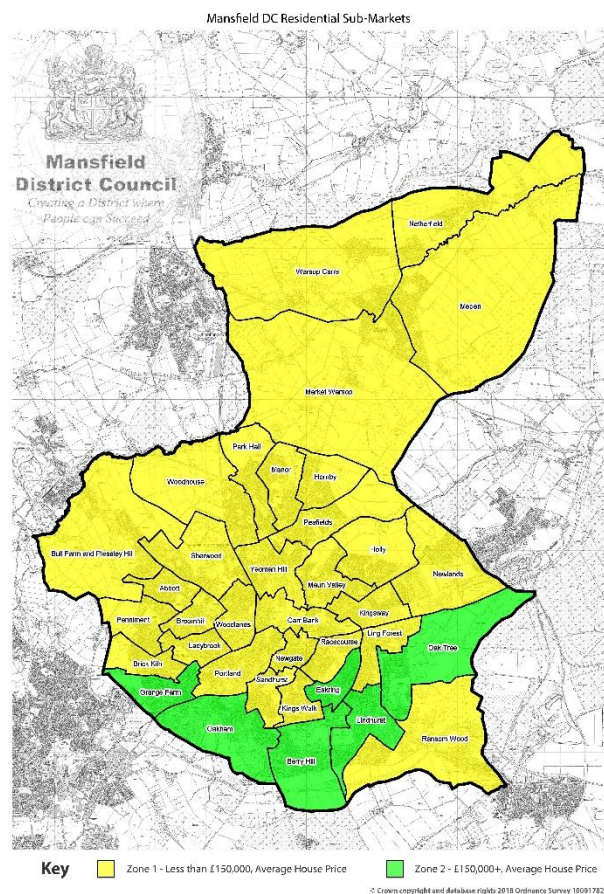
RESULTS

1.12 The viability results for both residential and commercial development typologies have been summarised below. The figures represent the margin of viability per square metre taking account of all development values and costs, plan policy impact costs and having made allowance for a competitive return to the landowner and developer. In essence a positive margin confirms whole plan viability.

RESIDENTIAL VIABILITY

1.13 The assessments of residential land and property values indicated that there were significant differences in value across the District to justify the existence of sub-markets. Three sub-markets were identified as indicated on the plan below.

Executive Summary




1.14 The testing showed that the Mansfield District Local Plan Policies are broadly viable across most forms of housing development and demonstrate that Affordable Housing delivery is viable across the District subject to differential approaches to delivery in different sub-market areas.

1.15 The level of positive margin represents the potential to introduce additional CIL charges. The table below shows the maximum available for CIL across the range of residential typologies and sub-markets tested. Further commentary on the scope for CIL is set out in the context of site specific testing.

1.16 The following table illustrates the CIL potential of housing development based on variable Affordable Housing Delivery at the Council's current preferred tenure mix of 15% Starter Home, 15% Intermediate, 20% Social Rent and 50% Affordable Rent Housing.

Executive Summary


 Maximum Potential CIL Rates per Sqm					
Sub-Market/Base Land Value	Small Scale Urban Infill	Small Scale Urban edge	Med Scale Urban Mixed Residential	Med Scale Urban Edge Mixed Residential	Large Scale Urban Extension
Zone 1					
Greenfield	£62	£65	£21	£22	£26
Brownfield	-£2	-£8	-£36	-£36	-£35
Zone 2					
Greenfield	£194	£187	£95	£102	£110
Brownfield	£120	£108	£60	£62	£65

1.17 Greenfield mixed housing development demonstrates viable CIL rate potential of £21-£194 per square metre dependent on the sub-market area. For brownfield mixed housing, the CIL rate potential is lower at -£36-£120 per square metre. Zone 1 brownfield development demonstrates negative viability and therefore affordable housing viability may need to be re-assessed for this type of development at application stage. The strong positive viability of small scale housing is due to an assumption that no Affordable Housing contribution would be required.

Executive Summary

Commercial

1.18 The initial assessment of commercial land and property values indicate that there are no significant differences in values to justify differential sub-markets based on assumptions or differential CIL charging zones. The commercial category viability results are set out in the table below.

 Commercial Viability Results for Plan Wide Viability Assessment		
Charging Zone/Base Land Value	General Zone	
	Greenfield	Brownfield
Industrial (B1b B1c B2 B8)	-£370	-£462
Office (B1a)	-£1,027	-£1,064
Hotel (C1)	-£283	-£322
Residential Institution (C2)	-£843	-£872
Community (D1)	-£2,429	-£2,462
Leisure (D2)	-£325	-£394
Agricultural (A1-A5)	-£669	
Sui Generis Car Sales	-£754	-£798
Sui Generis Vehicle Repairs	-£1,305	-£1,359
Food Supermarket Retail A1	£358	£290
General Retail A1-A5	£98	£65

1.19 It can be seen that food supermarket retail and general retail uses demonstrate positive viability. All of the remaining commercial use class appraisals indicate negative viability.

Executive Summary

1.20 It should be stressed that whilst the generic appraisals showed that most forms of commercial and employment development are not viable based on the test assumptions, this does not mean that this type of development is not deliverable. For consistency a full developer's profit allowance was included in all the commercial appraisals. In reality many employment developments are undertaken direct by the operators. If the development profit allowance is removed from the calculations, then much employment development would be viable and deliverable. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

1.21 The assessment indicates that only food supermarket retail, with CIL potential rate of £290-£358 per square metre, dependent on existing land use and general retail with potential rates of £65-£98 provide a margin to introduce CIL charges. It is therefore recommended on the existing evidence, that all non-retail categories should not be charged CIL.

Conclusions

1.22 The study demonstrates that most of the development proposed by the Local Plan is viable and deliverable taking account of the cost impacts of the policies proposed by the plan and the requirements for viability assessment set out in the NPPF. It is further considered that significant additional margin exists, beyond a reasonable return to the landowner and developer to accommodate CIL charges.

1.23 In terms of CIL, it is recommended that there are sufficient variations in residential viability to justify a differential zone approach to setting residential CIL rates across the Mansfield District area.

1.24 Taking account of the viability results, the generic nature of the tests, a reasonable buffer to allow for additional site specific abnormal costs, in the event Mansfield District Council wish to pursue CIL, we would recommend the following zonal rates. Mansfield District has a primarily greenfield residential delivery strategy. It is not currently possible to set CIL rates based on existing land use (e.g. greenfield and brownfield) but viability based on differential existing use to inform the differential application of Affordable Housing targets and this is the approach that is advocated.

1.25 The Strategic Site testing for Pleasley Hill, Jubilee way and Old Mill Lane all indicated negative or very marginal positive viability with no margin to accommodate CIL Charges. It is therefore recommended these strategic sites are designated as £0 CIL Zones.

Executive Summary

Residential CIL & Affordable Housing Rates		
Zone 1 Housing Greenfield	10% Affordable	£15sqm
Zone 1 Housing Brownfield	5% Affordable	£15sqm
Zone 2 Housing Greenfield	20% Affordable	£50sqm
Zone 2 Housing Brownfield	10% Affordable	£50sqm
Strategic Sites Pleasley Hill, Jubilee Way and Old Mill Lane	0-10% Affordable	£0sqm

1.26 It is recommended that a single zone approach is taken to setting commercial CIL rates. The viability assessment results indicate that all non-retail commercial uses should be zero rated.

1.27 The retail viability assessment results indicate that differential rates could be legitimately applied to both types of retail use and, in the case of food supermarket development also to scale of development. Based on the viability assessment results and taking account of a reasonable viability buffer, the following Commercial CIL rates are recommended.

Borough-wide	
All Non-residential uses (excepting Retail)	£0sqm
Borough-wide	
General Retail A1-A5 (excluding Food Supermarket)	£40sqm
Food Supermarket A1	£100sqm

1.28 The study is a strategic assessment of whole plan and CIL viability and as such is not intended to represent a detailed viability assessment of every individual site. The study applies the general assumptions in terms of affordable housing, planning policy costs impacts and identified site mitigation factors based on generic allowances. It is anticipated that more detailed mitigation cost and viability information may be required at planning application stage to determine the appropriate level of affordable housing and planning obligation contributions where viability issues are raised. The purpose of the study is to determine whether the development strategy proposed by the Plan is deliverable given the policy cost impacts of the Plan.

1.29 It should be noted that this study should be seen as a strategic overview of plan level viability rather than as any specific interpretation of Mansfield District Council policy on the viability of any individual site or application of planning policy to affordable housing, CIL or developer contributions. Similarly the conclusions and recommendations in the report do not necessarily reflect the views of Mansfield District Council.

2 Introduction

2.1 The purpose of the study is to assess the overall viability of the Mansfield District Local Plan and potential to introduce CIL charges by assessing the economic viability of development being promoted by the Plan.

2.2 In order to provide a robust assessment, the study first uses generic development typologies to consider the cost and value impacts of the proposed plan policies and determine whether any additional viability margin exists to accommodate a Community Infrastructure Levy. The study then goes on to assess the viability of the key strategic sites which are key to the overall development strategy. The individual site assessments take account of policies in the plan, affordable housing requirements, mandatory requirements to be introduced during the Plan period such as the National Housing Standards and Sustainable Construction requirements including SUDS, the potential Community Infrastructure Levy and site specific constraints to determine whether the proposed sites are viable and deliverable in the plan period.

The NPPF and Relevant Guidance

2.3 The National Planning Policy Framework 2012 introduces a new focus on viability assessment in considering appropriate Development Plan policy. Paras 173-177 provide guidance on 'Ensuring Viability and Deliverability' in plan making. They state :-

"173. 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.

174. 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.....

177. It is equally important to ensure that there is a reasonable prospect that planned infrastructure is deliverable in a timely fashion. To facilitate this, it is important that local planning authorities understand Borough-wide development costs at the time Local Plans are drawn up. For this reason, infrastructure and development policies should be planned at the same time, in the Local Plan. Any affordable housing or local standards requirements that may be applied to development should be assessed at the plan-making stage, where possible, and kept under review."

2 Introduction

2.4 In response to the NPPF, the Local Housing Delivery Group, a cross industry group of residential property stakeholders including the House Builders Federation, Homes and Communities Agency and Local Government Association, has published more specific guidance entitled 'Viability Testing Local Plans' in June 2012.

2.5 The guidance states as an underlying principle, 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."

2.6 The guidance recommends the following stages be completed in testing Local Plan viability:-

- 1) Review Evidence Base and align existing assessment evidence
- 2) Establish Appraisal Methodology and Assumptions (including threshold land values, site and development typologies, costs of policy requirements and allowance for changes over time)
- 3) Evidence Collation and Viability Modelling (including development costs and revenues, land values, developers profit allowance)
- 4) Viability Testing and Appraisal
- 5) Review of Outputs

2.7 The guidance is not prescriptive about the use of particular financial assessment models but advises that a residual appraisal approach which tests the ability of development to yield a margin beyond all the test factors to determine viability or otherwise is widely used and accepted. The guidance sets out the key elements of viability appraisal and the factors that need to be considered to ensure robust assessment.

2.8 The current study adheres to the principles of the NPPF and 'Viability Testing Local Plans' and sets out its methodology and assumptions in the following sections.

2.9 In March 2018 the Government published consultation drafts of the revised NPPF; new guidance for CIL and S106 Contributions (Supporting Housing Delivery Through Developer Contributions) and new guidance on best practice in viability assessment (Planning Practice Guidance for Viability). The methodology section will comment on compliance with these draft revisions.

3 Methodology

The Process

There are a number of key stages to Viability Assessment which may be set out as follows.

1) Evidence Base – Land & Property Valuation Study

3.1 Establish an area wide evidence base of land and property values for development in each sub-market area. The evidence base relies on the area wide valuation study undertaken by Heb Surveyors in 2018 (Appendix I). The evidence is compiled from current data sources and direct engagement with stakeholders in the local development industry.

2) Evidence Base – Construction Cost Study

3.2 Establish an area wide evidence base of construction costs for each category of development relevant to the local area. The study will also indicate construction rates for professional fees, warranties, statutory fees and construction contingencies. The evidence base relies on the Construction Cost Study by Gleeds undertaken in 2018 (Appendix 2) In addition specific advice on reasonable allowances for abnormal site constraints was obtained from Gleeds and is outlined in the report.

3) Identification of Sub Market Areas

3.3 The Heb Valuation Evidence considered the existence of potential sub-markets within the study area which might inform the application of differential value assumptions in the Whole Plan testing or inform the creation of differential Charging Zones as part of the progression of a Community Infrastructure Levy.

4) Policy Impact Assessment

3.4 The study will establish the policies proposed by the plan that have a direct impact on the cost of development and apportion appropriate allowances based on advice from cost consultants, Gleeds, to be factored in the viability assessment. Typically cost impacts will include sustainable construction requirements based on National Housing Standards and BREEAM standards.

3 Methodology

5) Viability Appraisal – Whole Plan Assessment & Generic CIL Tests

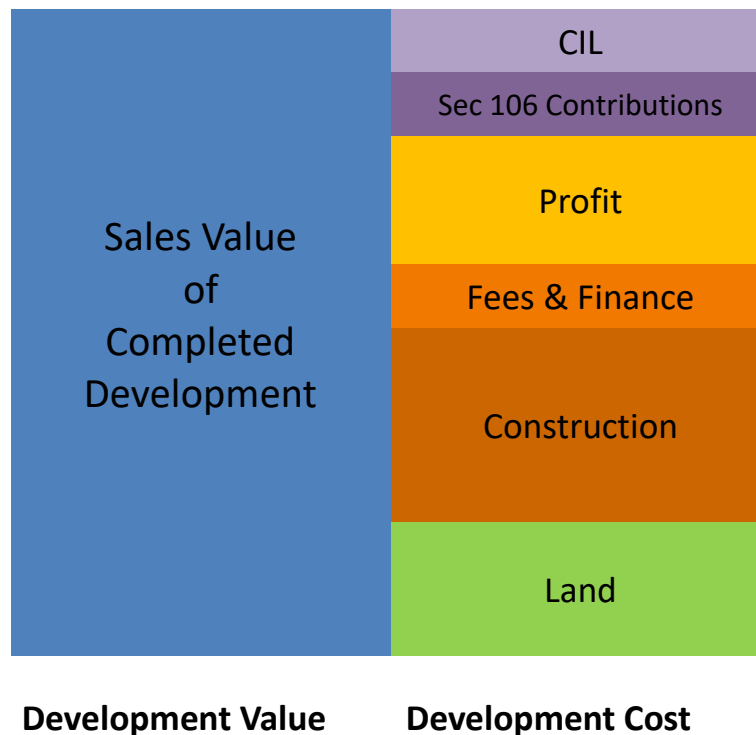
3.5 The study employs a bespoke model to assess Local Plan viability in accordance with best practice guidance. The initial generic tests will be based on a series of development typologies to reflect the type of development likely to emerge over the plan period. The purpose of these tests is two-fold – it will firstly assess cumulative impact of the policies proposed by the plan to determine whether the overall development strategy is deliverable. Secondly, the model will identify the level of additional margin, beyond a reasonable return for the landowner and developer, which may be available for the introduction of CIL.

6) Site Specific Appraisal

3.6 The proposed allocated sites undergo very similar appraisal as outlined in the above methodology but site specific factors in terms of site area, housing numbers, housing mix, abnormal cost/mitigation factors are also assessed to ensure sites are deliverable. The tests also enable the draft CIL charges to be applied to determine if they are broadly viable in the context of actual site delivery.

3 Methodology

The Development Equation



3.7 The appraisal model is illustrated by the above diagram and summarises the 'Development Equation'. On one side of the equation is the development value i.e. the sales value which will be determined by the market at any particular time. The variable element of the value in residential development appraisal will be determined by the proportion and mix of affordable housing applied to the scheme. Appropriate discounts for the relevant type of affordable housing will need to be factored into this part of the appraisal.

3.8 On the other side of the equation, the development cost includes the 'fixed elements' i.e. construction, fees, finance and developers profit. Developers profit is usually fixed as a minimum % return on gross development value generally set by the lending institution at the time. The flexible elements are the cost of land and the amount of developer contribution (CIL and Planning Obligations) sought by the Local Authority.

3.9 Economic viability is assessed using an industry standard Residual Model approach. The model subtracts the Land Value and the Fixed Development Costs from the Development Value to determine the viability or otherwise of the development and any additional margin available for developer contributions.

3 Methodology

Viability Assessment Model

3.10 The NCS model is based on standard development appraisal methodology, comparing development value to development cost. The model factors in a reasonable return for the landowner with the established threshold value, a reasonable profit return to the developer and the assessed cost impacts of proposed planning policies to determine if there is a positive or negative residual output. Provided the margin is positive (ie Zero or above) then the development being assessed is deemed viable. The principles of the model are illustrated below.

Development Value (Based on Floor Area) Eg 10 x 3 Bed 100sqm Houses x £2,200per sqm	£2,200,000
Development Costs	
Land Value	£400,000
Construction Costs	£870,000
Abnormal Construction Costs (Optional)	£100,000
Professional Fees (% Costs)	£90,000
Legal Fees (% Value)	£30,000
Statutory Fees (% Costs)	£30,000
Sales & Marketing Fees (% Value)	£40,000
Contingencies (% Costs)	£50,000
Section 106 Contributions/Policy Impact Cost Assumptions/CIL (Strategic Site Testing Only)	£90,000
Finance Costs (% Costs)	£100,000
Developers Profit (% Return on GDV)	£350,000
Total Costs	£2,175,000
Output	
Viability Margin	£50,000
Potential CIL Rate (CIL Appraisal only)	£50 sqm

3.11 The model will calculate the gross margin available for developer contributions. The maximum rate of CIL that could be levied without rendering the development economically unviable is calculated by dividing the gross margin by the floorspace of the development being assessed.

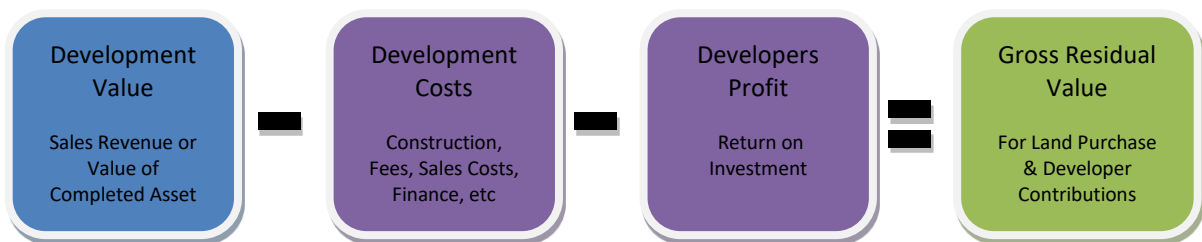
3.12 It is important to note that the model applies % proportions and further % tenure splits to the housing scenarios to reflect affordable housing discounts which will generate fractional unit numbers. The model automatically rounds to the nearest whole number and therefore some results appear to attribute value proportions to houses which do not register in the appraisal. The fractional distribution of affordable housing discounts is considered to represent the most accurate illustration of the impact of affordable housing policy on viability.

3 Methodology

Land Value Assumptions

3.13 It is generally accepted that developer contributions (Affordable Housing, CIL and S106), will be extracted from the residual land value (i.e. the margin between development value and development cost including a reasonable allowance for developers profit). Within this gross residual value will be a base land value (i.e. the minimum amount a landowner will accept to release a site) and a remaining margin for contributions.

Stage 1 – Residual Valuation



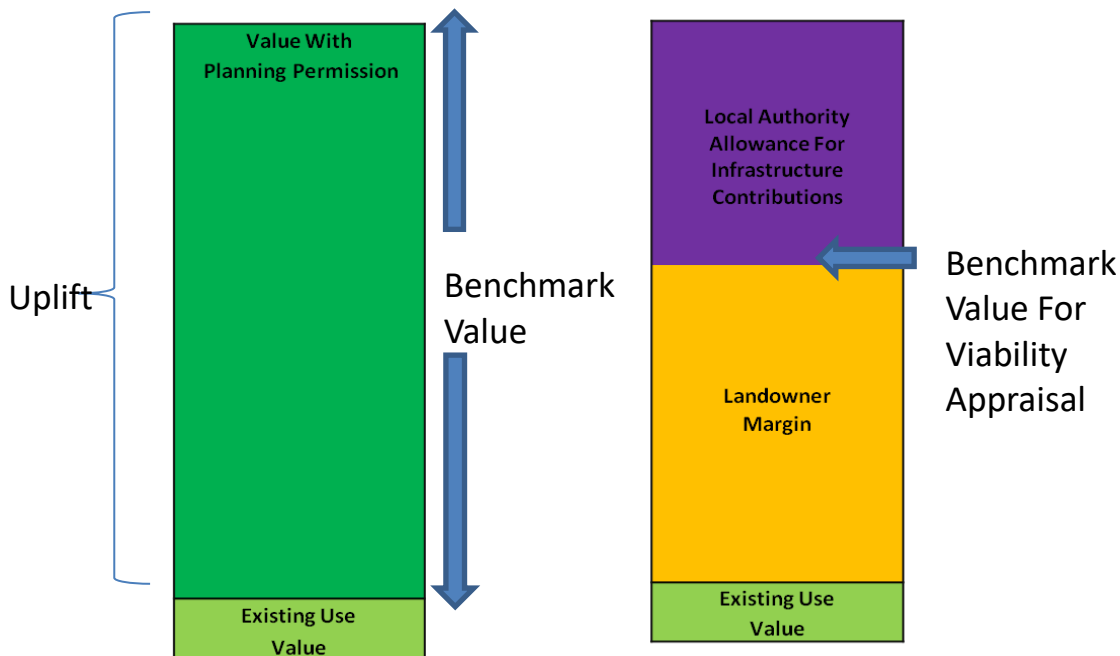
3.14 The approach to assessing the land element of the gross residual value is therefore the key to the robustness of any viability appraisal. There is no single method of establishing threshold land values for the purpose of viability assessment in planning but the NPPF and emerging best practice guidance does provide a clear steer on the appropriate approach.

Stage 2 – Establishing Base Land Value



3 Methodology

Land Value Benchmarking (Threshold Land Values)



3.15 The above diagram illustrates the principles involved in establishing a robust benchmark for land value. Land will have an existing use value (EUV) based on its market value. This is generally established by comparable evidence of the type of land being assessed (e.g. agricultural value for greenfield sites or perhaps industrial value for brownfield sites may be regarded as reasonable existing use value starting points and may be easily established from comparable market evidence).

3.16 The Gross Residual Value of the land for an alternative use (e.g residential use) represents the difference between development value and development cost after a reasonable allowance for development profit, assuming planning permission has been granted. The gross residual value does not make allowance for the impact of development plan policies on development cost and therefore represents the maximum potential value of land that landowners may aspire to.

3.17 In order to establish a benchmark land value for the purpose of viability appraisal, it must be recognised that Local Authorities will have a reasonable expectation that, in granting planning permission, the resultant development will yield contributions towards infrastructure and affordable housing. The cost of these contributions will increase the development cost and therefore reduce the residual value available to pay for the land.

3.18 The appropriate benchmark value will therefore lie somewhere between existing use value and gross residual value based on alternative planning permission. This will of course vary significantly dependent on the category of development being assessed.

3 Methodology

3.19 The key part of this process is establishing the point on this scale that balances a reasonable return to the landowner beyond existing use value and a reasonable margin to allow for infrastructure and affordable housing contributions to the Local Authority.

Benchmarking and Threshold Land Value Guidance

3.20 Benchmarking is an approach which the Homes and Communities Agency refer to in 'Investment and Planning Obligations: Responding to the Downturn'. This guide states: *"a viable development will support a residual land value at a level sufficiently above the site's existing use value (EUV) or alternative use value (AUV) to support a land acquisition price acceptable to the landowner"*.

3.21 In 2012, The NPPF has introduced a more stringent focus on viability in planning considerations. In particular para 173 states:-

"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"

3.22 The NPPF recognises that, in assessing viability, unless a realistic return is allowed to a landowner to incentivise release of land, development sites are not going to be released and growth will be stifled. The most recent practical advice in establishing benchmark thresholds at which landowners will release land was produced by the Local Housing Delivery Group (comprising, inter alia, the Local Government Association, the Homes and Communities Agency and the House Builders Federation) in June 2012 in response to the NPPF. 'Viability Testing Local Plans' states :-

"Another key feature of a model and its assumptions that requires early discussion will be the Threshold Land Value that is used to determine the viability of a type of site. This Threshold Land Value should represent the value at which a typical willing landowner is likely to release land for development, before payment of taxes (such as capital gains tax)".

Different approaches to Threshold Land Value are currently used within models, including consideration of:

- *Current use value with or without a premium.*
- *Apportioned percentages of uplift from current use value to residual value.*
- *Proportion of the development value.*
- *Comparison with other similar sites (market value).*

We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values. The precise figure that should be used as an appropriate premium above current use value should be determined locally. But it is important that there is evidence that it represents a sufficient premium to persuade landowners to sell".

3 Methodology

3.23 In March 2018 the Government published draft guidance on best practice in viability assessment (Planning Practice Guidance for Viability). This guidance essentially reflected principles established by the Harman Report and RICS Financial Viability in Planning. With respect to land value benchmarking the draft guidance stated the following :-

“How should land value be defined for the purpose of viability assessment?”

To define land value for any viability assessment, a benchmark land value should be calculated on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum price at which it is considered a rational landowner would be willing to sell their land. This approach is often called ‘Existing Use Value Plus’ (EUV+).

In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage with and provide robust and open evidence to inform this process.

In all cases, benchmark land value should:

- *fully reflect the total cost of all relevant policy requirements including planning obligations and, where applicable, any Community Infrastructure Levy charge;*
- *fully reflect the total cost of abnormal costs; site-specific infrastructure costs; and professional site fees;*
- *allow for a premium to landowners (including equity resulting from those building their own homes); and*
- *be informed by comparable market evidence of current uses, costs and values wherever possible. Where recent market transactions are used to inform assessment of benchmark land value there should be evidence that these transactions were based on policy compliant development. This is so that previous prices based on non-policy compliant developments are not used to inflate values over time.*

What is meant by existing use value in viability assessment?

Existing use value (EUV) is the first component of calculating a benchmark land value. EUV is the value of the land in its existing use together with the right to implement any development for which there are extant planning consents, including realistic deemed consents, but without regard to other possible uses that require planning consent, technical consent or unrealistic permitted development. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types.

How should Existing Use Value be established for viability assessment?

Existing use value (EUV) for the purpose of assessing the viability of plans should be determined by plan makers in consultation with developers and landowners.

3 Methodology

When undertaking any viability assessment EUV can be established by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield. Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency; public sector estate/property teams' locally held evidence.

Determining the existing use value of the land should be based on the assumption that no future planning consents will be obtained, but including the value of any cons

How should the premium to the landowner be defined for viability assessment?

An appropriate premium to the landowner above existing use value (EUV) should be determined by plan makers in consultation with developers and landowners for the purpose of assessing the viability of plans.

When undertaking any viability assessment, an appropriate minimum premium to the landowner can be established by looking at data from comparable sites of the same site type that have recently been granted planning consent in accordance with relevant policies. The EUV of those comparable sites should then be established.

The price paid for those comparable sites should then be established, having regard to outliers in market transactions, the quality of land, expectations of local landowners and different site scales. This evidence of the price paid on top of existing use value should then be used to inform a judgement on an appropriate minimum premium to the landowner.

Proposed development that accords with all the relevant policies in an up-to-date plan should be assumed to be viable, without need for adjustment to benchmark land values established in the plan making viability assessment. Where a viability assessment does accompany a planning application the price paid for land is not relevant justification for failing to accord with relevant policies in the plan.

NCS Approach to Land Value Benchmarking (Threshold Land Values)

3.24 NCS has given careful consideration to how the Threshold Land Value (i.e. the premium over existing use value) should be established in the light of both the existing and proposed guidance set out above.

3.25 We first adopt an appropriate benchmark for either greenfield or brownfield existing use value dependent on the type of site being assessed. These benchmarks are obtained from comparable market evidence of land sales for the relevant land use in the local area.

3 Methodology

3.26 In determining the appropriate premium to the landowner above existing use value in the 'Existing Use Value Plus' approach, we have concluded that adopting a fixed % over existing value is inappropriate because the premium is tied solely to existing value – which will often be very low - rather than balancing the reasonable return aspirations of the landowner to pursue a return based on alternative use as required by the NPPF. Landowners are generally aware of what their land is worth with the benefit of planning permission. Therefore a fixed % uplift over existing use value will not generally be reflective of market conditions and may not be a realistic method of establishing threshold land value.

3.27 We believe that the uplift in value resulting from planning permission should effectively be shared between the landowner (as a reasonable return to incentivise the release of land) and the Local Authority (as a margin to enable infrastructure and affordable housing contributions). The % share of the uplift will vary dependent on the particular approach of each Authority but based on our experience the landowner will expect a minimum of 50% of the uplift in order for sites to be released. Generally, if a landowner believes the Local Authority is gaining greater benefit than he is unlikely to release the site and will wait for a change in planning policy. We therefore consider that a 50:50 split is a reasonable benchmark and will generate base land values that are fair to both landowners and the Local Authority (this became known as the 'Shinfield Approach' after the methodology adopted by the Inspector to establish benchmark land value in 2013 in an affordable housing appeal – ref. APP/X0360/A/12/2179141)

The Threshold Land Value is established as follows :-

Existing Use Value + % Share Of Uplift from Planning Permission = Threshold Land Value
EUV + Premium to Landowner = Benchmark

3.28 The resultant threshold values are then checked against market comparable evidence of land transactions in the Authority's area by our valuation team to ensure they are realistic. We believe this is a robust approach which is demonstrably fair to landowners and more importantly an approach which has been accepted at CIL and Local Plan Examinations we have undertaken.

Worked Example of EUV+ Illustrating Fixed% over Existing Use vs % Share of Uplift

3.29 A landowner owns a 1 Hectare field at the edge of a settlement. The land is proposed to be allocated for residential development. Agricultural value is £20,000 per Ha. The Gross Residual Value of the land with residential planning permission is £1,000,000. Land sales in the area range from £400,000 per Ha to £1 Million per Ha. For the purposes of viability assessment what should this Greenfield site be valued at?

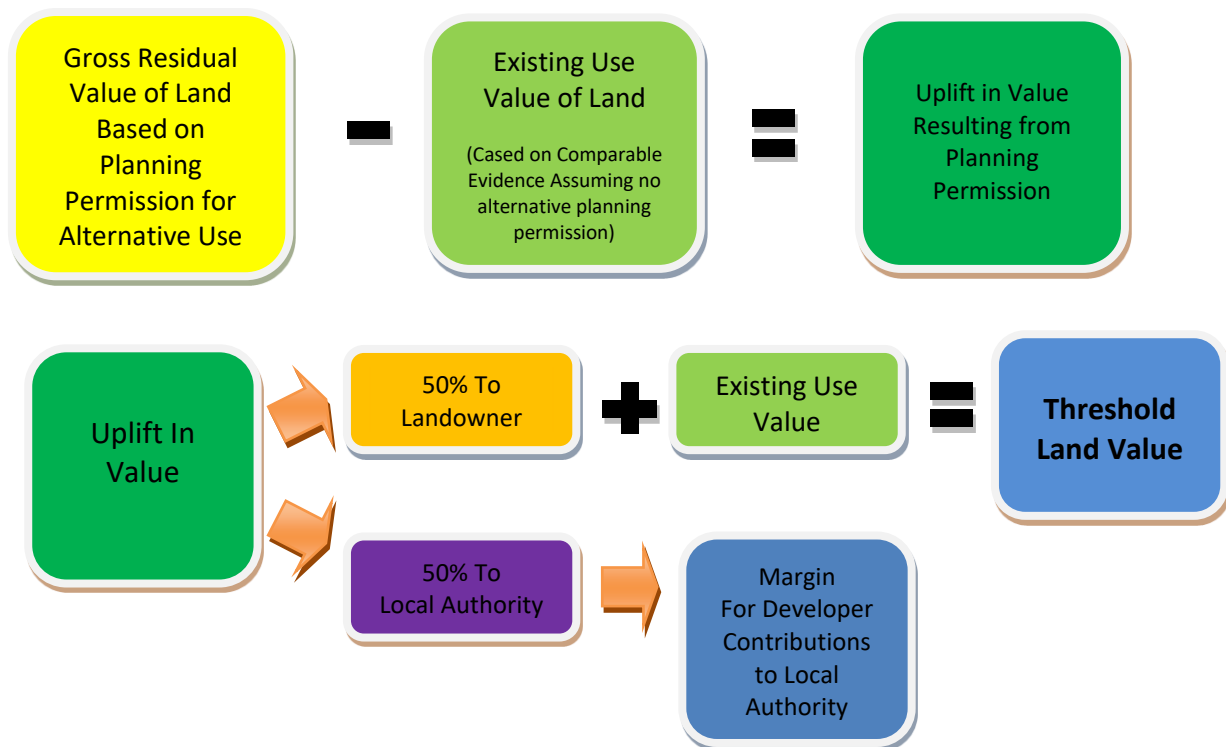
Using a fixed 20% over EUV the land would be valued at £24,000 (£20,000 + 20%)

3 Methodology

Using % Share of Uplift in Value the land would be valued at £510,000 (£20,000 + 50% of the uplift between £20,000 and £1,000,000) – realising a market return for the landowner but reserving a substantial proportion of the uplift for infrastructure contribution.

In our view the % share of uplift method is more realistic to market circumstances than the application of a fixed premium over EUV.

Benchmarking Based on EUV + % Share of Uplift in Land Value



3.30 Whilst comparable evidence of policy compliant local land sales with planning permission is useful as a sense check, in our view it is difficult to find two sites that are directly comparable in view of the various factors that will influence the purchase price of land including precise location, abnormal site development cost, lower build cost rates enjoyed by volume housebuilders and the particular business decision of the purchaser.

3 Methodology

3.31 The alternative method at the other end of the scale, following the part of the guidance which states *'benchmark land value should fully reflect the total cost of all relevant policy requirements including planning obligations and, where applicable, any Community Infrastructure Levy charge'*, would be to calculate the total cost of all policy targets of the LPA first and determine what is left for the landowner and provided this margin offered some level of premium over EUV, accept it as a benchmark. In effect this would guarantee a positive viability result in every instance as no attempt is made to first establish 'the minimum land value at which a landowner would sell.'

3.32 We believe the purpose of viability appraisal and indeed the intention of the guidance is to ensure the total costs of policy compliance still leave enough room for the developer to make a sensible profit and for the landowner to achieve a reasonable return to induce him to sell. Since developer contributions must be extracted from the uplift in land value resulting from planning permission, unless some attempt is made to create a benchmark land value that reflects this 'reasonable return' to the landowner before the total costs of policy targets are subtracted, then the appraisal would serve no purpose. We consider the EUV + % Uplift method represents a balanced approach between the alternatives outlined above that is fair and reasonable and relies more precisely on the specific development cost and value of the site being assessed.

Brownfield and Greenfield Land Value Benchmarks

3.33 In order to represent the likely range of benchmark scenarios that might emerge in the plan period for the appraisal it will be necessary to test alternative threshold land value scenarios. A greenfield scenario will represent the best case for developer contributions as it represents the highest uplift in value resulting from planning permission. The greenfield existing use is based on agricultural value.

3.34 The median brownfield position recognises that existing commercial sites will have an established value. The existing use value is based on a low value brownfield use (industrial). The viability testing firstly assesses the gross residual value (the maximum potential value of land based on total development value less development cost with no allowance for affordable housing, sec 106 contributions or planning policy cost impacts). This is then used to apportion the share of the potential uplift in value to the greenfield and brownfield benchmarks. This is considered to represent a reasonable scope of land value scenarios in that change from a high value use (e.g. retail) to a low value use (e.g. industrial) is unlikely.

3.35 Actual market evidence will not always be available for all categories of development. In these circumstances the valuation team make reasoned assumptions.

Residential

Benchmark 1	Greenfield	Agricultural – Residential (Maximum Contribution Potential)
Benchmark 2	Brownfield	Industrial – Residential

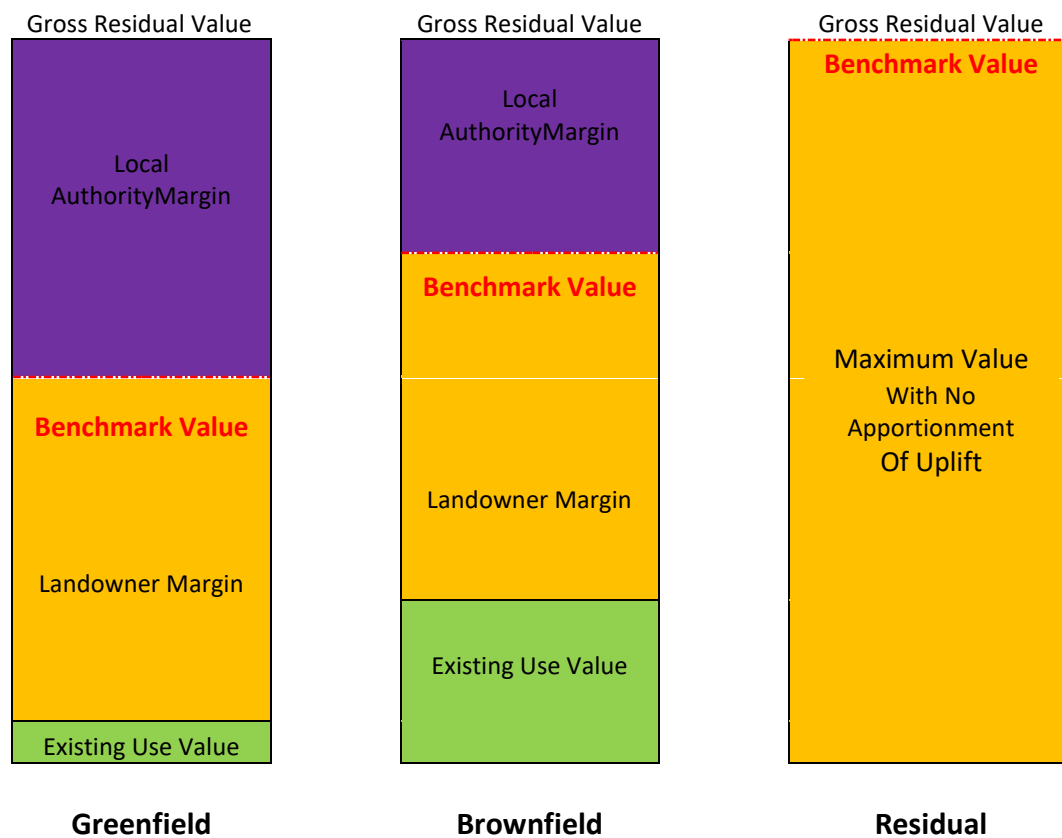
3 Methodology

Commercial

Benchmark 1 Greenfield
Benchmark 2 Brownfield

Agricultural – Proposed Use (Maximum Contribution Potential)
Industrial – Proposed Use

3.36 The viability study assumes that affordable housing land has limited value as development costs form a very high proportion of the ultimate discounted sale value of the property.



3.37 The above diagram illustrates the concept of Benchmark Land Value. The level of existing use value for the three benchmarks is illustrated by the green shading. The uplift in value from existing use value to proposed use value is illustrated by the blue and gold shading. The gold shading represents the proportion of the uplift allowed to the landowner for profit. The blue shading represents the allowance of the uplift for developer contributions to the Local Authority. The Residual Value assumes maximum value with planning permission with no allowance for planning policy cost impacts. This benchmark is used solely to generate the brownfield and greenfield threshold values.

4 Appraisal Assumptions

Development Categories

4.1 In order to ensure that the study is sufficiently comprehensive to inform a Differential Rate CIL system, all categories of development in the Use Classes Order will be considered, including a relevant sample of Sui Generis uses to reflect typical developments in the Mansfield District Local Plan area, as follows :-

Residential (C3) - Based on varying residential development scenarios and factoring in the affordable housing requirements of the Authority. Land values are assessed based on house type plots. Sales values are assessed on per sqm rates.

Commercial - The following categories are considered. Land Values and Gross Development Values are assessed on sqm basis.

Industry (B1(b)B1(c), B2, B8)

Offices (B1a)

Food Supermarket Retail (A1) - Series of Scale Based Tests

General Retail (A1, A2, A3, A4, A5) – Series of Scale Based Tests

Hotels (C1)

Residential Institutions (C2)

Institutional and Community (D1)

Leisure (D2)

Agricultural

Sui Generis - Vehicle Sales

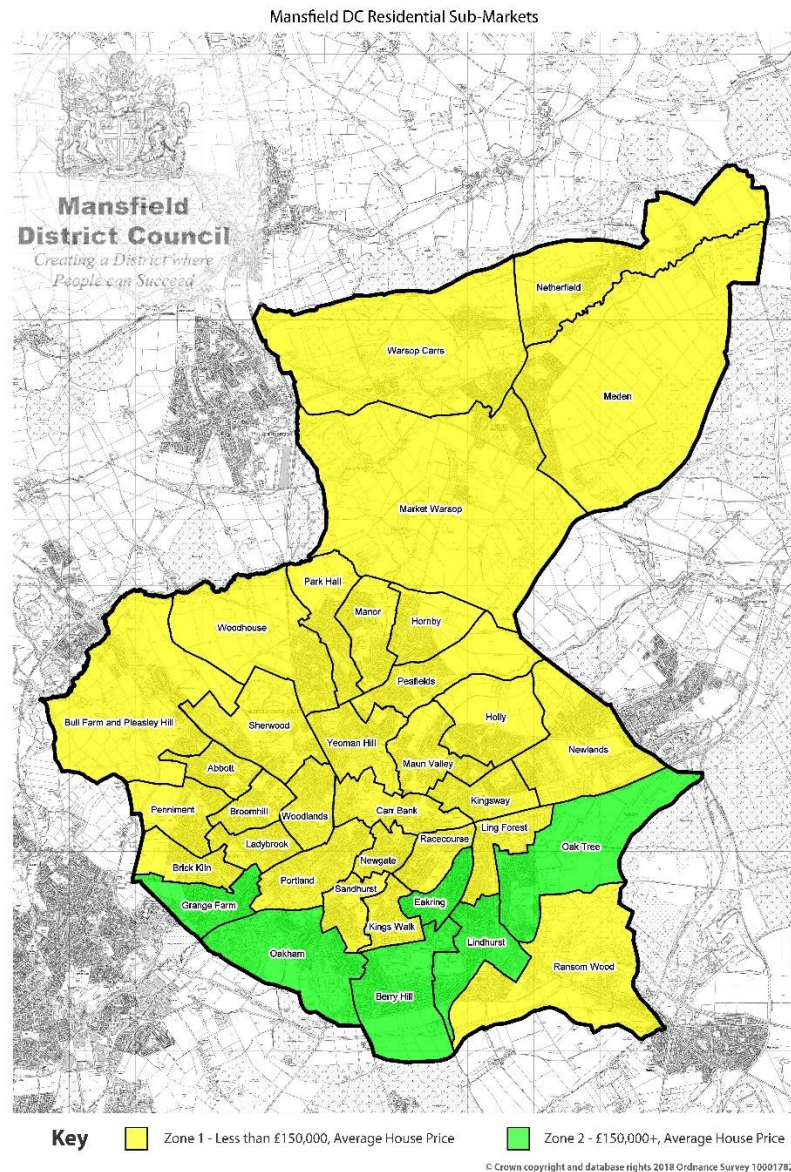
Sui Generis – Car Repairs

Sub Market Areas and Potential Charging Zones

4.2 The Heb valuation study considered evidence of residential land and property values across Mansfield District and concluded that there were sufficient distinctions between sales prices to warrant differential value assumptions being made in the Whole Plan Viability Assessment and, potentially, a differential rate approach to CIL based on geographical zones.

4.3 The sub-market areas which may also form potential CIL Charging Zones are set out in the residential zone maps below. There were a few anomalies where high value properties abut low value areas but the zoning is intended to represent an overview of the tone of values in an area rather than a street specific analysis and also acknowledges the values of new development that are likely to emerge.

4 Appraisal Assumptions



Affordable Housing Sub-Market Area/CIL Charging Zones

4.4 The variations in commercial values were not considered significant enough across the District to justify the application of differential assumptions based on sub-market areas or to indicate a differential charging zone approach to CIL.

4 Appraisal Assumptions

Affordable Housing

4.5 A series of residential viability tests have been undertaken, reflecting affordable housing delivery from 5%-20%. The following extract from a generic sample residential viability appraisal model illustrates how affordable housing is factored into the residential valuation assessment. The relevant variables (e.g. unit numbers, types, sizes, affordable proportion, tenure mix etc.) are inputted into the appropriate cells. The model will then calculate the overall value of the development taking account of the relevant affordable unit discounts.

DEVELOPMENT SCENARIO		Mixed Residential Development				Apartments	10
BASE LAND VALUE SCENARIO		Greenfield to Residential				2 bed houses	20
DEVELOPMENT LOCATION		Urban Zone 1				3 Bed houses	40
DEVELOPMENT DETAILS		100	Total Units			4 bed houses	20
Affordable Proportion	30%	30	Affordable Units			5 bed house	10
Affordable Mix	30%	Intermediate	40%	Social Rent	30%	Affordable Rent	
Development Floorspace	6489		Sqm Market Housing		2,163	Sqm Affordable Housing	
Development Value							
Market Houses							
7	Apartments	65	sqm	2000	£ per sqm	£910,000	
14	2 bed houses	70	sqm	2200	£ per sqm	£2,156,000	
28	3 Bed houses	88	sqm	2200	£ per sqm	£5,420,800	
14	4 bed houses	115	sqm	2200	£ per sqm	£3,542,000	
7	5 bed house	140	sqm	2200	£ per sqm	£2,156,000	
Intermediate Houses		60%	Market Value				
3	Apartments	65	Sqm	1200	£ per sqm	£210,600	
5	2 Bed house	70	Sqm	1320	£ per sqm	£415,800	
2	3 Bed House	88	Sqm	1320	£ per sqm	£209,088	
Social Rent Houses		40%	Market Value				
4	Apartments	65	sqm	800	£ per sqm	£187,200	
6	2 Bed house	70	sqm	880	£ per sqm	£369,600	
2	3 Bed House	88	sqm	880	£ per sqm	£185,856	
Affordable Rent Houses		50%	Market Value				
3	Apartments	65	sqm	1000	£ per sqm	£175,500	
5	2 Bed house	70	sqm	1100	£ per sqm	£346,500	
2	3 Bed House	88	sqm	1100	£ per sqm	£174,240	
100 Total Units							
Development Value							£16,459,184

It is important to note that the model applies % proportions and further % tenure splits to the housing scenarios which will generate fractional unit numbers. The model automatically rounds to the nearest whole number and therefore some results appear to attribute value proportions to houses which do not register in the appraisal. The fractional distribution of affordable housing discounts is considered to represent the most accurate illustration of the impact of affordable housing policy on viability.

4 Appraisal Assumptions

4.6 The following Affordable Housing Assumptions have been agreed for the purpose of the residential viability appraisals. The assumptions relate to the overall proportion of affordable housing, the tenure mix between Starter Homes, Intermediate, Social Rent and Affordable Rent housing types.

4.7 Finally the transfer values in terms of % of open market value are set out for each tenure type. The transfer value equates to the assumed price paid by the registered housing provider to the developer and is assessed as a discounted proportion of the open market value of the property in relation to the type (tenure) of affordable housing.

Affordable Housing					
		Proportion %		Tenure Mix %	
		Starter Home	Intermediate	Social Rent	Affordable Rent
Zone 1 Greenfield Affordable Housing	10%	15%	15%	20%	50%
Zone 1 Brownfield Affordable Housing	5%	15%	15%	20%	50%
Zone 1 Greenfield Affordable Housing	20%	15%	15%	20%	50%
Zone 2 Brownfield Affordable Housing	10%	15%	15%	20%	50%
Transfer Values % OMV		80%	65%	40%	50%

4.8 The affordable assumptions were applied to all residential scenario testing with the exception of the small scale housing tests which were deemed to be below the national threshold for the imposition of affordable housing contributions. For the smaller unit number tests the proportional and tenure splits result in fractions of unit numbers. In these cases the discounts may be considered to equate to the impact of off-site contributions.

Development Density

4.9 Density is an important factor in determining gross development value and land value. Density assumptions for commercial development will be specific to the development category. For instance the floorplate for industrial development is generally around 50% of the site area to take account of external servicing, storage and parking. Offices will vary significantly dependent on location, town centre offices may take up 100% of the site area whereas out of town locations where car parking is a primary consideration, the floorplate may be only 25% of the site area. Food retailing generally has high car parking requirements and large site areas compared to floorplates.

4 Appraisal Assumptions

The land : floorplate assumptions for commercial development are as follows:-

Industrial	2:1
Offices	2:1
General Retail	1.5:1 (shopping parades, local centres etc.)
Food retail	3:1
Leisure	3:1
Hotels	2:1
Residential Institutions	1.5:1
Community Uses	1.5:1
Other Uses	2:1

4.10 Residential densities vary significantly dependent on house type mix and location. Mixed housing developments may vary from 10-50 dwellings per Hectare. Town Centre apartment schemes may reach densities of over 150 units per Hectare. We generate plot values for residential viability assessment related to specific house types. The plot values allow for standard open space requirements per Hectare. The densities adopted in the study reflect the assumptions of the Local Authority on the type of development that is likely to emerge during the plan period.

4.11 The density assumptions for house types related to plot values are as follows :-

Apartment	100 units per Ha
2 Bed House	40 units per Ha
3 Bed House	35 units per Ha
4 Bed House	25 units per Ha
5 Bed House	20 units per Ha

House Types and Mix

4.12 The study uses the following standard house types as the basis for valuation and viability testing as unit types that are compliant with National Housing standards and meet minimum Local Plan policy requirements. The assessment is intended to provide a 'worst case' scenario as marginally larger unit types are unlikely to command higher plot values and so larger unit types will generally demonstrate improved levels of viability.

Apartment	65 sqm
2 Bed House	75 sqm
3 Bed House	90 sqm
4 Bed House	120 sqm
5 Bed House	164 sqm

4.13 Housing values and costs are based on the same gross internal area. However, apartments will contain circulation space (stairwells, lifts, access corridors) which will incur construction cost but which is not directly valued. We make an additional construction cost allowance of 15% to reflect the difference between gross and net floorspace.

4 Appraisal Assumptions

Residential Development Scenarios

4.14 The study tests a series of residential development scenarios to reflect general types of development that are likely to emerge over the plan period.

4.15 For residential development, five scenarios were considered. The list does not attempt to cover every possible development in the District but provides an overview of residential development in the plan period.

1. Small Scale Urban Infill (2 Bed Housing)	10 Units
2. Small Scale Urban Edge (2 & 3 Bed Housing)	10 Units
3. Medium Scale Urban Mixed Residential (2,3 & 4 Bed Housing)	100 Units
4. Medium Scale Urban Mixed Residential (2,3,4 & 5 Bed Housing)	100 Units
5. Large Scale Urban Extension (2,3,4 & 5 Bed Housing)	350 Units

Commercial Development Scenarios

4.16 The viability appraisal tests all forms of commercial development broken down into use class order categories. For completeness the appraisal includes a sample of sui generis uses. A typical form of development that might emerge during the plan period, is tested within each use class.

4.17 The density assumptions for commercial development will be specific to the development category. For instance the floorplate for industrial development is generally around 50% of the site area to take account of external servicing, storage and parking. Offices will vary significantly dependent on location, town centre offices may take up 100% of the site area whereas out of town locations where car parking is a primary consideration, the floorplate may be only 25% of the site area. Food retailing generally has high car parking requirements and large site areas compared to floorplates.

4.18 The viability model also makes allowance for net:gross floorspace. In many forms of commercial development such as industrial and retail, generally the entire internal floorspace is deemed lettable and therefore values per sqm and construction costs per sqm apply to the same area. However in some commercial categories (e.g. offices) some spaces are not considered lettable (corridors, stairwells, lifts etc.) and therefore the values and costs must be applied differentially. The net:gross floorspace ratio enables this adjustment to be taken into account.

4.19 The table below illustrates the commercial category and development sample testing as well as the density assumptions and net:gross floorspace ratio for each category. In acknowledgement of consultation responses to initial retail viability work more detailed assessment of retail viability has been undertaken in respect to use and scale of development to reflect the type of general retail (A1-A5) and food supermarket (A1) development considered likely to emerge over the plan period.

4 Appraisal Assumptions

Commercial Development Sample Typology Unit Size & Land Plot Ratio					
		Plot Ratio		Gross:Net	Sample
		Unit Size Sqm	%		
Industrial	B1b B1c B2 B8	1000	200%	1.0	Factory Unit
Office	B1a	1000	200%	1.2	Office Building
Food Retail	A1	3000	300%	1.0	Supermarket
General Retail	A1 – A5	300	150%	1.0	Roadside Type Shop Unit
Residential Inst	C2	4000	150%	1.2	Care Facility
Hotels	C3	3000	200%	1.2	Mid Range Hotel
Community	D1	200	150%	1.0	Community Centre
Leisure	D2	2500	300%	1.0	Bowling Alley
Agricultural		500	200%	1.0	Farm Store
Sui Generis	Car Sales	1000	200%	1.0	Car Showroom
Sui Generis	VehicleRepairs	300	200%	1.0	Repair Garage

Sustainable Construction Standards

4.20 The former Code for Sustainable Homes standards have been replaced by changes to the Building Regulations based on the National Housing Standards. It is considered that Building Regulation changes do not impose standards beyond an equivalent of the former CoSH 4 and the cost rates adopted in the study reflect this. The Commercial Viability assessments are based on BREEAM 'Excellent' construction rates.

Construction Costs

4.21 The construction rates will reflect allowances for external works, drainage, servicing preliminaries and contractor's overhead and profit. The viability assessment includes a 5% allowance for construction contingencies.

4.22 The following residential construction rates are adopted in the study to reflect National Housing Standards, Category 2 Dwellings, average house sizes built on typical development sites and the water standards of Mansfield District Council. Whilst the Code for Sustainable Homes standards have been withdrawn, the cost parameters that inform them remain a useful guide to the cost implications of the National Housing standards and are considered within the study. The cost rates include an upward adjustment for the adaptable and accessible dwelling standards adopted by the Council.

4 Appraisal Assumptions

Residential Construction Cost Sqm		
Apartments	1530	sqm
2 bed houses	1044	sqm
3 Bed houses	1044	sqm
4 bed houses	1044	sqm
5 bed house	1044	sqm

Commercial Construction Cost Sqm	
782	Factory Unit
1624	Office Building
1169	Supermarket
1028	Roadside Retail Unit
1415	Care Facility
1597	Mid Range Hotel
2758	Community Centre
1110	Bowling Alley
830	Farm Store
1614	Car Showroom
1546	Repair Garage

Abnormal Construction Costs

4.23 Most development will involve some degree of exceptional or 'abnormal' construction cost. Brownfield development may have a range of issues to deal with to bring a site into a 'developable' state such as demolition, contamination, utilities diversion etc. Whole Plan and CIL Viability Assessment is based on generic tests and it would be unrealistic to make assumptions over average abnormal costs to cover such a wide range of scenarios. In reality abnormal cost issues like site contamination are reflected in reductions to land values so making additional generic abnormal cost assumptions would effectively be double counting costs unless the land value allowances were adjusted accordingly.

4.24 It is considered better to bear the unknown costs of development in mind when setting CIL rates and not fix rates at the absolute margin of viability. Nevertheless, for the assessment of strategic or allocated sites, where there is specific evidence of abnormal site constraint costs, these will be factored into the site specific appraisals. The abnormal assumptions are set out in the Strategic Site Appraisal section.

Policy Cost Impacts & Planning Obligation Contributions

4.25 The study seeks to review Whole Plan Viability and therefore firstly assesses the potential cost impacts of the proposed policies in the plan to determine appropriate cost assumptions in the viability assessments and broadly determine if planned development is viable.

4.26 CIL may replace some if not all planning obligation contributions. The second purpose of the study is to test the maximum margin available for CIL that is available from various types of development. CIL, if adopted, will represent the first 'slice' of tax on development. Planning Obligations may be used to top up contributions on a site specific basis subject to viability appraisal at planning application stage.

4 Appraisal Assumptions

4.27 Nevertheless the CIL Guidance 2014 (contained in the National Planning Practice Guidance) indicates that Authorities should demonstrate that the development plan is deliverable by funding infrastructure through a mixture of CIL and planning obligation contributions in the event that the Authority does not intend to completely replace planning obligations with CIL.

4.28 Costs have been factored into the viability appraisals to reflect the impact of relevant development plan policy and the residual use of planning obligations for site specific mitigation. Based on historic evidence of planning obligation contributions over the last five years (excluding Affordable Housing which is factored in separately) the following cost allowances have been adopted in the study:-

Residual Planning Obligations for site specific mitigation

**£1729 per dwelling
£10 per sqm commercial**

4.29 Historical evidence demonstrates that the average planning obligations contribution is £1729 per dwelling and £10 per sqm for commercial development. Since it is anticipated that CIL will replace the funding of some types of infrastructure previously covered by planning obligations this is considered to be a fully robust allowance.

4.30 Costs have been factored into the viability appraisals to reflect the impact of relevant development plan policies and the residual use of planning obligations for site specific mitigation. The cost impact of these mitigation measures has been assessed by Gleeds and may be summarised as follows :-

ACCESSIBILITY STANDARDS - Houses Cat 2 £10sqm x 20%

The appraisals test the impact of requiring 20% of homes to be built to Category 2 standard. For the majority of housing development this is estimated to add £10sqm over National Housing Standards equivalent build cost allowance. For 20% of units this equates to an overall additional allowance of £2sqm.

WATER CONSERVATION STANDARDS

The higher optional water standard of 110 lpd is considered to be covered by the adopted construction cost rates (equivalent of CoSH Code 4) and do not require any additional allowance.

ENERGY

No additional allowance has been made for Zero Carbon costs in view of the Government's recent policy change on this issue.

4 Appraisal Assumptions

BREAAM Standards

The construction costs for commercial development make allowance for BREAAM 'Excellent' rating including additional professional fees.

SPACE STANDARDS

The residential unit sizes adopted in the appraisals comply with National Space Standards.

It is considered that there are no other planning policy impacts that would generate specific costs beyond the construction rates adopted in the study.

Developers Profit

4.31 Developer's profit is generally fixed as a % return on gross development value or return on the cost of development to reflect the developer's risk. In current market conditions, and based on the assumed lending conditions of the financial institutions, a 20% return on GDV is used in the residential viability appraisals to reflect speculative risk on the market housing units. However it must be acknowledged that affordable housing does not carry the same speculative risk as it effectively pre-sold. There is significant evidence of this 'split profit' approach being accepted as a legitimate approach in Whole Plan Viability and Community Infrastructure Levy Examinations and Affordable Housing Sec 106 BC Appeals.

4.32 In line with the draft guidance on viability assessment introduced by the Government in March 2018 the profit allowance on the affordable housing element has been set at 6% . It should also be recognised that a 'competitive profit ' will vary in relation to prevailing economic conditions and will generally reduce as conditions improve, generally remaining within a 15-20% range for speculative property.

4.33 In the generic commercial development assessments, a 17.5% profit return is applied in recognition that most development will be pre-let or pre-sold with a reduced level of risk. If it is considered that industrial and other forms of commercial are likely to be operator rather than developer led, this allowance may be further reduced to a 5-10% allowance to reflect an allowance for operational/opportunity cost rather than a traditional development risk.

Property Sales Values

4.34 The sale value of the development category will be determined by the market at any particular time and will be influenced by a variety of locational, supply and demand factors as well as the availability of finance. The study uses up to date comparable evidence to give an accurate representation of market circumstances.

4 Appraisal Assumptions

4.35 A valuation study of all categories of residential and commercial property has been undertaken by HEB Chartered Surveyors in 2018. A copy of the report is attached at Appendix I.

Residential Sales Values					
Charging Zone	Sales Value £sqm				
	Apartment	2 Bed	3 Bed	4 Bed	5 Bed
Zone 1	1750	1900	1850	1850	1800
Zone 2	1,850	2250	2200	2200	2150

Commercial Sales Values Sqm		
		Charging Zones
		Area Wide
Industrial		700
Office		1400
Food Retail	A1	2750
General Retail	A1-A5	1800
Residential Inst		1291
Hotels		2500
Community		1077
Leisure		1350
Agricultural		400
Sui Generis	Car Sales	1500
Sui Generis	Vehicle Repairs	700

Land Value Allowances - Residential

4.36 Following the land value benchmarking 'uplift split' methodology set out in Section 3 the following greenfield and brownfield existing residential land use value assumptions are applied to the study. The gross residual value (the maximum potential value of land assuming planning permission but with no planning policy, affordable housing sec 106 or CIL cost impacts). An example for Urban Mixed Housing in the High Value zone is illustrated in the table below.

Land Value	£20000	Existing Greenfield (agricultural) Per Ha Brownfield (equivalent general commercial) Per Ha	Gross Residual Residential Value per Ha	Uplift	50%
	£425,000				
	£1,442,992				

4 Appraisal Assumptions

4.37 50% of the uplift in value between existing use and the gross residual value of alternative use with planning permission is applied to generate benchmarked land values per Ha. These land values are then divided by the assumed unit type densities to generate the individual greenfield and brownfield plot values to be applied to the appraisals.

EUV	+	50% of Uplift in Value	=	Threshold Land Value
Greenfield	£20,000	+	50% (1,442,992 - £20,000)	= £731,496 per Ha
Brownfield	£425,000	+	50% (£1,442,992 - £425,000)	= £933,996 per Ha

Density Assumptions	Apt	2 Bed	3 Bed	4 Bed	5 Bed
	100	40	35	25	20
LAND VALUES (Plot Values)					
	Apt	2 Bed	3 Bed	4 Bed	5 Bed
Greenfield	£7315	£18287	£20900	£29260	£36575
Brownfield	£9340	£23350	£26686	£37360	£46700

4.38 The complete set of gross residual residential values for all the residential tests from which the benchmarked threshold land value allowances were derived, is set out in the table below.

Gross Residual Land Value per Ha	Zone 1	Zone 2
Small Scale Urban Infill	662326	1474793
Small Scale Urban edge	614990	1449124
Med Scale Urban Mixed Residential	617895	1442992
Med Scale Urban Edge Mixed Residential	576447	1405840
Large Scale Urban Extension	557923	1380547

Land Value Allowances - Commercial

4.39 The approach to commercial land value allowances is the same in principle. Obviously there will be a broad spectrum of residual land values dependent on the commercial use. A number of residual land calculations for commercial categories actually demonstrate negative values – which is clearly unrealistic for the purpose of viability appraisal. Therefore where residual values are less than market comparable evidence the market comparable is used as the minimum gross residual figure. In the Mansfield District assessments only retail gross residual values exceeded these market comparable benchmarks.

4 Appraisal Assumptions

4.40 The following provides an example threshold land value allowances food supermarket retail

	EUV	+	50% of Uplift in Value	=	Threshold Land Value
Greenfield	£20,000	+	50% (£2,805,881 - £20,000)	=	£1,412,941 per Ha
Brownfield	£425,000	+	50% (£2,805,881 - £425,000)	=	£1,615,441 per Ha

4.41 The greenfield and brownfield land value threshold allowances are all set out within the commercial viability appraisals but in summary the gross residual values on which they are based may be summarised as follows :-

Commercial Residual Land Values	Area Wide
Industrial Land Values per Ha	
Residual Land Value per Ha	425000
Office Land Values per Ha	
Residual Land Value per Ha	425000
Food Retail Land Values per Ha	
Residual Land Value per Ha	2805881
General Retail Land Values per Ha	
Residual Land Value per Ha	1598648
Residential Institution Land Values per Ha	
Residual Land Value per Ha	425000
Hotel Land Values per Ha	
Residual Land Value per Ha	750000
Community Use Land Values per Ha	
Residual Land Value per Ha	425000
Leisure Land Values per Ha	
Residual Land Value per Ha	550000
Agricultural Land Values per Ha	
Comparable Land Value per Ha	20000

4 Appraisal Assumptions

Fees, Finance and Other Cost Allowances

4.42 The following 'industry standard' fee and cost allowances are applied to the appraisals.

Residential Development Cost Assumptions				
Professional Fees			8.0%	Construction Cost
Legal Fees			0.5%	GDV
Statutory Fees			1.1%	Construction Cost
Sales/Marketing Costs			2.0%	Market Units Value
Contingencies			5.0%	Construction Cost
Planning Obligations			1729	£ per Dwelling
			10	£ per sqm Commercial
Interest	5.0%	12	Month Construction	3-6 Mth Sales Void
Arrangement Fee	1.0%	Cost		


5 Viability Appraisal Results

5.1 The results of the residential typology Viability Testing are set out in the tables below. In order to inform the policy position of the Council the residential viability tests were undertaken on the assumption that schemes would deliver between 5% - 20% Affordable Housing, dependent on location, at the Council's adopted tenure mix.

5.2 Any positive figures confirm that the category of development tested is economically viable in the context of Whole Plan viability and the impact of planning policies. The level of positive viability indicates the potential additional margin for CIL charges.

5.3 Each category of development produces a greenfield and brownfield result in each test area. These results reflect the benchmark land value scenario. The first result assumes greenfield development which generally represents the highest uplift in value from current use and therefore will produce the highest potential CIL Rate. The second result assumes that development will emerge from low value brownfield land.

5.4 It should be recognised that the CIL Rates that have emerged from the study are maximum potential rates, based on optimum development conditions. The viability tests are necessarily generic and do not factor in site specific abnormal costs that may be encountered on many development sites. The tests produce maximum contributions for infrastructure and therefore ultimate CIL charges should consider an appropriate 'viability buffer' to account for additional unforeseen costs and site specific abnormals.


 Maximum Potential CIL Rates per Sqm					
Sub-Market/Base Land Value	Small Scale Urban Infill	Small Scale Urban edge	Med Scale Urban Mixed Residential	Med Scale Urban Edge Mixed Residential	Large Scale Urban Extension
Zone 1					
Greenfield	£72	£65	£21	£22	£26
Brownfield	-£2	-£8	-£36	-£36	-£35
Zone 2					
Greenfield	£194	£187	£95	£102	£110
Brownfield	£120	£108	£60	£62	£65

5.5 The results of the viability testing demonstrate that the majority of housing development is viable and deliverable in Mansfield based on the Council's adopted approach to Affordable Housing delivery and other policy cost impacts of the Development Plan. The viability of brownfield development in the Zone 1 sub-market area appears marginal and the delivery of the full Affordable Housing target in these areas may require further consideration at application stage.

5 Viability Appraisal Results

5.6 The results also demonstrated that apartment development is not economically viable based on any significant level of affordable housing delivery and some flexibility in delivering affordable housing connected to apartment schemes may be required.

Potential Commercial CIL Charges

 Commercial Viability Results		
General Zone		
Charging Zone/Base Land Value	Greenfield	Brownfield
Industrial (B1b B1c B2 B8)	-£370	-£462
Office (B1a)	-£1,027	-£1,064
Hotel (C1)	-£283	-£322
Residential Institution (C2)	-£843	-£872
Community (D1)	-£2,429	-£2,462
Leisure (D2)	-£325	-£394
Agricultural (A1-A5)	-£669	
Sui Generis Car Sales	-£754	-£798
Sui Generis Vehicle Repairs	-£1,305	-£1,359
Food Supermarket Retail A1	£358	£290
General Retail A1-A5	£98	£65

5.7 Most of the above commercial use class appraisals indicated negative viability and therefore no margin to introduce CIL charges. Only food supermarket and general retail demonstrated significant positive viability. These results are typical of our experience of most Local Authorities' commercial viability assessments. In order for viability assessment to be consistent between residential and commercial development, full development profit allowances are contained within all appraisals (assuming all development is delivered by third party developers requiring a full risk return).

5 Viability Appraisal Results

5.8 In reality much commercial development is delivered direct by business operators who do not require the 'development profit' element. As such many commercial categories of development are broadly viable and deliverable despite the apparent negativity of the results. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

6 Strategic Site Viability Appraisals

6.1 The study has undertaken specific Viability Appraisals of the principal strategic sites based on the assumptions used in the typology testing (unless indicated as a 'site promoter figure'). In addition Section 106 Contribution allowances have been made in accordance with County Council based infrastructure funding requirements as follows :-

Primary Education	£2,045 per dwelling
Secondary Education	£2,761 per dwelling
Health	£950 per dwelling
Library	£45 per dwelling
Transport (Pleasley Hill)	£2,112 per dwelling
Transport (Jubilee Way)	£2,162 per dwelling
Transport (Old Mill Lane)	£11,173 per dwelling

Copies of the Viability Assessments are attached at Appendix 3.

Pleasley Hill Assumptions

Residential

Site area 24.05 Ha
925 Units – 81521sqm – based on Promoter figure for 850 units
10% Affordable Housing
Sales Value blended rate £1860sqm
Abnormal Construction £9.7 Million – Promoter figure
Professional fees £1.16 Million - Promoter figure
Other Fees and Costs as per main study assumptions above
Planning Obligations £8273 per unit (Education, Transport, Health, Library)
20% Developer Profit (6% Affordable Housing)
Benchmarked Land Value £5.45 Million

Commercial

Site area 10.54 Ha
23153Sqm Industrial and various other commercial land uses – Promoter Figure
Overall Value £23 Million – Promoter figure
Base construction £12.4 Million – Promoter figure
Abnormal Construction £1.27 Million – Promoter figure
Professional fees £995,000 - Promoter figure
Other Fees and Costs as per main study assumptions above
Planning obligations and Highway Works £709,925 – Promoter figure
17.5% Developer Profit
Benchmarked Land Value £1.22 Million

6 Strategic Site Viability Appraisals

6.2 The Pleasley Hill Residential Viability Appraisal indicated negative viability of -£7.5 Million. The Commercial viability element indicated positive viability of £126,000. Whilst the residential development did indicate negative viability based on policy targets of 10% Affordable Housing and S106 Contributions of £7Million this does not necessarily mean the site is not deliverable. The negative viability of -£7.5 Million represents 5% of the overall residential value and as such adjustments to cost allowances, contributions and developer return may enable the scheme to proceed. This is discussed further in the conclusions.

Jubilee Way Assumptions

Residential

Site area 27.09 Ha
800 Units – assume 90sqm unit average
20% Affordable Housing
Sale Value Blended rate £2200sqm
Abnormal Construction £1 Million
Other Fees and Costs as per main study assumptions above
Planning Obligations £8323 per unit (Education, Transport, Health, Library)
20% Developer Profit (6% Affordable Housing)
Benchmarked Land Value £13.9 Million

6.3 The Jubilee Way Residential Viability Appraisal indicated marginal positive viability of £179,000.

3 Old Mill Lane Assumptions

Residential

Site area 12.8 Ha
358 Units – assume 90sqm unit average
10% Affordable Housing
Sale Value Blended rate £1860sqm
Other Fees and Costs as per main study assumptions above
Planning Obligations £17334 per unit (Education, Transport, Health, Library)
20% Developer Profit (6% Affordable Housing)
Benchmarked Land Value £3.23 Million

6 Strategic Site Viability Appraisals

6.4 The Old Mill Lane Residential Viability Appraisal indicated negative viability of -£5.73 Million.

In this case the relatively high transport contributions required to open up the site at £11,173 per dwelling did have a significant impact on viability with the figure of -£5.73 Million representing 10% of the overall residential value and as such adjustments to allowances may be more difficult to achieve delivery. This is discussed further in the conclusions.


7 Conclusions

Key Findings - Residential Viability Assessment

7.1 The Mansfield District Local Plan sets out the strategy to deliver housing over the plan period. The Plan Wide Viability assessment illustrated that firstly, in general terms, housing development proposed in all locations in the Mansfield District Local Plan are broadly viable and, secondly, can accommodate significant CIL charges. The assessment of residential land and property values indicated that the Authority did possess significantly different residential sub-markets that warrant differential value assumptions being made in the Whole Plan Viability Assessment and, potentially, a differential rate approach to CIL based on two geographical zones. These are set out in the zone maps at Section 4.

7.2 The viability results are summarised in the table below. The figures represent the margin of viability per sqm taking account of all development values and costs, plan policy impact costs and having made allowance for a competitive return to the landowner and developer. In essence a positive margin confirms whole plan viability and the level of positive margin represents the potential to introduce additional CIL charges.

7.3 The following table illustrates the CIL potential of housing development based on variable Affordable Housing Delivery at the Council's current preferred tenure mix of 15% Starter Homes, 15% Intermediate 20% Social Rent and 50% Affordable Rent Housing.


 Maximum Potential CIL Rates per Sqm					
Sub-Market/Base Land Value	Small Scale Urban Infill	Small Scale Urban edge	Med Scale Urban Mixed Residential	Med Scale Urban Edge Mixed Residential	Large Scale Urban Extension
Zone 1					
Greenfield	£72	£65	£21	£22	£26
Brownfield	-£2	-£8	-£36	-£36	-£35
Zone 2					
Greenfield	£194	£187	£95	£102	£110
Brownfield	£120	£108	£60	£62	£65

7.4 Greenfield mixed housing development demonstrates viable CIL rate potential of £21-£194 per square metre dependent on the sub-market area. For brownfield mixed housing, the CIL rate potential is lower at -£36-£120 per square metre. Zone 1 brownfield development demonstrates negative viability and therefore affordable housing viability may need to be re-assessed for this type of development at application stage. The strong positive viability of small scale housing is due to an assumption that no Affordable Housing contribution would be required.

7 Conclusions

Key Findings – Commercial Viability Assessment

7.5 The initial assessment of commercial land and property values indicate that there are no significant differences in values to justify differential sub-markets based on assumptions or differential CIL charging zones. The commercial category viability results are set out in the table below.

 Commercial Viability Results for Plan Wide Viability Assessment		
Charging Zone/Base Land Value	General Zone	
	Greenfield	Brownfield
Industrial (B1b B1c B2 B8)	-£370	-£462
Office (B1a)	-£1,027	-£1,064
Hotel (C1)	-£283	-£322
Residential Institution (C2)	-£843	-£872
Community (D1)	-£2,429	-£2,462
Leisure (D2)	-£325	-£394
Agricultural (A1-A5)	-£669	
Sui Generis Car Sales	-£754	-£798
Sui Generis Vehicle Repairs	-£1,305	-£1,359
Food Supermarket Retail A1	£358	£290
General Retail A1-A5	£98	£65

7.6 It can be seen that food supermarket retail and general retail uses demonstrate positive viability. All of the remaining commercial use class appraisals indicate negative viability.

7 Conclusions

7.7 It should be stressed that whilst the generic appraisals showed that most forms of commercial and employment development are not viable based on the test assumptions, this does not mean that this type of development is not deliverable. For consistency a full developer's profit allowance was included in all the commercial appraisals. In reality many employment developments are undertaken direct by the operators. If the development profit allowance is removed from the calculations, then much employment development would be viable and deliverable. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

7.8 The assessment indicates that only food supermarket retail, with CIL potential rate of £290-£358 per square metre, dependent on existing land use and general retail with potential rates of £65-£98 provide a margin to introduce CIL charges. It is therefore recommended on the existing evidence, that all non-retail categories should not be charged CIL.

CIL Appraisal Conclusions

7.9 The study demonstrates that most of the development proposed by the Local Plan is viable and deliverable taking account of the cost impacts of the policies proposed by the plan and the requirements for viability assessment set out in the NPPF. It is further considered that significant additional margin exists, beyond a reasonable return to the landowner and developer to accommodate CIL charges.

7.10 In terms of CIL, it is recommended that there are sufficient variations in residential viability to justify a differential zone approach to setting residential CIL rates across the Mansfield District area.

Housing Units Projected in Plan Period	Housing Units	
Zone 1		
Greenfield	3700	95%
Brownfield	175	5%
Zone 2		
Greenfield	297	90%
Brownfield	32	10%

7.11 The table above illustrates the projected dwellings estimated over the plan period that may be affected by the introduction of CIL Charges. The table clearly illustrates that the majority of residential development likely to be affected by CIL will be on greenfield land and as such the greenfield viability results should guide the proposed CIL Charges.

7 Conclusions

7.12 Taking account of the viability results, the generic nature of the tests, the differential viability of brownfield and greenfield development and a reasonable buffer to allow for additional site specific abnormal costs, in the event Mansfield District Council wish to pursue CIL, we would recommend the following zonal rates.

Residential CIL & Affordable Housing Rates		
Zone 1 Housing Greenfield	10% Affordable	£15sqm
Zone 1 Housing Brownfield	5% Affordable	£15sqm
Zone 2 Housing Greenfield	20% Affordable	£45sqm
Zone 2 Housing Brownfield	10% Affordable	£45sqm
Strategic Sites Pleasley Hill, Jubilee Way and Old Mill Lane	0-20% Affordable	£0sqm

7.13 It is recommended that a single zone approach is taken to setting commercial CIL rates. The viability assessment results indicate that all non-retail commercial uses should be zero rated.

7.14 The retail viability assessment results indicate that differential rates could be legitimately applied to both types of retail use and, in the case of food supermarket development also to scale of development. Based on the viability assessment results and taking account of a reasonable viability buffer, the following Commercial CIL rates are recommended.

Borough-wide	
All Non-residential uses (excepting Retail)	£0sqm
Borough-wide	
General Retail A1-A5 (excluding Food Supermarket)	£40sqm
Food Supermarket A1	£100sqm

CIL Revenue Potential

7.15 In order to estimate residential CIL over the plan period, the recommended CIL rate is applied to an average dwelling size of 90 sq metres for eligible dwellings. In Mansfield Borough, if a decision is made to implement CIL, the earliest it could be introduced is 2019. This would mean based on the table at para 7.10 above a maximum of 4204 houses would be potentially liable for CIL. Assuming the Strategic Sites are zero CIL rated (removing 1725 units) and 5-20% of these are exempt as affordable Housing dependent on zone and existing land use, the projected CIL liable floorspace is as follows:-

7 Conclusions

Zone 1 Greenfield 10% Affordable 1778 units x 90sqm = 160,020sqm
 Zone 1 Brownfield 5% Affordable 166 units x 90sqm = 14,940sqm
 Zone 2 Greenfield 20% Affordable 238 units x 90sqm = 21,420sqm
 Zone 2 Brownfield 10% Affordable 158 units x 90sqm = 2,610sqm

7.16 The floorspace projections for commercial categories of development that would be liable for CIL, over the plan period, are set out in the table below.

Charging Zone	Category	CIL Rate	Eligible Floorspace	CIL Revenue
Zone1 10% Affordable	Housing	£15	160020	£2,400,300
Zone 1 5% Affordable	Housing	£15	14940	£224,100
Zone 2 20% Affordable	Housing	£50	21420	£1,071,000
Zone 2 10% Affordable	Housing	£50	2610	£130,500
Boroughwide	General Retail	£40	TBA	£0
Boroughwide	Food Supermarket	£100	TBA	£0
			Total	£3,825,900

Strategic Site Viability Appraisal Conclusions

7.17 The viability testing of proposed strategic residential and commercial sites in Mansfield District has been undertaken, accounting for the following policy impacts and key assumptions:-

- Greenfield or Brownfield Development
- Delivery Timescale
- Affordable Housing Delivery of 10%
- Key Planning Policy Cost Impacts
- Community Infrastructure Levy
- Planning Obligation Allowances
- Site Specific Abnormal Costs and Mitigation Factors

7.18 The Pleasley Hill Residential Viability Appraisal indicated negative viability of -£7.5 Million. The Commercial viability element indicated positive viability of £126,000. This does indicate the strategic site cannot accommodate CIL charges and it is recommended the site is treated as a separate zero rated CIL Charging Zone. The negative viability of -£7.5 Million represents 5% of the overall residential value. Whilst the scheme does indicate negative viability based on plan policy targets it is considered that adjustments could be made to enable the site to be deliverable. For example, should the Council be prepared to relax Affordable Housing requirements and the Developer accept a reduced profit return of 17% then the scheme would become viable.

7 Conclusions

7.19 The Jubilee Way Residential Viability Appraisal indicated marginal positive viability negative viability of £0.17 Million. This represents CIL potential of £3sqm and therefore indicates that it would not be viable to introduce any significant charge. It is recommended the site is treated as a separate zero rated CIL Charging Zone.

7.20 The Old Mill Lane Residential Viability Appraisal indicated negative viability of -£5.73 Million. This does indicate the strategic site cannot accommodate CIL charges and it is recommended the site is treated as a separate zero rated CIL Charging Zone. In this case the relatively high transport contributions required to open up the site at £11,173 per dwelling and overall S106 contributions of over £17,000 per dwelling did have a significant impact on viability with the figure of -£5.73 Million representing 10% of the overall residential value. As such even if Affordable Housing requirements were relaxed it would need a developer to accept a return of 13% to deliver the scheme which may be difficult to secure.

7.21 In conclusion, the assessment of all proposed residential sites in Mansfield District has been undertaken with due regard to the requirements of the NPPF and the best practice advice contained in 'Viability Testing Local Plans'. It is considered that all sites are broadly viable across the entire plan period taking account of the Affordable Housing requirements and all policy impacts of the Local Plan as well as the potential introduction of CIL in the future.

7.22 The study is a strategic assessment of whole plan and CIL viability and as such is not intended to represent a detailed viability assessment of every individual site. The study applies the general assumptions in terms of affordable housing, planning policy costs impacts and identified site mitigation factors based on generic allowances. It is anticipated that more detailed mitigation cost and viability information may be required at planning application stage to determine the appropriate level of affordable housing and planning obligation contributions where viability issues are raised. The purpose of the study is to determine whether the development strategy proposed by the Plan is deliverable given the policy cost impacts of the Plan and whether it is viable in principle to introduce a Community Infrastructure Levy Charging Schedule.

7.23 It should be noted that this study should be seen as a strategic overview of plan level viability rather than as any specific interpretation of Mansfield District Council policy on the viability of any individual site or application of planning policy to affordable housing, CIL or developer contributions. Similarly the conclusions and recommendations in the report do not necessarily reflect the views of Mansfield District Council.

Heb Surveyors Valuation Report 2018

WHOLE PLAN VIABILITY ASSESSMENT

PROPERTY VALUE STUDY

AS PART OF EVIDENCE BASE

**FOR AND ON BEHALF OF
MANSFIELD DISTRICT COUNCIL**



Mansfield
District Council

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12 April 2018

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TERMS OF REFERENCE

As part of our instructions to provide valuation advice and assistance to Mansfield District Council in respect of Whole Plan Viability Assessment and potential Community Infrastructure Levy introduction, we are instructed to prepare a report identifying typical land and property values for geographical locations within the study area.

These typical land and sale prices are to reflect 'new build' accommodation and test categories have been broken down into land use types reflecting the broad divisions of the use classes order reflecting common development land use types specifically:-

- 1) Residential (C3 and C4 houses)
- 2) Residential (C3 and C4 apartments)
- 3) Other residential institutions (C1, C2)
- 4) Food retail (supermarkets)
- 5) General retail (A1, A2, A3, A4, A5)
- 6) Offices (B1a Cat A fit out)
- 7) Industrial (B1, B/C, B2, B8)
- 8) Institutional and community use (D1)
- 9) Leisure (D2, including casinos)
- 10) Agricultural
- 11) Sui Generis (based on recent history)

It should be noted that although food supermarket retail falls under an A1 use, we have specifically assessed it as a separate category since it generally commands a much higher value than other retail categories. It is for each authority to decide whether they wish to adopt a separate charging category for this use, or adopt a more general retail charge more reflective of all retail uses.

The purpose of this value appraisal study is to provide part of the Authority's Evidence Base in support of possible preparation of a Community Infrastructure preliminary draft charging schedule.

Our report identifies potential charging zones and a sub-market map, which is to be read in conjunction with the valuation commentary and tables of appropriately, cross referenced value data.

The report also provides evidence to justify whether a fixed rate or variable rate CIL charging scheme could be appropriate within the study area, subject to further viability testing.

AN INTRODUCTION TO CIL

The Community Infrastructure Levy (CIL) is a charge which local authorities in England and Wales can apply to new development in their area. CIL charges will be based on the size, type and location of the development proposed. The money raised will be used to pay for strategic and other infrastructure required to support growth.

Authorities wishing to charge CIL are required to produce a CIL charging schedule that sets out the rates that will be applied. This must be based on evidence of need for infrastructure and an assessment of the impact of CIL on the economic viability of development. If an Infrastructure Delivery Plan is in place, it will provide the underlying evidence for establishing a CIL system but it is not essential.

For many Authorities it is likely that much of the required infrastructure will still be provided by planning obligations under Section 106 Agreement, however the use of planning obligations will increasingly be severely restricted.

CIL may be used in conjunction with planning obligation contributions to make up an identified funding deficit. CIL cannot currently be used to fund Affordable Housing.

THE EVIDENCE BASE

The CIL Guidance advises that a charging authority must provide evidence on economic viability and infrastructure planning as background for examination. The legislation (sec 212 (4) B) of the 2008 Planning Act requires that ‘*appropriate available evidence*’ must inform a draft charging schedule.

It is up to each individual charging authority to determine what evidence is appropriate to demonstrate they have struck an appropriate balance between infrastructure funding and the potential effect of CIL on economic viability development within the study area. For property value assumptions, a report commissioned from RICS Registered Valuers (as in this instance) is generally deemed appropriate.

The valuation evidence provides an area-based view - a broad test of viability (although changes in guidance now permit focus on individual development sites when subsequently undertaking viability tests). The guidance recommends that standard valuation models should be used to inform viability evidence.

Where differential rates of CIL are proposed (rather than a flat fixed rate) then the guidance advises that market sector sampling will be required to justify the boundaries of charging zones and the rates of different categories of development.

The Guidance also confirms that an Authority may adopt a pragmatic approach when assessing value evidence, and that adopted value judgments need not necessarily exactly mirror available evidence.

The purpose of this report is to provide a bespoke valuation Evidence Base, specifically for considering viability in Mansfield district. Whilst it is possible to assemble an evidence base from many different (and in some instances existing) information sources, we believe there is an inherent danger in this approach. The underlying assumptions for valuation or costs assessment in each data source may be different and a ‘mix and match’ approach may be flawed when comparable evidence is scrutinised.

We consider our approach herein to be far reaching and sufficiently robust to be defensible at a CIL Examination (as evidenced by previous Inspector approval elsewhere).

The valuation evidence obtained to produce this report takes the form of an area wide approach as recommended by the guidance, and allow for economic viability of development to be considered as a whole, whereby all categories of development have been assessed.

Valuation methodology has consisted primarily of collecting recent comparable evidence of sales transactions within all of the identified development categories prior to full analysis (more fully outlined under ‘Procedure and Methodology’).

Where evidence may be lacking or unavailable for example the more unusual use classes or within certain locations, reasoned valuation assumptions have been taken.

It should be noted that there will inevitably be scope for anomalies to be identified for each zone. This is to be expected (and is allowable under the CIL guidance). The values and zones identified herein provide a fair and reasonable 'tone' across each zone and use class.

This approach and methodology is deemed wholly acceptable under the CIL regulations and guidance, whereby it is accepted that inevitably valuation at an area wide level cannot be taken down to a 'micro-economic' geographical level.

MANSFIELD DISTRICT

Mansfield District is situated in Nottinghamshire, and extends to some 30 sq miles.

The district is populated by approximately 104,400 people (2011 census) with the majority living in the urban areas of Mansfield, Mansfield Woodhouse and Warsop.

LOCAL PROPERTY MARKET OVERVIEW

The location is centrally located within the UK, and is well served by the road network with both the M1 and A1 in easy reach.

Mansfield is a commercial centre in its own right, although inevitably the commercial property market is influenced by the proximity of Nottingham and Derby to the South and Sheffield to the North.

The location is popular with both warehousing and manufacturing operators, primarily due the labour supply as well as to access to the road network and the central UK location.

While there is some inherent demand for office property (town centre and business parks), many occupiers prefer the neighbouring cities.

Retail provision is largely dominated by the urban centres, with some retail parks, supermarkets, neighbourhood centres and road-side retail where demographics and road prominence support it.

PROCEDURE & METHODOLOGY

The CIL Guidance recommends that standard valuation models should be used to inform viability evidence, and this approach has been adhered to for the purpose of this report.

Inevitably our methodology has varied to some extent with each property sector addressed, primarily due to the differing valuation techniques appropriate and required for that property type. More specific clarification is given within the chapter outlining methodology for each specific market category.

Our methodology favours an approach which is pragmatic and balances the reasonable expectations of landowners return with the contributions expected by the Local Authority for the infrastructure needs generated by new development, as advocated by the National Planning Policy Framework. Our approach pays due regard to 'market comparison' evidence available in each of the charging categories to provide a 'sense checked' output, bespoke to the study area.

Our methodology is more thoroughly outlined later in this report under the residential valuation commentary. We believe this approach best reflects the realities of the property market and is therefore compliant with the best practice guidance in 'Viability Testing Local Plans' (LHDG 2012) and 'Financial Viability in Planning' (RICS 2012).

Wherever possible we have incorporated an assessment of the transactional market comparison information that is available, adapting it through justifiable assumptions where necessary. This market sampling can then be used to confirm validity of our residual valuations.

It should be appreciated that it has not always been possible to find a definitive piece of evidence for every property type in every potential location. The CIL guidance accepts that this may inevitably be the case on occasion, and where appropriate, reasoned assumptions have been taken.

Methodology varies slightly between commercial property and residential property.

With commercial property we have scrutinised and adopted evidence from actual sales transaction evidence where possible, this is backed up where appropriate by market rent capitalisation whereby rental evidence (and estimated market rental levels) are capitalised through multiplication reflecting appropriate investment yield profiles to produce a capital value.

Our residential sales values are based upon actual market comparable evidence, due to the fact that housing tends to offer a much more 'uniform' product, with more easily identifiable sales value market evidence being available. This is backed up with stakeholder opinion where appropriate.

Members of our professional team have made a number of visits to appropriate locations within the study area to back up our extensive desktop research.

We are locally based (Nottingham) Chartered Surveyors, valuers and property agents, and accordingly have extensive local knowledge and expertise.

For the purposes of this report we have identified, assembled and fully analysed substantial amounts of individual comparable market evidence.

Clearly it would be impractical to tabulate and include *all* of the information obtained within this report, however we will be happy to provide more detailed evidence on any aspect of our comparable database upon request.

For reasons of simplicity in reporting we have focussed on publishing data primarily for those categories where the subsequent viability tests have demonstrated a potential for levying a CIL charge. We should make clear however that we have also obtained and analysed market transactional data and valuation evidence for other use categories including those where our subsequent viability tests have indicated a lack of sufficient viability for a charge to be considered.

All of the above information has been analysed, considered then distilled into the tabulated figures appended to this report which confirm our opinion as to appropriate indicative values in each category.

It should be borne in mind that as with any study where artificial boundaries are imposed, certain anomalies may arise.

There is inevitably a limit to the scale with which this study can be reduced to, and accordingly it is entirely feasible that certain 'hot' or 'cold' spots may exist above or below the overall tone identified for the study area as a whole. Similarly, within the study area an individual site, building or piece of market evidence could fall outside the established 'tone'.

In addition to the above market research, we have sought market evidence from a variety of data points including:-

- Contact / interview of House Builders and property agents active within the study area
- CoStar System – a nationwide subscription database covering commercial property issues
- Zoopla / Rightmove (professional user subscriptions)
- EGI – a further subscription database covering commercial property uses
- heb's own residential and commercial database of transactions
- Land Registry – subscription data tables where appropriate
- RICS Commercial Market Survey (quarterly)
- RICS Rural Land Survey 2018 (quarterly)

We have further sought local market information and 'market sentiment' from local Stakeholders including:-

Barratt Homes	Rippon Homes	Bellway Homes
Longhurst Housing	Keepmoat Homes	Westleigh Homes
Peter James Homes	Miller Homes	Peveril Homes
Crest Nicholson	Strata Homes	Wheeldon Homes
Inside Land (Nottingham based developers and land agents)		

All of the above parties were contacted with a view to discussing market activity and an appropriate value tone for the study area. In the majority of instances full cooperation was forthcoming although a small number of potential Stakeholders did not respond or were unable to fully engage in consultations (typically due to a lack of recent market activity). We are grateful to all parties for their assistance.

We believe this methodology has produced accurate and recent evidence available to support the recommended CIL rates across the study area.

On occasion we have been obliged to make reasoned subjective judgements as to our opinion of the likely use value for certain locations and uses. Similarly parts of our research comprises market opinion and value judgements gathered from the Stakeholders and property agents active within the study area to form a likely value achievable.

Similarly on occasion it has been appropriate to value on the basis of 'alternative use'. An example of this might be D1 (clinical), where in real market situations a D1 user will typically acquire a B1 (office) building by way of a 'subject to planning' deal. After an allowance has been made for alteration, the values would typically be broadly similar.

The figures reported herein may appear to be somewhat 'irregular'. This is primarily due to the fact that in practice the property market still operates largely through imperial measurements which we have been obliged to convert to metric for the purposes of this report. By way of example '£60 per sq ft' becomes '£645.83 per sq m'.

EVIDENCE DATES

As with any property valuation the date of comparable evidence is critical in terms of achieving a realistic outcome to the study. For this reason we have strived to obtain the most up to date information available.

The majority of our comparable evidence was obtained from January to April 2018.

Where it has been necessary to analyse older evidence, appropriate judgements have been made by a fully qualified valuation team to adapt the evidence to an appropriate 'present day figure'.

We are happy to discuss any individual piece of market evidence upon request, to provide full details including data information where appropriate.

BASIS OF VALUATION

Unless stated otherwise we have prepared our valuation figures on the basis of Market Value (stated as £/Sq m) which is defined in the valuation standards published by the Royal Institution of Chartered Surveyors as:-

“The amount for which a property should exchange at the date of valuation between a willing buyer and willing seller in an arm’s length transaction after proper marketing wherein the parties had both acted knowledgeably, prudently and without compulsion”.

POTENTIAL CIL CHARGING ZONES

Residential

To establish our valuation sub-markets (viability test zones), we first obtained average house price data for the study area, as at Oct 2017.

The data was analysed on a 'per ward' basis, at which point value groupings began to emerge for further discussion with the Council.

With few exceptions, the value range was not great – broadly £110,000 - £225,000.

From this data, two sub-markets have emerged based on wards where the average is below £150,000 and those where it is in excess of £150,000.

The higher value sub-market ("Zone 2"), forms a band to the South of Mansfield town, as shown at **Appendix 1**.

From our local knowledge of the market, we can confirm that this is as expected – the area to the south of the town, focused around Berry Hill is generally known to be the most sought-after.

This result has been "sense-checked" by the Mansfield DC and stakeholders and meets general approval in this respect.

Commercial:-

- Single Commercial Zone, area wide

The highest values for 'core' retail can be found in central urban areas however there is only marginal difference across the area as a whole for new build retail development. Although this may seem counter-intuitive, it should be borne in mind that new build retail development tends to be of a 'road side' or 'neighbourhood centre' style, and not more traditional 'High Street' retail which is generally well established. 'High Street' development will be mainly limited to re-development of existing buildings, therefore limiting CIL charging (which is only levied on new, additional floor area).

There is not a 'one size fits all' solution to what drives commercial property location values – what may be a high value retail area, may not be sought-after for warehousing, and vice-versa.

In summary we do not believe that there is sufficient 'fine grained' evidence to warrant a subdivision into separate CIL charging zones for commercial property. Inevitably the overall lack of tangible quality new build market evidence would mean an arbitrary decision is required as to where boundaries should be drawn which may not be defensible at Examination.

Accordingly in our opinion a single commercial rate should be applied where appropriate at a level which does not unduly threaten development as a whole across the entire study area.

SECTOR SPECIFIC VALUATION COMMENTARY

1) Residential C3 (houses and apartments)

Base Land Values

When assessing an appropriate tone for residential development land values, our viability testing carries out a residual land appraisal whereby a typical development scenario is appraised. In simplified terms this is achieved by assessing the 'end' property value (total projected value of sales), then deducting from this figure the cost of construction, including professional fees, finance and other standard costs of development.

The resultant figure is the maximum price which may be available for land acquisition, which in turn determines likely aspirational market values.

As a starting point for viability testing, this residual appraisal is carried out *without* deduction for Affordable Housing, Section 106 contributions or any other Local Authority policy based contributions, to give an indication of the theoretical 'maximum' possible land value which could be appropriate in the study area, before any impact of planning policy.

The residual approach in context with the land value benchmarking methodology adopted in the Viability Appraisals is more thoroughly outlined within the 'Development Equation' section of the Viability Testing report.

Once the residual land value figure has been calculated it is provided as the basis for the land value benchmarking exercise in the viability assessments. As a secondary 'sense check' values are also assessed along with other sources of land value information. Qualified property valuers reasoned assumptions and judgement is applied to the market information that is available to produce an estimate of 'Comparable Market Value' which is both fair and realistic in current market conditions.

It is recognised that comparable market values do not necessarily reflect the true costs of planning policy impacts and of course cannot factor in new land taxes such as CIL.

This pragmatic approach balances the reasonable expectation of land owners' return with the contributions expected by a Local Authority for infrastructure needs generated by new development, as advocated by the National Planning Policy Framework.

This methodology is replicated for *all* property use types, with a 'minimum' land value (typically based on market value figure) adopted for uses where the residual suggests a negative value or one below market value. It is a fact of real market activity that sites are purchased when a residual may suggest a negative value.

Buyers often 'over-pay' for a variety of reasons – the market does not function perfectly with the benefit of perfect information, developers may be optimistic in a rising market, or special purchaser / ransom situations. A specific development type may show a negative residual value, but the fact of competition from other possible uses will ensure a minimum level is achieved.

Furthermore, a self-builder will not need to demonstrate a developer's profit.

Accordingly market evidence can on occasion suggest a figure above residual levels, which is sensible and pragmatic to adopt.

The value data contained within this report has been adopted in the NCS Viability Study for the location, and thereafter subjected to 'Benchmarking' to establish a minimum allowance for land that represents a 'reasonable return for the landowner', as required by the NPPF.

In greenfield development scenarios, this is quite straightforward in that the benchmark is established by considering the existing 'greenfield' use value – generally taken to be agricultural land value.

The benchmark for brownfield land is more complex. It assumes that land has some form of established use and therefore value (which will be much higher than an undeveloped greenfield plot).

The range of established brownfield land values is obviously quite wide dependent on location and use. However for the purpose of viability appraisal it must be assumed that the land has a low value or redundant use that makes it available for alternative use.

Industrial land value is therefore generally used as a relatively low value use that might be brought forward for more lucrative alternative development (often residential use).

Where a residual appraisal demonstrates negative or marginal land values (usually due to low market sale values), it is accepted that all land must have a basic value and a reasonable base value will be allocated by the valuer. This may often be the market value of the land based on comparable evidence.

New Build Residential Values per Sq m

CIL and other Planning charges are applied to future *new build* housing within the location.

It therefore follows that the methodology used for viability testing is applied using real evidence collated from the new / nearly new homes market wherever possible. An extensive survey of this market was conducted within the study area and immediate surround (undertaken January – April 2018).

We have focused on 'new build' evidence since this generally attracts a premium over and above existing stock, and more particularly over Land Registry average figures where the results may be skewed by an unknown sample size and where no reference is available to the size, number of bedrooms and quality of the constituent properties.

New home developments are predominantly built by larger volume developers and tend to offer a relatively uniform size style and specification across any geographical area. It also follows that the majority of proposed developments that will attract CIL will constitute similar construction and styles.

Having established like for like comparable evidence, this was further analysed and tabulated to specify new home types, i.e. apartments and 2, 3, 4 and 5 bed units.

Market research was therefore focused on the above criteria by identifying new or 'nearly new' home developments in the study area or surrounding comparable locations, that were under construction or recently completed. Data for individual house types on these developments was analysed and sale prices achieved obtained from developer / house builders, Land Registry Data, or other sources (typically Zoopla / Rightmove).

Where necessary, additional supporting information was gathered on each development using asking prices with an assumed reduction made according to negotiated discounts as provided by the developer, local agents and professional judgement / assessment of the results. Adjustments for garages were made where present, to ensure like for like comparison.

Where new home data was found lacking, nearly new or 'modern' transactions and asking prices were analysed and adapted.

We have contacted contact home builders currently or recently active within the location, as listed in 'Procedure and Methodology' and again in Appendix 3. In most instances we were grateful to receive full assistance and cooperation although in a few instances the developer was unavailable for comment or unable to provide assistance.

Market value opinion obtained from stakeholders (house builders) generally confirmed our suggested sub-markets approach and values as appropriate, and a range between £1776- £2,368 sq m (£165- £220 per sq ft) as appropriate for houses across the authority, marginally less for apartments.

Our adopted values for appraisal are shown at **Appendix 2**, with numeric sales data obtained tabulated at **Appendix 3**, with stakeholder comment.

By way of a further 'sense check' the *Zoopla Price Index** currently confirms average prices for pin-point locations in the study area as follows: **£1,862 Sq m** for **Mansfield**, **£1,755 Sq m** for **Mansfield Woodhouse**, **£1,873** for **Church Warsop**, **£1,840** for **Forest Town** and **£1,722 Sq m** for **Rainworth**.

Figures are based on all specifications, not limited to new build. This will generally produce a *lower* average price than new build figures alone, since the average will include varying degrees of age and quality.

After adjustment to reflect a new build 'premium', our figures are further verified as being appropriate.

*As at 8/03/18, detached housing average.

Additional Stakeholder and background evidence is listed at **Appendix 3**.

2) Hotels

The most likely scenario for hotel development within Mansfield is from the budget - mid range sector of the hotel market for example Premier Inn and Travelodge, and our evidence base is therefore drawn from the budget – mid range sector.

Our evidence on sales values per sq m for hotels is based on our comparable evidence and market knowledge which shows that budget hotel operators pay in the region of £3,000 per room per annum which when capitalised at a rate of 7% produces a maximum sales value per room of approximately £40,000.

The average budget hotel room is approximately 17 sq m which also equates to an overall sales value figure per m in the region of £2,500.

3) Food Retail (Supermarket)

The majority of the larger food store retailers, including Sainsburys, Asda, Tesco, and Morrisons are all represented within the area, operating from large store formats.

In terms of valuations, our food retail valuations are based on the comparable / comparison and investment methods.

For supermarket / food retail outlets, we have appraised a typical food store format of 3,000 sq m – (32,000 sq ft) with a total site area of 1 hectare – (2.5 acres).

The sales figures that we have quoted within our report are based on a rental level per sq m multiplied by the appropriate capitalisation level to provide a gross sales figure per sq m.

We have adopted a rental figure of £170 per sq m with a capitalisation yield of 6%. This produces a sales value per m of £2,750. This capitalisation yield is appropriate bearing in mind that the food stores will be most likely occupied by one of the major supermarket brands such as Tesco, Sainsburys, Asda or Morrison's, by way of an institutional lease.

Typically, food store values are driven by the availability of planning consent (triggering competitive bidding), rather than exact location specifics. This tends to level values to a similar tone, region wide and accordingly we have considered some evidence from outside the study area.

We consider our figures to be considered a 'conservative' assessment. Both regionally and nationally substantial evidence exists to demonstrate typical rental values paid by large format food operators from £150 to £300 per sq m, with yields often at 5% or lower.

4) General Retail (A1, A2, A3)

The town centres dominate the other retail sectors. The rural areas have a more limited demand, mainly providing local and smaller convenience shopping. Our retail valuations are primarily based on the comparable / comparison and investment methods.

For the purpose of this report, we have categorised other retail as all other retail except supermarket food stores. Other retail therefore encompasses high street retail, edge of town and out of town retail as well as restaurants and drive through and so forth. In practice, High Street development will be mainly limited to re-development of existing buildings, therefore limiting CIL charging (which is only levied on new, additional floor area).

In terms of producing a sales value per sq m, we have again utilised a rental level per sq m and capitalised this using appropriate yield to arrive at a sales value per sq m. However, town centre retail units are valued on a Zoned Area basis as opposed to arterial road, edge of town or out of town retail, which use an overall rental per sq m.

Our methodology has therefore included an assessment of Zone A rentals for the principal suburbs within the urban area and from these Zone A rentals we have calculated an average rental figure per sq m for the suburbs that takes in to account our assessment of the ratio of prime, secondary and tertiary retail stock within each centre. The resultant figure is one consistent with retail rents for edge of centre and arterial road retail and can therefore be applied across all geographical retail locations.

We have then considered rentals for arterial roadside retail units within the urban areas, which again using comparable evidence produces a rental in the region of £135 per sq m (£12.50 per sq ft), capitalised at a yield of 7%.

All of the above methodology has been considered then applied to the 'test' assumed property, i.e. a 300 sq m roadside unit. We believe that this is the most likely form of new retail development to emerge. Established 'high street' retail is seldom developed from new (more typically a refurbishment of long established existing stock), and even if it were, the established high street location would not attract CIL since there would be little or no increase in floor area.

5) Offices (B1a, Cat "A" fit out)

Our office valuations are primarily based upon the capital comparison and investment methodology. Where appropriate, rental evidence has been capitalised through the adoption of investment yields.

Where it exists, demand is often from existing local business, with limited relocation from outside the study area.

Low rental levels and capital values following on from limited demand have severely limited the viability of the office development in the area, and indeed the region.

With regards to the valuation figures quoted we have made the following assumptions:-

- That land values are given for cleared sites, free from contamination and generally ready for development without undue remedial works and with services connected or easily available.
- Office values quoted are for a newly constructed, grade “A” office development, capable of sub division if required into units of 2,500 sq ft – 5,000 sq ft (this size range will exclude abnormally high premium prices for small units, whilst not unduly discounting for quantum).

6) Industrial (B1b/c, B2, B8)

Our methodology is again based largely on the capital comparison method, through assessment of transactional evidence, and investment capitalisation where appropriate.

Where appropriate, rental evidence has been capitalised through adopting investment yields.

When preparing our figures we have assumed:-

- The land is cleared and ready for development without unduly onerous remediation being required, with sites generally serviceable and appropriate planning available.
- Our appraisal assumes a new build industrial/warehouse development of c. 10,000 sq ft and capable of division into units of approximately 5,000 sq ft (to avoid premium or discount for quantum) with say 5% office content.

7) Agriculture

The recent RICS rural land market survey (H2, 2017) has suggested that for the East Midlands region average agricultural land prices are approximately £20,000 per hectare.

Our report has allocated an average figure across the whole of the region, which should be considered as being for guidance and information purposes only.

We do not believe it appropriate within the scope of this report to provide more detailed, area specific banding.

The valuation of agricultural land is extremely site specific, down to a ‘field by field’ basis. The quality of soil for each individual plot of land is paramount, with other factors being taken into account for example the existence of sporting rights. Accordingly to give a truly accurate reflection on values across the area with this estate analysis down to a micro level which we do not believe is desirable or appropriate for the purposes of this report.

With regards to unit sale values, we have assumed that the theoretical valuation applies to a 'barn' of simple warehouse type construction for example a 500 sq m farm store. Obviously our figures would need adjusting for anything more specific and bespoke for example cold storage, milking facilities etc.

New build agricultural buildings rarely appear individually on the open market as they are typically sold as part of larger farm sales.

Conclusions

We can confirm that sufficient evidence has been found to justify considering a variable rate CIL regime, with differing values adopted for viability tests across the various development categories and across two residential value zones and a single value zone commercial property.

Limitation of Liability

For limitation of liability this report is provided for the stated purpose and is for the sole use of the named client, Mansfield District Council. No responsibility is accepted for third party issues relying on the report at their own risk.

Neither the whole nor any part of this report nor any reference to it may be included in any published document, circular or statement nor published in any way without prior written approval of the form and context of which it may appear. We shall be pleased to discuss any aspect of this report.

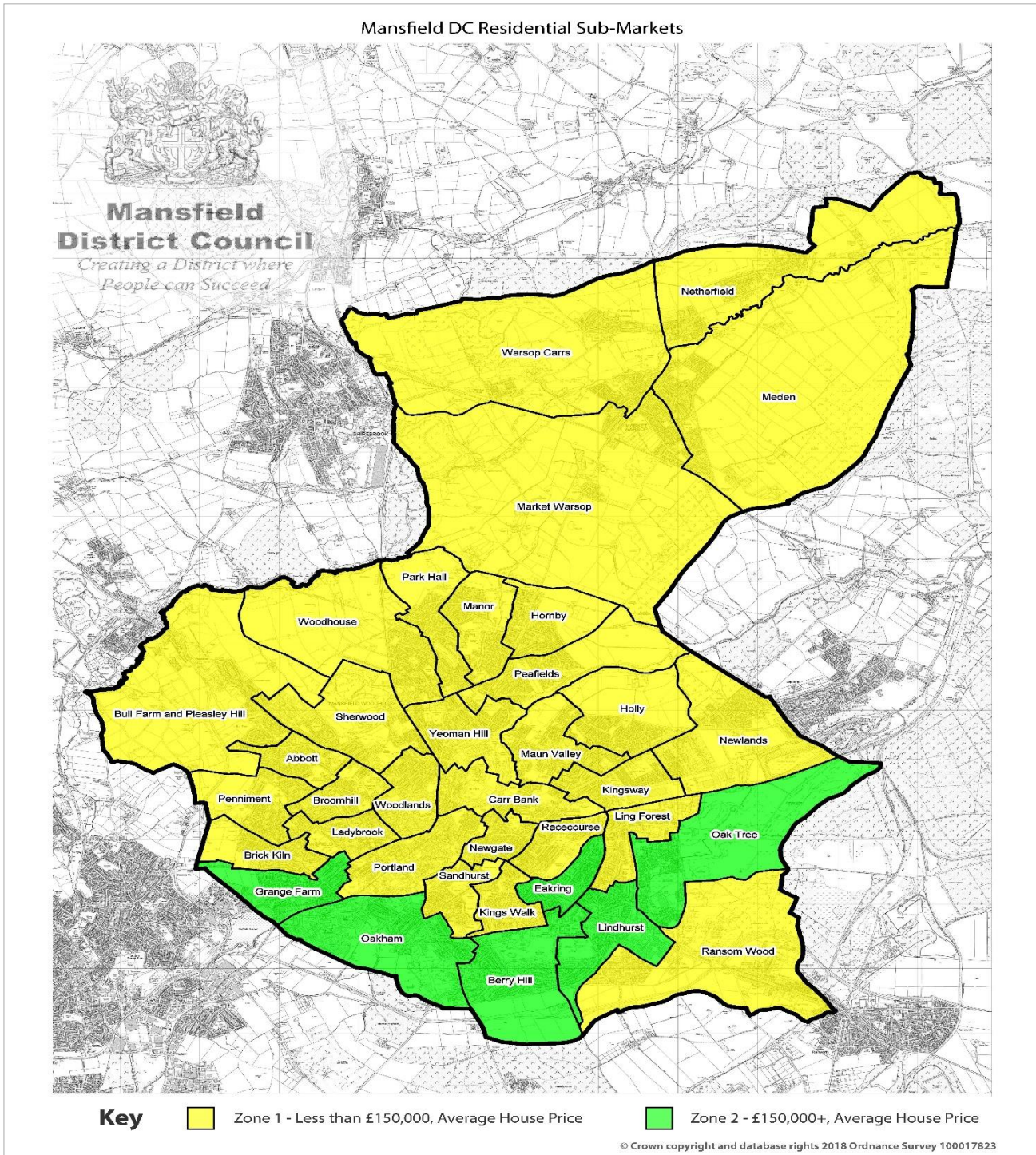
Yours faithfully

heb

heb Chartered Surveyors

APPENDIX 1

MANSFIELD DISTRICT SUB-MARKET MAP



APPENDIX 2

MANSFIELD

INDICATIVE RESIDENTIAL VALUES

Sales Values £ Per Sq m					
	Sales Value £sq m				
	Apartment	2 Bed	3 Bed	4 Bed	5 Bed
Zone 1	1750	1900	1850	1850	1800
Zone 2	1850	2250	2200	2200	2150

MANSFIELD

INDICATIVE COMMERCIAL VALUES

Sales Values £ Per Sq m		Charging Zones
		Districtwide
Industrial		700
Office		1400
Food Retail		2750
Other Retail		1800
Residential Inst		1291
Hotels		2500
Community		1077
Leisure		1350
Agricultural		400
Sui Generis	Car Sales	1500
Sui Generis	Vehicle Repairs	700

MANSFIELD

INDICATIVE COMMERCIAL LAND VALUES

Sales Values Per HA	
	£ Per HA
Industrial Land	425,000
Office Land	425,000
Food Retail Land	3,000,000
General Retail Land	1,500,000
Residential Institution Land	425,000
Hotel Land	750,000
Community Use Land	425,000
Leisure Land	550,000
Agricultural Land	20,000
Sui Generis Land	
Car Sales	650,000
Sui Generis Land	
Vehicle Repairs	425,000

APPENDIX 3

ADDITIONAL VALUATION DATA AND EVIDENCE

LAND REGISTRY DATA - MODERN STOCK

Address	Beds	Size (Sq M)	£ Price Sold	£ Per Sq M	Date Sold
HOUSES – MANSFIELD DC					
67 Little Hollies, Forest Town	4	91	170,000	1,868	18/01/2018
14 Glaven Close, Mansfield Woodhouse	3	80	148,500	1,856	19/01/2018
5 Pine Close, Rainworth	4	110	215,000	1,955	19/01/2018
20 Columbia Avenue, NG17 2HA	3	102	172,500	1,691	26/01/2018
1 Upton Mount, Mansfield	3	94	155,950	1,659	12/01/2018
12 Carnelian Drive, NG17 1NY	4	130	265,000	2,038	12/01/2018
10 Abbeydale Road, Mansfield	4	125	275,000	2,200	09/01/2018
17 Poplars Way, Mansfield	4	97	292,500	3,015	05/01/2018
39 Forest Road, Annesley Woodhouse	3	120	250,000	2,083	05/01/2018
359 Eakring Road, Mansfield	6	180	297,500	1,653	03/01/2018
25 Roseldale Way, Forest Town	2	59	110,000	1,864	20/12/2017
10 Oundle Drive, Mansfield	3	92	168,500	1,832	17/01/2018
11 Manor Road, Church Warsop	5	162	270,000	1,667	01/12/2017
58 The Fairways, Mansfield Woodhouse	3	78	147,500	1,885	29/11/2017
7 Cumberland Avenue, Warsop	3	75.8	143,000	1,882	17/11/2017
16 Waterfield Avenue, Warsop	4	104	185,000	1,779	10/11/2017
1 The Fairways, Mansfield Woodhouse	3	82	165,000	2,012	10/11/2017
10 The Fairways, Mansfield Woodhouse	4	110	225,000	2,045	11/10/2017
61 Ocean Drive, Warsop	4	111	195,000	1,756	29/09/2017
1 Ocean Drive, Warsop	4	115	180,000	1,565	11/08/2017
Address	Beds	Size (Sq M)	£ Price Sold	£ Per Sq M	Date Sold
APARTMENTS – MANSFIELD DC					
15 Curbar Close, Mansfield	2	52	85,000	1,634	22/11/2017
11 Bellamy Drive, Kirkby in Ashfield	2	59	89,950	1,524	11/09/2017
5 Sandmartins Close, Mansfield	2	55	95,000	1,727	24/08/2017
16 Topaz Grove, Mansfield	2	53	122,000	2,302	24/08/2017
39 Kings Stand, Mansfield	2	68	125,000	1,838	14/08/2017
14 The Courtyard, Berry Hill Lane, Mansfield	2	85	149,000	1,753	14/07/2017
15 The Courtyard, Berry Hill Lane, Mansfield	2	82	144,000	1,756	09/06/2017
2 Manor House, Mansfield Woodhouse	1	46	78,000	1,696	26/05/2017
25 St Johns View, Mansfield	2	62	95,000	1,532	18/05/2017
28 Black Rock Way, Mansfield	2	53	90,000	1,698	07/04/2017
10 Ocean Drive, Warsop	2	58	82,500	1,422	19/12/2016

MANSFIELD DISTRICT NEW HOME DEVELOPMENTS & STAKEHOLDER COMMENTARY*

DEVELOPMENT	DEVELOPER	SALES RANGE PER SQ M	SALES RANGE PER SQ FT	NOTES
Maple Gardens, Mansfield Woodhouse	Barratt Homes	£2,034-£2,239	£189-£208	Andrew Harvey at Barratt Homes confirms buoyant sales at Maple Gardens. Broad approval given to sub-market strategy & a 'tone' for the area expressed at approximately to £2,100 to £2,368 per sq m (£200-£220 per sq ft)
Berryhill Lane, Berryhill, Mansfield	-	£1,859-£2,794	£172-£260	Apartment conversion scheme
The Gatehouse, High Oakham Park, Mansfield	Private	£2,177	£202	4 bed detached newbuild
16 Alexandra Avenue, Mansfield Woodhouse	Private	£1,800	£167	4 x 3 bed newbuild semis
Larwood Park, Kirkby in Ashfield	Westerman Homes	£1,764-£2,312	£164-£215	Fringe of study area
Weavers View, Pleasley	Persimmon Homes	£1,680-£1,969	£156-£183	
Berryhill, Mansfield	Avant Homes	£1,692-£2,368	£182-£220	
Rockcliffe Grange, Mansfield	Dukeries Homes	£2,187-£2,345	£203-£218	
Rufford Oaks, Ollerton	Avant Homes	£1,834-£2,203	£170-£205	Study area borders. Stuart Smith at Avant suggested a tone for this location at c.£1,991-£2,045 per sq m. Possibly up to £2,368 per sq m (£220 per sq ft) for 'prime areas'
Sparkenhill Gardens, Worksop	David Wilson Homes	£2,074-£2,451	£193-£228	Study area borders
-	Crest Nicholson	-	-	Daniel Elgan at Crest Nicholson confirmed no sales data in the study area however, expressed an opinion that sales values may be in the region of £1,830 per sq m (£170 per sq ft)
-	Peter James Homes	-	-	Simon Gardner at Peter James Homes supportive of proposed sub-markets believes values likely to be in the region of £2,260-£2,314 per sq m for better areas with a general tone of £2,153 per sq m

DEVELOPMENT	DEVELOPER	SALES RANGE PER SQ M	SALES RANGE PER SQ FT	NOTES
-	Westley Homes	-	-	Brett Caswell at Westley Homes confirmed no specific sales data at present however, broad support confirmed for sub-markets & proposed values within this report
-	Bellway Homes	-	-	Simon Maddison of Bellway Homes confirmed no current sales data although currently appraising a site in Berry Hill. A general 'mid' tone of approximately £2,153 per sq m appropriate for Mansfield. Confirms sub market approach as appropriate
-	Miller Homes	-	-	Tom Roberts at Miller Homes confirmed no current sales data however, broad approval given to heb's sub-markets / values
-	Inside Land	-	-	Gareth Staff at Inside Land (developers & land agents) confirmed heb's values and sub-market assumptions as 'fair'
-	Wheeldon Homes	-	-	Theo Till at Wheeldon Homes confirmed no current sale data however confirms heb's sub-markets / values as 'appropriate'

** Where prices are not confirmed by developer, based on currently available - Price per sq m is after 5% deduction for negotiations and incentives. Adjusted for detached garages where appropriate*

**Gleeds
Construction Cost Study
January 2018**

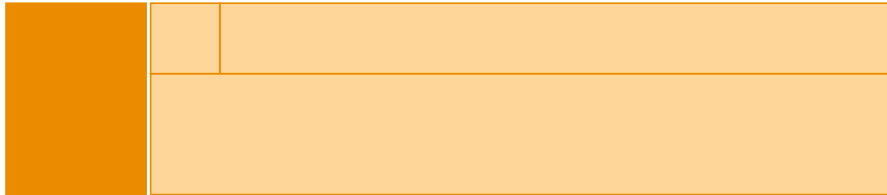


WHOLE PLAN VIABILITY ASSESSMENT

CONSTRUCTION COST STUDY

For

MANSFIELD DISTRICT COUNCIL



Mansfield
District Council

Whole Plan Viability Assessment

Order of Cost Study

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Document Type:	<i>Order of Cost Study</i>	
Client:	<i>Mansfield District Council</i>	
Project:	<i>Whole Plan Viability Assessment</i>	
RIBA Stage:	N/A	
Gleeds Ref:	<i>NTCM3434</i>	
Revision: (Document issues are given in Appendix A)		
Date:	<i>23/01/18</i>	
Prepared by:	<i>Matt Miles</i>	
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2.4	Basis of Costs
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3.0	Detailed Construction Cost Study

Executive Summary

1. The Project

This Cost Study provides an estimate of construction costs over a range of development categories, to support a Whole Plan Viability Assessment.

2. Allowances

The Estimate includes on-cost allowances for the following:

- Consultants
- Building Regulations and Planning fees
- NHBC Insurance where applicable

3. Basis of Estimate

The basis of the Estimate is in Section 2 of this report.

4. Detailed Construction Cost Study

The detailed Cost Study is given in Section 3 of this report.

5. Risk Allowance

A Risk Allowance of 5% of construction cost is recommended

Project Description

NCS have been appointed by Mansfield District Council for the production of the Council's Community Infrastructure Levy Charging Schedule, through to adoption.

Gleeds are acting as part of the NCS team, to provide indicative construction costs, over the range of development categories, to inform the Appraisal.

The range of development categories are as agreed with NCS.

Basis of Cost Study

Base Date

Rates for Construction Costs in the Estimate have been priced at a Base Date of 1st quarter (January to March) 2018. Allowances must be made for inflation beyond this date dependent on the mid-point date of construction.

Procurement

The costs included in this Estimate assume that procurement is to be achieved on a single stage competitive tender basis, from a selected list of Contractors.

Scope of Development Types

The scope of development types within the various categories varies between categories.

This is reflected within the range of construction values stated for a particular category.

For the purposes of undertaking the Viability Appraisal, average rates for construction have been given for each development category; the range of values have also been stated.

Basis of Costs

The following benchmarking data was used in the preparation of the estimate:

1. Analysis of construction costs over a range of projects within the Gleeds Research and Development Data Base.
2. Where insufficient data is available within any particular category cross-reference is also made to BCIS construction cost information.
3. The rates adopted in the study are based on research of local construction projects to the region, the costs associated with these and Gleeds own national database of construction costs by construction type. The report recognises that different types of construction company incur different levels of costs due to differences in buying power, economies of scale etc. The rates assume that substantial new residential development (House and Bungalows) will be undertaken primarily by regional and national house builders and the adopted rates reflect this. The adopted rates therefore tend to fall below median BCIS construction rates which cover building cost information from all types of construction company to individual builders. This is considered to be a more realistic approach than the adoption of median general rates, to reflect the mainstream new build residential development particularly since smaller schemes undertaken by smaller scale construction companies will enjoy exemption from zero carbon and affordable housing requirements.
4. Reference is also made to the Communities and Local Government Cost Analysis for Code for Sustainable Homes, in respect of dwelling costs. For all future reports from October 2015 onwards the figures presented will be based upon the upcoming National Housing Standards that are estimated to come into force at this time. Early indications and analysis suggest that there will be little cost variance beyond an equivalent CoSH Code 4 as a result although we will continue to monitor the situation.

All construction costs have been adjusted for Location Factor (Mansfield, Nottinghamshire)

Note: the cost allowances are based on current building regulations.

Assumptions/Clarifications

The following assumptions/clarifications have been made during the preparation of this Estimate:

- The costs included in this Estimate assume that competitive tenders will be obtained on a single stage competitive basis.
- There are no allowances in the Estimates for Works beyond the site boundary.
- All categories of development are assumed to be new build.
- It is assumed development takes place on green or brown field prepared sites, i.e. no allowance for demolition etc.
- All categories of development include an allowance for External Works inc drainage, internal access roads, utilities connections (but excluding new sub-stations), ancillary open space etc
- Site abnormal and facilitating works have been excluded and are shown separately.

Access Standards

Category 2

Costs in respect of meeting Category 2 Standards have been considered within the report.

Category 2 dwellings are in essence very similar to Lifetime Homes with a couple of minor enhancements such as step free access, a minimum stair width of 850mm and amendments to WC layouts to ensure no obstructed access.

The design solutions (And therefore cost) of meeting Category 2 standards will vary from site to site and will potentially range from relatively small on a good site with some innovative design to between 1% and 2% on a less favourable site which includes apartments. There is potentially a more significant impact on the cost of apartments due to the requirement for a lift but again this can be minimised through design, the accessible units may be allocated on the ground floor for example thus negating the need for a lift.

Some of the requirements impact on actual size of the dwelling, our costs are provided on a £/m² basis so any increase in dwelling size is automatically picked up within the rate.

For the purpose of the assessment we would recommend an uplift of 1% across the board (Except bungalows) on all residential costs be applied in order to meet Category 2 standards.

Category 3 Adaptable

Costs in respect of meeting Category 3 Adaptable Standards have been considered within the report.

Category 3 dwellings are suitable or potentially suitable through adaptation, to be occupied by wheelchair users. Issues which need to be considered include wheelchair storage space, maximum inclines of ramps, provision of services for power assisted doors (Developments with communal entrances), room sizes, provision for a through floor lift including power, kitchen design, bedroom ceilings being capable of taking the load of a hoist, door entry system connected to main bedroom and lounge.

The design solutions (And cost) for meeting category 3 standards will also vary from site to site, some of the requirements will be dealt with by increasing the area of the dwellings, the cost of this will therefore be picked up in the GIFA used and will not affect the overall £/m².

There are some specific requirements that will directly impact on costs such as power for assisted doors, provision for through floor lifts, door entry systems, kitchen designs and ceiling loadings. For the purpose of this assessment we would recommend an uplift of 9% be applied in order to meet category 3 adaptable standards for houses, 6% for apartments and 2% for bungalows..

Exclusions

The Order of Cost Study excludes any allowances for the following:

- Value Added Tax
- Finance Charges
- Unknown abnormal ground conditions including:
 - Ground stabilisation/retention
 - Dewatering
 - Obstructions
 - Contamination
 - Bombs, explosives and the like
 - Methane production
- Removal of asbestos
- Surveys and subsequent works required as a result including:
 - Asbestos; traffic impact assessment; existing buildings
 - Topographical; drainage/CCTV; archaeological
 - Subtronic
- Furniture, fittings and equipment
- Aftercare and maintenance
- Listed Building Consents
- Service diversions/upgrades generally
- Highways works outside the boundary of the site

Detailed Construction Cost Study

Development Type, to achieve Breeam Excellent	Construction Cost £/m²		
	Min	Max	Median
Residential, bungalows	1,136	1,320	1,196
Additional cost for Cat 2 accessible dwellings			-
Additional cost for Cat 3 wheelchair adaptable			24
Residential, 2-5 bed	988	1,148	1,040
Additional cost for Cat 2 accessible dwellings			10
Additional cost for Cat 3 wheelchair adaptable			94
Low Rise Apartments Code 4 Equivalent	1,390	2,187	1,526
Additional cost for Cat 2 accessible dwellings			15
Additional cost for Cat 3 wheelchair adaptable			92
Office to residential conversion	634	1,647	1,452
Care Homes	1,282	1,855	1,415
Extra Care (Sheltered Housing)	1,093	2,017	1,268
General Retail, shell finish	751	1,087	1,028
Food Retail supermarket, shell finish	874	1,440	1,169
Retail refurbishment	571	970	685
Food Retail refurbishment	664	1,310	783
Hotels, 2,000m² mid-range, 3* inc. F&Ftgs	1,537	1,964	1,597
Offices, Cat A fit-out	1,373	2,678	1,624*
Industrial, general shell finish	584	1,089	782
Institutional / Community D7 (museums, library, public halls, conference)	2,340	3,041	2,758
Leisure D5 (cinema, bowling alleys, shell)	1,044	1,176	1,110**
Agricultural shells	412	1,288	830
SUI Generis			
Vehicle Repairs	1,320	1,927	1,546
Vehicle Showrooms	1,464	2,163	1,614
Builders Yard	571	1,589	1,085

Note:

- * Offices, Cat A are based on speculative office development, of cost efficient design
- ** Leisure D5 development is based on shell buildings (bowling alleys, cinemas and the like) and exclude tenant fit-out

On-costs

Professional fees		
- Consultants (excluding legals)	7.25%	
- Surveys etc	<u>0.75%</u>	8%
Planning / Building Regs		
Statutory Fees		0.6%
NHBC / Premier warranty (applies only to Residential and Other Residential)		
		0.5%
Contingency / Risk Allowance		5%

Abnormal Site Development Costs, Mansfield Area.**Budget Cost
£/Hectare**

Abnormal Costs, by their very nature, vary greatly between different sites.

Budget figures are given, for typical categories relevant to the study area.

The Budgets are expressed as costs per hectare of development site.

Archaeology

11,000

Typically, Archaeology is addressed by a recording / monitoring brief by a specialist, to satisfy planning conditions.

Intrusive archaeological investigations are exceptional and not allowed for in the budget cost.

Site Specific Access Works

22,000

New road junction and S278 works; allowance for cycle path linking locally with existing

Major off-site highway works not allowed for.

Site Specific Biodiversity Mitigation / Ecology

Allow for LVIA and Ecology surveys and mitigation and enhancement allowance.

22,000

Flood Defence Works

Allowance for raising floor levels above flood level, on relevant sites

28,000

Budget £2,000 per unit x 35 units, apply to 1 in 3 sites.

Utilities, Gas, Electric

Allowance for infrastructure upgrade

90,000

Land Contamination

Heavily contaminated land is not considered, as remediation costs will be reflected In the land sales values

28,000

Allow for remediation/removal from site of isolated areas of spoil with elevated levels Of contamination

Ground Stability

Allow for raft foundations to dwellings on 25% of sites

Budget £2,200 x 35 units x 25%

20,000

Pleasley Hill Viability Assessment

<div> <div>Vi.ab²</div> <div>Residential Viability Appraisal</div> </div>					
SITE LOCATION		Plesley Hill Mansfield - Residential			
NET DEVELOPABLE SITE AREA		24.05 Ha			
DEVELOPMENT SCENARIO		Greenfield (Greenfield, Brownfield or Residual)			
UNIT NUMBERS		925 Total Units			
Affordable Proportion %	10%	93	Affordable Units		
Affordable Mix	15%	Starter Homes	15%	Intermediate	70% Social/Affordable Rent
Development Floorspace		73369	Sq.m GIA Market Housing		8,152 Sq.m GIA Affordable Housing
DEVELOPMENT VALUE					
Total Housing Sales Area (ie Net Floorspace)		0	sq.m		
Apartments		0	sq.m		
Houses		81521	sq.m		
MARKET HOUSES					
Area		Sales Value			
Apartments	0	0	£ per sq.m	£0	
Houses	73368.9	1860	£ per sq.m	£0	
				Total Market Housing Value	£136,466,154
AFFORDABLE HOUSING					
Starter Homes		80% of Open Market Value			
Apartments	0	0	£ per sq.m	£0	
Houses	1223	1488	£ per sq.m	£1,819,549	
				Total Intermediate Affordable Housing Value	£1,819,549
Intermediate		65% of Open Market Value			
Apartments	0	0	£ per sq.m	£0	
Houses	1223	1209	£ per sq.m	£1,478,383	
				Total Social Rent Affordable Housing Value	£1,478,383
Social/Affordable Rent		48% of Open Market Value			
Apartments	0	0	£ per sq.m	£0	
Houses	5706	892.8	£ per sq.m	£3,094,736	
				Total Affordable Rent Housing Value	£3,094,736
				Total Development Value	£144,858,822
DEVELOPMENT COSTS					
LAND COSTS		Net Site Area		Market Housing Land Area	
		24.05 Ha		21.65 Ha	
				2.41 Ha	
Market Hsg Land Value		£230,818 per Ha		Total Market Land Value	
Affordable Hsg Land Value		£192,621 per Ha		Total Aff Hsg Land Value	
				£4,996,045	
				£463,234	
		5.0% SDLT Rate		Stamp Duty Land Tax	
				£272,965	
				Total Land Cost	
				£5,459,298	
CONSTRUCTION COSTS					
Apartments		0	0	£ per sq.m	£0
Houses		81521	1044	£ per sq.m	£83,107,924
				Total Construction Cost	£83,107,924
FEES, FINANCE & ANCILLARY COSTS					
Abnormal Costs		9774930		£9,774,930	
Professional Fees		8.0% of Construction Cost		£1,160,000	
Legal Fees		0.5% of Gross Development Value		£724,294	
Statutory Fees		1.1% of Construction Cost		£936,187	
Sales/Marketing Costs		2.0% of Market Units Value		£2,729,323	
Contingencies		5.0% of Construction Cost		£4,802,143	
Planning Obligations		8273 £ per unit		£7,652,525	
CIL		0 £ per sq.m Market Housing		£0	
Interest		5.0%	12 Month Construction	6 Mth Sale Void	£4,832,077
Arrangement Fee		1.0% of Total Costs		£1,061,649	
Development Profit		Market Hsg	20.0% of GDV	Aff Housing	6.0% Build Costs
				£27,924,640	
				Total Costs	£152,431,955
VIABILITY MARGIN					-£7,579,133

Jubilee Way Viability Assessment

<div> <div>Vi.ab²</div> <div>Residential Viability Appraisal</div> </div>					
SITE LOCATION		Jubilee Way Mansfield - Viability Assessment			
NET DEVELOPABLE SITE AREA		27.09 Ha			
DEVELOPMENT SCENARIO		Greenfield (Greenfield, Brownfield or Residual)			
UNIT NUMBERS		800 Total Units			
Affordable Proportion %		20% 160 Affordable Units			
Affordable Mix		15% Starter Homes 15% Intermediate 70% Social/Affordable Rent			
Development Floorspace		57600 Sqm GIA Market Housing 14,400 Sqm GIA Affordable Housing			
DEVELOPMENT VALUE					
Total Housing Sales Area (ie Net Floorspace)		Apartments 0 sqm Houses 72000 sqm		Totals	
MARKET HOUSES					
Area		Sales Value			
Apartments	0 sqm	0 £ per sqm	£0		
Houses	57600 sqm	2200 £ per sqm	£0		
			Total Market Housing Value		
			£126,720,000		
AFFORDABLE HOUSING					
Starter Homes		80% of Open Market Value			
Area		Sales Value			
Apartments	0 sqm	0 £ per sqm	£0		
Houses	2160 sqm	1760 £ per sqm	£3,801,600		
			Total Intermediate Affordable Housing Value		
			£3,801,600		
Intermediate		65% of Open Market Value			
Area		Sales Value			
Apartments	0 sqm	0 £ per sqm	£0		
Houses	2160 sqm	1430 £ per sqm	£3,088,800		
			Total Social Rent Affordable Housing Value		
			£3,088,800		
Social/Affordable Rent		48% of Open Market Value			
Area		Sales Value			
Apartments	0 sqm	0 £ per sqm	£0		
Houses	10080 sqm	1056 £ per sqm	£10,644,480		
			Total Affordable Rent Housing Value		
			£10,644,480		
			Total Development Value		
			£144,254,880		
DEVELOPMENT COSTS					
LAND COSTS		Net Site Area		Market Housing Land Area	
		27.09 Ha		21.67 Ha	
				Affordable Housing Land Area	
				3.42 Ha	
Market Hsg Land Value		£586,484 per Ha		Total Market Land Value	
				£12,710,270	
Affordable Hsg Land Value		£236,869 per Ha		Total Aff Hsg Land Value	
				£1,283,336	
		5.0% SDLT Rate		Stamp Duty Land Tax	
				£699,681	
				Total Land Cost	
				£13,993,627	
CONSTRUCTION COSTS					
Area		Sales Value			
Apartments	0 sqm	0 £ per sqm	£0		
Houses	72000 sqm	1044 £ per sqm	£75,168,000		
			Total Construction Cost		
			£75,168,000		
FEES, FINANCE & ANCILLARY COSTS					
Abnormal Costs		1000000 £		£1,000,000	
Professional Fees		8.0% of Construction Cost		£6,013,440	
Legal Fees		0.5% of Gross Development Value		£721,274	
Statutory Fees		1.1% of Construction Cost		£826,848	
Sales/Marketing Costs		2.0% of Market Units Value		£2,534,400	
Contingencies		5.0% of Construction Cost		£4,109,072	
Planning Obligations		8323 £ per unit		£6,658,400	
CIL		0 £ per sqm Market Housing		£0	
Interest		3.0% 12 Month Construction		6 Mth Sale Void	
				£4,912,366	
Arrangement Fee		1.0% of Total Costs		£1,009,573	
Development Profit		Market Hsg 20.0% of GDV		Aff Housing 6.0% Build Costs	
				£26,428,476	
			Total Costs		
			£144,075,157		
VIABILITY MARGIN					
£179,723					

Old Mill Lane Viability Assessment

<div> <div>Vi-ab²</div> <div>Residential Viability Appraisal</div> </div>			
SITE LOCATION		Old Mill Lane Mansfield - Residual Value	
NET DEVELOPABLE SITE AREA		12.8 Ha	
DEVELOPMENT SCENARIO		Greenfield (Greenfield, Brownfield or Residual)	
UNIT NUMBERS		358 Total Units	
Affordable Proportion %	10%	36 Affordable Units	
Affordable Mix	15%	Starter Homes	15% Intermediate 70% Social/Affordable Rent
Development Floorspace		28998 Sqm GIA Market Housing	3,222 Sqm GIA Affordable Housing
DEVELOPMENT VALUE			Totals
Total Housing Sales Area (ie Net Floorspace)	Apartment Houses	0 sqm 32220 sqm	
MARKET HOUSES			
	Area	Sales Value	
Apartment Houses	0 sqm 28998 sqm	0 £ per sqm 1860 £ per sqm	£0 £0
AFFORDABLE HOUSING			Total Market Housing Value
Starter Homes	80% of Open Market Value		£53,936,280
Apartment Houses	0 sqm 483 sqm	0 £ per sqm 1488 £ per sqm	£0 £719,150
Intermediate			Total Intermediate Affordable Housing Value
Apartment Houses	65% of Open Market Value		£719,150
Apartment Houses	0 sqm 483 sqm	0 £ per sqm 1209 £ per sqm	£0 £384,310
Social/Affordable Rent			Total Social Rent Affordable Housing Value
Apartment Houses	48% of Open Market Value		£584,310
Apartment Houses	0 sqm 2255 sqm	0 £ per sqm 892.8 £ per sqm	£0 £2,013,621
DEVELOPMENT COSTS			Total Affordable Rent Housing Value
			£2,013,621
			Total Development Value
			£57,253,361
LAND COSTS			
	Net Site Area	Market Housing Land Area	Affordable Housing Land Area
	12.80 Ha	11.52 Ha	1.28 Ha
Market Hsg Land Value	£253,109 per Ha		Total Market Land Value
Affordable Hsg Land Value	£253,109 per Ha		£2,913,810
			Total Aff Hsg Land Value
			£323,980
		3.0% SDLT Rate	Stamp Duty Land Tax
			£161,989
CONSTRUCTION COSTS			Total Land Cost
Apartment Houses	0 sqm 32220 sqm	0 £ per sqm 1044 £ per sqm	£0 £33,637,680
			Total Construction Cost
			£33,637,680
FEES, FINANCE & ANCILLARY COSTS			
Abnormal Costs		0 £	£0
Professional Fees		8.0% of Construction Cost	£2,691,014
Legal Fees		0.5% of Gross Development Value	£286,267
Statutory Fees		1.1% of Construction Cost	£370,014
Sales/Marketing Costs		2.0% of Market Units Value	£1,078,726
Contingencies		5.0% of Construction Cost	£1,816,435
Planning Obligations		17334 £ per unit	£6,205,572
CIL		0 £ per sqm Market Housing	£0
Interest	3.0%	12 Month Construction	6 Mth Sale Void
Arrangement Fee	1.0% of Total Costs		£2,055,177
Development Profit	Market Hsg	20.0% of GDV	£414,655
		Aff Housing	8.0% Build Costs
			£11,026,537
			Total Costs
			£62,983,855
VIABILITY MARGIN			-£5,730,494