Viability Study - Refresh

Technical Annexes

Report to Central Bedfordshire Council

Three Dragons

March 2015

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Annex 1 – Residential Testing Assumptions

Central Bedfordshire Viability and CIL Testing

Testing Assumptions

A range of notional schemes have been tested including:-

- 1 ha notional site
- A range of case studies from 1 unit in a village location to 200 units on the edge of a market town, including sheltered and extracare developments.
- Sustainable Urban Extensions (SUE) as set out in Policies 60, 61, 62, 63 and 63a as defined in the [Local Plan]

The 1ha notional sites have been tested as follows:_

30% AH	25dph	30dph	35dph	40dph	50dph	55dph
Area A	✓	✓	✓	✓	✓	✓
Area B	✓	✓	✓	✓	✓	✓
Area C	✓	✓	✓	✓	✓	✓

The following case studies have been tested:-

Case Study	Site Type	No of dwgs	Description	% AH	Net/ gross ratio	Gross (ha)	Net (ha)	Net density (dph)	Additional costs per ha	Development period (years)
1	Single plot within village envelope	1	Infill plot – rear garden	0%	100%	0.05	0.05	20	0	1
2	Two plots within village envelope	2	Infill plot	0%	100%	0.08	0.08	27	0	1
3	Market led sustainable development	10	40% affordable	40%	100%	0.29	0.29	35	0	1
4	Small development in Market town	10	Urban infill	0%	100%	0.25	0.25	40	0	1
5	Small development on edge of village envelope	10	Edge of village	0%	100%	0.33	0.33	30	0	1
6	Market led sustainable development	50	40% affordable	40%	100%	1.43	1.43	35	0	Yr1 20 units, bal in yr 2
7	Urban infill	55	High density urban infill	30%	100%	1.00	1.00	55	50k per net ha	Yr1 20 units, bal in yr 2
8	Development in market town	75	Edge of urban area	30%	95%	2.26	2.14	35	50k per net ha	Yr 1 20 units, yr 2 onwards 40 dwgs pa
9	Edge of market town	200	Edge of urban area	30%	80%	8.33	6.67	30	100k per net ha	Yr 1 20 units, yr 2 onwards 40 dwgs pa
10	Extracare scheme	56	Older persons housing	30%	65%	0.71	0.46	122	0	3
11	Sheltered Scheme	56	Older persons housing	30%	74%	0.54	0.40	138	0	3
12	Rural Exception Scheme	10	Rural Exception scheme	80%	100%	0.29	0.29	35	0	1

The two larger case studies include allowances for site opening up costs (based upon professional judgment and experience). The urban infill site includes an allowance for site clearance.

The following Sustainable Urban extensions have been tested at a range of levels of affordable housing provision:

					30% AH		20% AH		10% AH	
SUE Name	Dwellings	Net area ha	Gross area ha	Development period	Market	AH	Market	AH	Market	AH
Houghton Regis North 1	4,700	144.90	226.90	23 years	3,290	1,410	3,760	940	4,230	470
Houghton Regis North 2	1,500	42.86	66.86	16 years	1,050	450	1,200	300	1,350	150
North of Luton	3,200	103.17	244.42	14 years	2,240	960	2,560	640	2,880	320
East of Leighton Linslade	2,500	75.59	188.28	12 years	1,750	750	2,000	500	2,250	250
Wixams	1,500	42.86	102.05	12 years	1,050	450	1,200	300	1,350	150

Delivery rates for urban extensions are based upon housing trajectory information from CBC.

Dwelling sizes

The following range of dwelling sizes has been used.

House Type	**Affordable (sq m)**	**Market (sq m)**
1 bed flat	50 (55 inc common areas allowance Note 1)	50 (55 inc common areas allowance Note 1)
2 bed flat	70 (77 inc common areas allowance Note 1)	70 (77 inc common areas allowance Note 1)
2 bed terrace	71	71
3 bed terrace	96	87
3 bed semi	96	95
3 bed detached	101	105
4 bed detached	114	125
5 bed detached	125	150
2 bed bungalow	70	80

Note 1: An additional 10% floor area is allowed for the 1 and 2 bed flats (assumed to be 1-2 storey only) to allowed for the construction costs of the common areas (stairs, circulation space etc.).

Note 2: All floor areas match or exceed the minimum floor areas proposed in the Nationally Described Space Standard – technical requirements, Consultation draft, September 2014, and the standards described in the Draft document 'Design in Central Bedfordshire, Section 5, Residential Development' .

Size in sq m		Affordable	Market
Sheltered	1 bed flat	52 (65 inc common areas)	52 (65 inc common areas
	2 bed flat	77 (96 inc common areas)	77 (96 inc common areas)
ExtraCare	1 bed flat	62 (84 inc common areas)	62 (84 inc common areas)
	2 bed flat	82 (111 inc common areas)	82 (111 inc common areas)

An additional 25% floor area for the Sheltered flats and an additional 35% floor area for ExtraCare flats will be allowed to ensure that the construction costs of the common areas (circulation space, offices, residents facilities etc) are allowed for.

Dwelling Mix

The following range of development mixes provided by CBC and ECH has been used for the market element of the development tested:

	25 dph	**30dph**	**35dph**	**35 dph (SUE only)**	**40 dph**	**50 dph**	**55 dph**
1 bed flat				5%	5%	10%	15%
2 bed flat					5%	10%	15%
2 bed terrace			10%	10%	20%	25%	30%
3 bed terrace		20%	20%	15%	15%	30%	40%
3 bed semi		20%	20%	20%	20%	25%	
3 bed detached	30%						
4 bed detached	40%	25%	25%	25%	25%		
5 bed detached	20%	25%	15%	15%			
2 bed bungalow	10%	10%	10%	10%	10%		
Total	***100%***	***100%***	***100%***	***100%***	***100%***	***100%***	***100%***

The following development mix is used for the affordable housing element of the scheme:

	Affordable Rent	**Intermediate (S/O)**
%age of affordable housing	**63% of affordable homes**	**37% of affordable homes**
1 bed flat	20%	20%
2 bed flat	25%	25%
2 bed terrace	25%	25%
3 bed terrace	15%	15%
3 bed semi	5%	5%
2 bed bungalow	10%	10%

The proposed mix of affordable housing is based on CBC's 'DC Housing Outstanding All House Types – Housing Mix Gross', which is based upon schemes with live consents, amended to include bungalows as per Policy 31.

The following range of development mixes have been used to test the Case Studies:-

Case Study 1					
Units	**1**			**0%**	**AH**
	Mkt	**AR**		**SO**	**Total**
1bf					
2bf					
2bt					
3bt					
3bs					
3bd					
4bd	1.000				1.000
5bd					
2bb					
Total	1.000				1.000

Case Study 2					
Units	**2**			**0%**	**AH**
	Mkt	**AR**		**SO**	**Total**
1bf					
2bf					
2bt					
3bt					
3bs					
3bd					
4bd	2.000				2.000
5bd					
2bb					
Total	2.000				2.000

Case Study 3					
Units	**10**			**40%**	**AH**
	Mkt	**AR**		**SO**	**Total**
1bf	0.000	0.504		0.296	0.800
2bf	0.000	0.630	-	0.370	1.000
2bt	0.600	0.630	-	0.370	1.600
3bt	1.200	0.378		0.222	1.800
3bs	1.200	0.126		0.074	1.400
3bd	0.000				0.000
4bd	1.500				1.500
5bd	0.900				0.900
2bb	0.600	0.252		0.148	1.000
Total	6.000	2.520	0.000	1.480	10.000

Case Study 4					
Units	**10**			**0%**	**AH**
	Mkt	**AR**		**SO**	**Total**
1bf	0.500	-		-	0.500
2bf	0.500	-	-	-	0.500
2bt	2.000	-	-	-	2.000
3bt	1.500	-		-	1.500
3bs	2.000	-		-	2.000
3bd	0.000				0.000
4bd	2.500				2.500
5bd	0.000				0.000
2bb	1.000	-		-	1.000
Total	10.000	0.000	0.000	0.000	10.000

Case Study 5					
Units	**10**			**0%**	**AH**
	Mkt	**AR**		**SO**	**Total**
1bf	0.000	-		-	0.000
2bf	0.000	-	-	-	0.000
2bt	0.000	-	-	-	0.000
3bt	2.000	-		-	2.000
3bs	2.000	-		-	2.000
3bd	0.000				0.000
4bd	2.500				2.500
5bd	2.500				2.500
2bb	1.000	-		-	1.000
Total	10.000	0.000	0.000	0.000	10.000

Case Study 6					
Units	**50**			**40%**	**AH**
	Mkt	**AR**		**SO**	**Total**
1bf	0.000	2.520		1.480	4.000
2bf	0.000	3.150	-	1.850	5.000
2bt	3.000	3.150	-	1.850	8.000
3bt	6.000	1.890		1.110	9.000
3bs	6.000	0.630		0.370	7.000
3bd	0.000				0.000
4bd	7.500				7.500
5bd	4.500				4.500
2bb	3.000	1.260		0.740	5.000
Total	30.000	12.600	0.000	7.400	50.000

Case Study 7					
Units	**55**			**30%**	**AH**
	Mkt	**AR**		**SO**	**Total**
1bf	5.775	2.079		1.22	9.075
2bf	5.775	2.599	-	1.53	9.900
2bt	11.550	2.599	-	1.53	15.675
3bt	15.400	1.559		0.92	17.875
3bs	0.000	0.520		0.31	0.825
3bd	0.000				0.000
4bd	0.000				0.000
5bd	0.000				0.000
2bb	0.000	1.040		0.61	1.650
Total	38.500	10.395	0.000	6.105	55.000

Case Study 8					
Units	**75**			**30%**	**AH**
	Mkt	**AR**		**SO**	**Total**
1bf	0.000	2.835		1.665	4.500
2bf	0.000	3.544	-	2.081	5.625
2bt	5.250	3.544	-	2.081	10.875
3bt	10.500	2.126		1.249	13.875
3bs	10.500	0.709		0.416	11.625
3bd	0.000				0.000
4bd	13.125				13.125
5bd	7.875				7.875
2bb	5.250	1.418		0.833	7.500
Total	52.500	14.175	0.000	8.325	75.000

Case Study 9					
Units	**200**			**30% AH**	
	Mkt	**AR**		**SO**	**Total**
1bf	0.000	7.560		4.44	12.000
2bf	0.000	9.450	-	5.55	15.000
2bt	0.000	9.450	-	5.55	15.000
3bt	28.000	5.670		3.33	37.000
3bs	28.000	1.890		1.11	31.000
3bd	0.000				0.000
4bd	35.000				35.000
5bd	35.000				35.000
2bb	14.000	3.780		2.22	20.000
Total	140.000	37.800	0.000	22.200	200.000

Case Study 10/11					
Units	**56**			**30% AH**	
	Mkt	**AR**		**SO**	**Total**
1bf	23.520	6.350		3.73	33.600
2bf	15.680	4.230		2.49	22.400
2bt					
3bt					
3bs					
3bd					
4bd					
5bd					
2bb					
Total	39.200	10.580		6.220	56.000

Selling Prices

Three market areas have been identified, which are identified on the Market Value Area plan below.

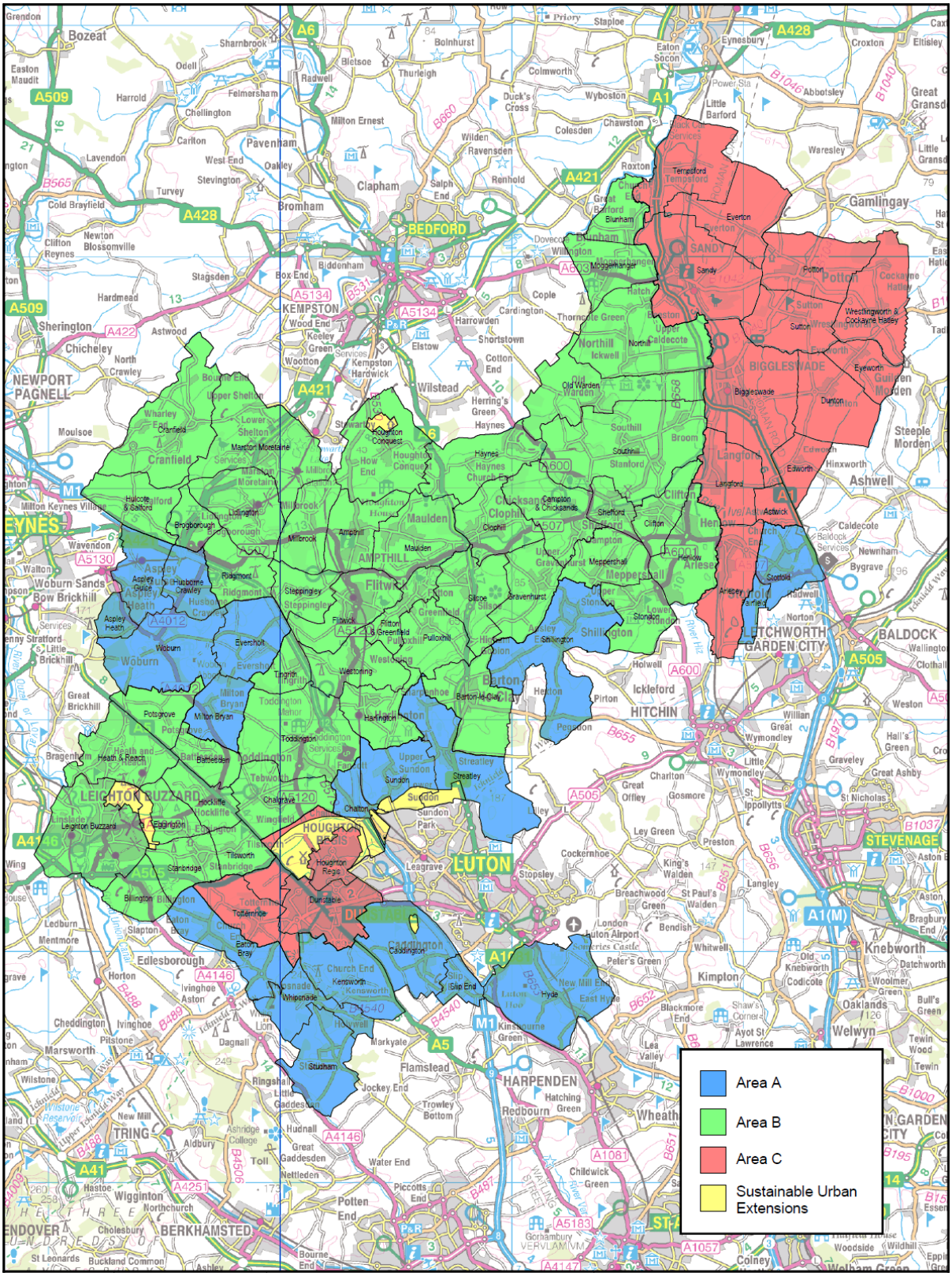
- Area A – South Eastern and Central Eastern Villages
- Area B – Leighton Buzzard, West and Central
- Area C – Dunstable, Sandy, Biggleswade, Arlesey

	Area A **South Eastern & Central Eastern Villages**	**Area B** **Leighton Buzzard, West and Central**	**Area C** **Dunstable, Sandy, Biggleswade, Arlesey**
1 bed flat	£153,000	£120,000	£111,000
2 bed flat	£169,000	£145,000	£130,000
2 bed terrace house	£191,000	£170,000	£166,000
3 bed terrace house	£230,000	£205,000	£194,000
3 bed semi-detached house	£253,000	£225,000	£214,000
3 bed detached house	£337,000	£290,000	£263,000
4 bed detached house	£374,000	£343,000	£330,000
5 bed detached house	£412,000	£400,000	£357,000
2 bed bungalow	£225,000	£205,000	£194,000

		Area A	**Area B**	**Area C**
Sheltered	**1 bed flat**	£190,000	£169,000	£160,000
	2 bed flat	£253,000	£225,000	£214,000
ExtraCare	**1 bed flat**	£238,000	£211,000	£200,000
	2 bed flat	£316,000	£281,000	£267,000

Sheltered and Extracare prices calculated based on RHG CIL Guidance document[1]

[1] See Community Infrastructure Levy and Sheltered Housing/ ExtraCare Developments, A Briefing Note on Viability, Prepared for Retirement Housing Group by Three Dragons, May 2013 – p8.



Market Value Areas

Affordable Housing

Affordable housing is split 63% affordable rent: 37% shared ownership, with a 40% share sold.

Affordable housing has been tested at the following levels of provision:-

- 1ha notional sites – 30% affordable homes
- Case Study Sites – generally 30%, with the exception of the two market led sustainable developments, which have been evaluated at 40% affordable homes. The small case studies, 1, 2, 4, 5, have been evaluated at 0% affordable housing.
- Sustainable Urban Extensions - 10%, 20%, 30% affordable homes based on SUE-specific information provided by Central Beds Council.
- In accordance with DCLG's Planning Practice Guidance, case studies comprising 10 or less units have been tested with 0% affordable homes.

Affordable Rents

Central Bedfordshire is covered by four Broad Rental Market Areas (BRMAs) - Bedford, Luton, Milton Keynes and Stevenage & West Herts. The affordable rents have been calculated on the basis of 80% Local Housing Allowance (LHA) rents as at Oct 2014. Rents shown in the table below are net of service charges - £10/week/flat, £3/week/house.

Net rents after deduction of service charges				
BRMA	Bedford	Luton	Milton Keynes	Stevenage
1 bed flat	71.60	78.58	83.22	86.92
2 bed flat	92.55	102.82	106.54	113.06
2 bed house	99.55	109.82	113.54	120.06
3 bed house	120.86	131.40	135.46	144.69
4 bed house	162.60	158.98	174.14	180.70

For the notional 1ha sites and the non-location specific case study testing, we use the Affordable Rents for the Bedford BRMA.

For the SUEs, we use the Affordable Rents for the BRMA they fall into.

Affordable Housing costs

<u>Affordable rent</u>	
Management and maintenance	£900 per annum
Void/ bad debts	3% gross rent
Repairs reserve	£500 per annum
Capitalisation	6.00% of net rent
<u>Shared Ownership</u>	
Rental factor	2.5% of share
Capitalisation factor	6.00% of net rent

Development Rate

The following development rates have been applied:

- 1ha notional site – development completed in one year

- Case Studies – development of 40 units or less are assumed to be completed in one year or under, whilst schemes of 50 units and above are developed at the conservative rate of 20 units in year 1 and 40 units per annum thereafter.
- Sustainable Urban Extensions – based on completion rates set out in the 'Housing Trajectory for Central Bedfordshire April '14, incorporating post-inquiry changes' document provided by CBC.

Build Costs (including 12% uplift for external works)

Build costs are based on BCIS Build Costs downloaded on 29th September 2014. An uplift of 12% has been applied to the BCIS costs to allow for external works.

- Houses £1,096/sq m
- Flats (1-2 storeys) £1,272/sq m
- Flats (3-5 storeys) £1,411/sq m
- Bungalows £1,331/sq m
- Sheltered Housing £1,453/sq m
- ExtraCare £1,511/sq m

Other Costs

- An allowance of £1,000 per dwelling has been made to cover the cost of providing 10% of the energy requirements from low or zero carbon sources, based on a report from Cutland Consulting[2] dated June 2014.
- An allowance of £1,230 per dwelling to cover the provision of 70% of homes built to Lifetime Homes standards, with 5% of these homes to Mobility Standards and a further 5% of these homes to Wheelchair standards, based on information from ECH.

	Cost (ECH)	Proportion required by CBC policy 32	Average across all dwellings
Lifetime homes	£ 758	70%	£531
Mobility standard	£ 2,470	5% of the 70%	£86
Wheelchair accessibility	£ 17,500	5% of the 70%	£613
			£1,230

Other Development Costs

- Professional Fees 12% of build costs
- Finance (market and affordable) 6% of total costs
- Marketing 3% of revenue (market units)
- Developer return 20% of revenue (market units)
- Contractor return 6% of affordable build costs
- Agents Fees (on acquisition) 1.5% of land purchase price

[2] Para 7.1 – Indicative costs for providing 10% of regulated energy from renewable or low-carbon sources: mains gas-heated dwelling types, Cutland Consulting Ltd, Evidence Base for requiring 10% Energy from Low or Zero Carbon Sources, (Report no C/140, June 2014).

- Legal Fees (on acquisition) 0.5% of land purchase price

Discounted Cash Flow

- Annual Debit Interest Rate 6% (as per Finance Costs)
- Annual Credit Interest Rate 2%
- Annual Discount Rate (PV/ NPV) 3.5%

Exceptional Development Costs

1ha notional sites – it is assumed that there are no exceptional development costs.

Case Studies – opening up costs have been allowed on a site specific basis

Sustainable Urban Extensions – a range of site specific exceptional costs have been allowed for each SUE.

Planning Obligations

An allowance of £2,000 per dwelling has been made for residual s106 payments for the notional sites and smaller case study sites with more than 10 units. There is no residual S106 payment for schemes of 10 or less units in line with recent government policy statements.

For the SUEs a range of site specific planning obligations have been allowed.

Extracare and Sheltered Case Studies (10 and 11)

The testing assumptions set out above apply to the Extracare and Sheltered case studies, with the following exceptions:-

- The development mix is split 60% 1 bed apartments: 40% 2 bed apartments.
- An allowance of £100,000 is made for void costs
- Marketing costs – allow 6%
- No specific allowance is required for Lifetime Homes as this is a standard for general rather than specialist housing.
- The first legal completion occurs in year 2, with 40% of the completions in year 2, 30% in year 3 and 30% in year 4.
- An additional sensitivity test has been completed using the same Case Study 11 data, with a shorter development period and also with indexed selling prices and build costs.

Annex 2 – Development Strategy Policies Assessment

Central Bedfordshire Council Development Plan and CIL Viability Assessment

Interim Note – October 2014

1 Background

1.1 Three Dragons is currently undertaking a Development Plan and Community Infrastructure Levy (CIL) Viability Study on behalf of Central Bedfordshire Council. This study includes inputs from Cambridge Analytics (house prices), EC Harris (development costs) and Lambert Smith Hampton (non-residential development values).

1.2 Central Bedfordshire Council is preparing a submission version of its Development Strategy and the current Viability Assessment will support this plan. The Council published a Community Infrastructure Levy Preliminary Draft Charging Schedule (PDCS) in January 2014 and the Viability Assessment will also update the evidence base for the Levy proposals.

1.3 Part of the viability study includes taking account of any viability implications imposed on development by policies in the Development Strategy. This Interim note sets out the cost assessments for Development Strategy policies. The information used for these assessments is:

- Development Strategy reviews by Three Dragons and EC Harris
- Provision of cost data by EC Harris

2 Key Points

2.1 The individual policies that have a definable cost impact on development across Central Bedfordshire are:

- Requirements for affordable housing in Policies 29a, 34 and 35 will have viability implications as affordable housing values are less than values for market housing.
- Policy 32 which deals with appropriate accommodation for older people. While this policy only applies to some of the dwellings to be built, it is possible to calculate the cost spread across all dwellings. The costs of Lifetime Homes, mobility standards and wheelchair access add approximately £1,230 to all dwellings to be built in Central Bedfordshire.
- Policy 47 deals with mitigating the impacts of climate change and requires that all new residential developments meet higher water efficiency standards of 110 litres of water/person/day and that dwellings provide 10% of their energy consumption from renewable and low carbon sources. The 110 litres per day is not considered to result in additional costs but the 10% of energy is estimated to cost £1,000 per dwelling.
- Policy 47 also requires non-residential development of more than 1,000 sq m to meet BREEAM excellent standards. It is understood that most of the non-

residential development in Central Bedfordshire already reaches BREEAM Very Good and that moving to BREEAM excellent requires a build cost premium of 2% (source ECH). This would be the equivalent of about £15,000 on a 1,000 sq m factory or £13,500 on a 1,000 sq m retail warehouse.

2.2 In addition there are policies that have broader viability impacts:

- Policy 31 supporting text includes use of sheltered and extra care accommodation to provide appropriate housing for older people on larger developments. These types of accommodation have different values and costs from general needs housing and generally the higher costs of provision have a larger impact on viability than the higher prices that this accommodation can fetch.
- Policy 31 requires the provision of bungalows/low density flats on larger developments. These types of accommodation can have an impact on viability of the overall developments and in the case of bungalows, can have an impact on development density (which in turn can have an impact on the cost of the land required).

2.3 The policies dealing with the housing urban extensions have s106 cost implications. These implications are in addition to the impact of the policies discussed above and these are listed below:

- Policy 60 Houghton Regis North 1 has estimated s106 requirements of approximately £22,600 per dwelling.
- Policy 60 Houghton Regis North 2 has estimated s106 requirements of approximately £22,600 per dwelling.
- Policy 61 North of Luton has estimated s106 requirements of approximately £26,300 per dwelling.
- Policy 62 East of Leighton Linslade has estimated s106 requirements of approximately £20,200 per dwelling.
- Policy 63 Wixams has estimated s106 requirements of approximately £20,000 per dwelling.

2.4 These costs are in addition to the other costs of development on these sites, which include a variety of specific infrastructure requirements as well as standard dwelling construction costs.

2.5 Development Strategy policies 19, 21, 22, 23, 24, 25, 26 and 56 deal with the obligations of development to provide the necessary infrastructure for sustainable development, including green infrastructure. The discussion above considers the costs of meeting these requirements on the urban extensions but development on a smaller scale is also planned in other locations. For this non-urban extension development it has been estimated by Central Bedfordshire Council that a typical s106 requirement will be approximately £2,000 per dwelling. This is less than amounts currently collected and reflects the tighter scope and the restrictions on pooling s106 that will take place post April 2015.

3 Development Strategy Policies Assessment

3.1 The table below lists the Development Strategy Policies, the cost implications and an indication of how these are incorporated into the viability modelling. Policies which may have cost implications on development are shaded for easy navigation.

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 1: **Presumption in Favour of Sustainable Development**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 2: **Growth Strategy**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 3: **Green Belt**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 4: **Settlement Hierarchy**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 5: **Neighbourhood Planning**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 6: **Employment Land**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 7: **Employment Sites and Uses**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 8: **Change of Use**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 9: **Employment proposals outside Settlement Envelopes**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 10: **Rural Economy and Tourism**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 11: **Town Centre Uses**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 12: **Retail for Neighbourhood Centres and the Rural Area**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 13: **Dunstable Town Centre**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 14: **Town Centre Development**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 19: **Planning Obligations and the Community Infrastructure Levy**	Sets general requirements for development to contribute towards supporting infrastructure.	s106/s278/CIL	Viability testing to include the site specific infrastructure costs where they are to be met through s106 and where costs can be estimated.

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 20: **Next Generation Broadband**	The situation for individual sites and individual suppliers will vary between net cost and net revenue. It was concluded that this policy is broadly cost neutral.	Commercial service providers	Assumed to be neutral.
Policy 21: **Provision for Social and Community Infrastructure**	Sets general requirements for development to contribute towards supporting social and community infrastructure.	s106/CIL	Viability testing to include the site specific infrastructure costs where they are to be met through s106 and where costs can be estimated.
Policy 22: **Leisure and open space provision**	Sets general requirements for development to contribute towards supporting leisure and open space infrastructure.	s106/CIL	Viability testing to include the site specific infrastructure costs where they are to be met through s106 and where costs can be estimated. This will include effects on site land budgets.
Policy 23 : **Public Rights of Way**	Normal cost of development for on-site provision, off-site delivered through CIL. No other specific requirements set out in the policy itself which would impact upon viability	s106/CIL	No specific implications for viability testing although where relevant it is assumed that this will be covered by the green space s106 obligations for the SUEs or by the base residual s106 assumption of £2,000 per dwelling for smaller developments.
Policy 24: **Accessibility and Connectivity**	Sets general requirements for development to contribute towards supporting transport infrastructure.	s106/s278/CIL	Viability testing to include the infrastructure costs where they are to be met through s106 and where costs can be estimated.
Policy 25: **Functioning of the Network**	Sets general requirements for development to contribute towards supporting transport infrastructure.	s106/s278/CIL	Viability testing to include the site specific infrastructure costs where they are to be met through s106 and where costs can be estimated.

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 26: **Travel Plans**	Sets general requirements for development to contribute towards supporting transport infrastructure.	s106/s278/CIL	Viability testing to include the site specific infrastructure costs where they are to be met through s106 and where costs can be estimated.
Policy 27: **Parking**	Parking standards now within normal ranges with no implications for additional external works or development density.	N/A	No implications for viability testing
Policy 28: **Transport Assessments**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 29 **Housing Provision**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 29a: **Market-Led Sustainable Development**	Provision of affordable housing will affect viability.	S106	40% affordable housing will be included in the viability testing with specific case studies.
Policy 30: **Housing Mix**	No specific requirements set out in the policy itself which would impact upon viability	N/A	Dwelling mixes used for testing reflect different sizes and tenures.
Policy 31: **Supporting an Ageing Population**	Viability for specialist housing for older people differs from general market housing.	S106	The viability implications of provision of older persons housing included in viability testing for case studies of 100 dwellings or more. Bungalows included within the dwelling mix and sheltered/extra care schemes included in the case studies.

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 32: **Lifetime homes**	Lifetime homes, Mobility Standard Homes and Wheelchair Accessible Homes have higher costs than general housing.	S106	Additional costs to be included in general case studies of 4 dwellings or more: • Lifetime homes cost is estimated at £747/flat and £758/house • Mobility Standard cost is estimated at £2,470/dwelling • Wheelchair accessible cost is estimated at £17,500/dwelling
Policy 33: **Gypsy and Traveller and Travelling Showpeople Provision**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 34: **Affordable Housing**	Provision of affordable housing (and different affordable housing tenures) will affect viability.	S106	30% affordable housing will be included in the viability testing at the preferred tenure mix. Market Led Sustainable Development will be tested at 40%.
Policy 35: **Exception Sites**	Delivery of affordable housing through market housing cross subsidy has viability implications	S106	Rural exception case study included in viability testing.
Policy 36: **Development in the Green Belt**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 37: **Development within Green Belt Infill Boundaries**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 38: **Within and Beyond Settlement Boundaries**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 39: **Formally Designated Important Open Space**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 40: **Other Areas of Open Space within Settlements**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 41: **Local Green Space**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 42: **Local Green Space Aspley Guise**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 43: **High Quality Development**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 44: **Protection from Environmental Pollution**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 45: **The Historic Environment**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 46: **Renewable and low carbon energy development**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 47 : **Resource Efficiency**	Resource efficiency standards in addition to Building Regulations have cost implications, and in some cases value implications.	Developer	Costs and values of building to higher resource efficiency standards included in viability appraisals. • 110 litres per day is being consulted on as the new national standard and Code 3 is 105 litres per day. No extra costs are expected. • Based on the2014 "Evidence base for requiring 10% of energy use from renewable or low carbon sources" commissioned by CBC, the viability modelling uses an extra cost of £1,000 per dwelling. • Moving from BREEAM Very Good to Excellent is estimated by ECH to add 2% to build costs.
Policy 48: **Adaptation**	Some elements of the policy may have viability implications but as they are intended as options there are no specific requirements set out in the policy itself which would impact upon viability.	N/A	Densities have considered the impact of SUDS on net developable area.
Policy 49: **Mitigating Flood Risk**	Flood risk mitigation is now a standard part of development and therefore no specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing except densities have been adjusted to reflect the impact of SUDS on net developable area.
Policy 50: **Development in the Countryside**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 51: **Significant facilities in the Countryside and Green Belt**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 52: **Re-Use and replacement of buildings in the Countryside**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 53: **Horticultural and Redundant Agricultural Sites outside the Green Belt and AONB**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 54: **Rural Workers' Dwellings**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 55: **Equestrian Development And Development Related To The Keeping And Breeding Of Livestock**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 56: **Green Infrastructure**	Where onsite provision is expected there will be implications for the land budget and there may be installation and maintenance costs. For offsite provision there is no specific implications for development sites.	S106/CIL	Inclusion in site testing land budgets and s106 costs where appropriate.
Policy 57: **Biodiversity and Geodiversity**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 58: **Landscape**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 59: **Woodlands, Trees and Hedgerows**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 59a: **Applications for Minerals and Waste Development**	No specific requirements set out in the policy itself which would impact upon viability	N/A	No implications for viability testing
Policy 60: **Houghton Regis North Strategic Allocation**	Yes a set of site specific infrastructure requirements incorporate within the development	s106/s278	Viability testing to include the site specific infrastructure costs where they are to be met through s106 and where costs can be estimated. This will include effects on site land budgets. HRN 1 Site specific infrastructure costs include enabling works, s278 highways/offsite highways, on-site strategic roads, green infrastructure, strategic surface and foul water drainage, strategic utilities and professional fees associated with this infrastructure. Total infrastructure cost is £20,777 per dwelling. S106 includes A5-M1 link road, education, transport, green infrastructure. Total s106 cost is £22,569 per dwelling.

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 60: **Houghton Regis North Strategic Allocation** **(continued)**	Yes a set of site specific infrastructure requirements including opening up costs included within the development	s106/s278/CIL	Viability testing to include the site specific infrastructure costs where they are to be met through s106 and where costs can be estimated. This will include effects on site land budgets. HRN 2 Site specific infrastructure costs include enabling works, s278 highways/offsite highways, on-site strategic roads, green infrastructure, strategic surface and foul water drainage, strategic utilities and professional fees associated with this infrastructure. Total infrastructure cost is £20,800 per dwelling. Total s106 cost is £22,569 per dwelling.

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 61: **North of Luton Strategic Allocation**	Yes a set of site specific infrastructure requirements including opening up costs included within the development	s106/s278/CIL	Viability testing to include the site specific infrastructure costs where they are to be met through s106 and where costs can be estimated. This will include effects on site land budgets. North of Luton site specific infrastructure costs include enabling works, s278 highways/offsite highways, on-site strategic roads, green infrastructure, strategic surface and foul water drainage, strategic utilities and professional fees associated with this infrastructure. Total infrastructure cost is £12,259 per dwelling. S106 includes highways/sustainable transport, education, community services, green infrastructure, waste and public art. Total s106 cost is £26,336 per dwelling.

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 62: **East of Leighton-Linslade**	Yes a set of site specific infrastructure requirements including opening up costs included within the development	s106/s278/CIL	Viability testing to include the site specific infrastructure costs where they are to be met through s106 and where costs can be estimated. This will include effects on site land budgets. East of Leighton Linslade site specific infrastructure costs include enabling works, on-site strategic roads, green infrastructure, strategic surface and foul water drainage, strategic utilities and professional fees associated with this infrastructure. Total infrastructure cost is £17,220 per dwelling. S106 includes education, community facilities, Eastern Link Road, A505 roundabout, sustainable transport, green infrastructure, public art and emergency services. Total s106 cost is £20,234 per dwelling.

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 63: **Wixams Southern Extension**	Yes a set of site specific infrastructure requirements including opening up costs included within the development	s106/s278/CIL	Viability testing to include the site specific infrastructure costs where they are to be met through s106 and where costs can be estimated. This will include effects on site land budgets. Wixams site specific infrastructure costs include enabling works, s278 highways/offsite highways, on-site strategic roads, strategic surface and foul water drainage, strategic utilities and professional fees associated with this infrastructure. Total infrastructure cost is £16,100 per dwelling. Total s106 cost is £20,000 per dwelling.
Policy 63a: **Land at Vehicle Storage Depot, Chaul End, Caddington**	Yes a set of infrastructure requirements	CIL	Infrastructure items are to be met through CIL so no site-specific viability implications in the viability assessment.
Policy 64: **Sundon Rail Freight Interchange**	Yes a set of site specific infrastructure requirements including opening up costs included within the development	s106/s278/CIL	Non-residential viability testing includes B uses. Profile of development not known so site not tested as a whole. Viability assessment to note known costs related to the allocation.
Policy 65: **North East of Flitwick Strategic Allocation**	Yes a set of site specific infrastructure requirements incorporate within the development	s106/s278/CIL	Non-residential viability testing includes B uses. Profile of development not known so site not tested as a whole. Viability assessment to note known costs related to the allocation.

Plan policies	Viability implications	How the costs will be met	Implications for viability testing in the EVA
Policy 66: **Stratton Farm Strategic Allocation**	Yes a set of site specific infrastructure requirements incorporate within the development	s106/s278/CIL	Non-residential viability testing includes B uses. Profile of development not known so site not tested as a whole. Viability assessment to note known costs related to the allocation.

Annex 3 – EC Harris S106 and Infrastructure Costing information for SUEs

STRATEGIC INFRASTRUCTURE AND S106 COSTINGS

SUMMARY OF APPRAISED SITES

Site	Infrastructure Total	Infrastructure Per Unit	S106 Total	S106 Per Unit	TOTAL	TOTAL PER UNIT
HOUGHTON REGIS NORTH - SITE 1	97,650,000	20,777	106,074,585	22,569	**203,724,585**	**43,346**
HOUGHTON REGIS NORTH - SITE 2	31,200,000	20,800	33,853,591	22,569	**65,053,591**	**43,369**
NORTH OF LUTON	39,230,000	12,259	84,276,589	26,336	**123,506,589**	**38,596**
EAST OF LEIGHTON - LINSDALE	43,050,000	17,220	50,585,893	20,234	**93,635,893**	**37,454**
WIXAMS	24,150,000	16,100	30,000,000	20,000	**54,150,000**	**36,100**

HOUGHTON REGIS NORTH – SITE 1 UNITS 4700

Heading	Inclusions	Total Cost	Per Dwelling cost	Cost from / calc	20 Years Cashflow / Expenditure
Enabling Works	Haul routes, Archaeology, demolition, site clearance, tree protection, special boundary fencing and sitewide earthworks	8,000,000	£ 1,702.13	EC Harris report June 2013	Year 1 - over 12 months
S278 Highways / Off Site Highways	Off site access roads, Woodside Link, Sundon Link Road	12,500,000	£ 2,659.57	EC Harris report June 2013	Year 3 & 4 - over 24 months
On Site Highways (Primary and Secondary Routes)	On site strategic roads	31,000,000	£ 6,595.74	EC Harris report June 2013	Split into 3 - Year 1 and 2 over 24 months, Year 6 and 7 over 24 months, Year 12 and 13 over 24 months
Green Infrastructure	Included in S106		£ -	EC Harris report June 2013	
Surface Water Drainage	Strategic SW sewers, SUDs, balancing ponds and outfalls	4,500,000	£ 957.45	EC Harris report June 2013	Split into 3 - Year 1 and 2 over 24 months, Year 6 and 7 over 24 months, Year 12 and 13 over 24 months
Foul Water Drainage	Strategic FW sewers, pumping stations and outfalls	4,650,000	£ 989.36	EC Harris report June 2013	Split into 3 - Year 1 and 2 over 24 months, Year 6 and 7 over 24 months, Year 12 and 13 over 24 months
Utilities	On site distributions, diversions, duct crossings and reinforcement costs	23,500,000	£ 5,000.00	EC Harris report June 2013	50% - Year 1, 2 and 3 over 36 months, 25% Year 6 and 7 over 24 months, 25% Year 12 and 13 over 24 months
Professional / LA Fees including surveys and site investigations	At 15% of construction costs	13,500,000	£ 2,872.34	EC Harris report June 2013	Over Years 1 to 13 inclusive
Contingency	Included elsewhere in viability				
S106	A5 - M1 Link Road Contribution	45,000,000	£ 9,574.47	HRN1 Heads of Terms Draft	
	Primary Education	23,694,825	£ 5,041.45	HRN1 Heads of Terms Draft	
	Secondary Education	20,901,175	£ 4,447.06	HRN1 Heads of Terms Draft	
	Public Transport Subsidy	2,500,000	£ 531.91	HRN1 Heads of Terms Draft	
	On Site Bus Stops	377,000	£ 80.21	HRN1 Heads of Terms Draft	
	Off Site Bus Stops	261,000	£ 55.53	HRN1 Heads of Terms Draft	
	Guided Bus Provision Off Site	192,000	£ 40.85	HRN1 Heads of Terms Draft	
	Travel Plan 1	1,489,913	£ 317.00	HRN1 Heads of Terms Draft	
	Green Infrastructure	3,690,000	£ 785.11	HRN1 Heads of Terms Draft	
	Green Infrastructure Maintenance	4,000,000	£ 851.06	HRN1 Heads of Terms Draft	
	SSSI's, Off Site Recreation and Allotments	858,672	£ 182.70	HRN1 Heads of Terms Draft	
	Noise and Air Quality	110,000	£ 23.40	HRN1 Heads of Terms Draft	
	Notional value of the land for WSL	3,000,000	£ 638.30	HRN1 Heads of Terms Draft	
	Uplift mechanism obligations package	-	£ -	Not included	
	TOTAL	**£ 203,724,585**			
	TOTAL PER DWELLING		**£ 43,346**		
	TOTAL PER DWELLING INFRASTRUCTURE		**£ 20,777**		
	TOTAL PER DWELLING S106		**22,569**		

Information used: Policy 60 – HRN1 / HRN1 Heads of Terms (Draft) / Policy 60 Framework Plan Diagram / EC Harris Report June 2013

HOUGHTON REGIS NORTH – SITE 2 UNITS 1500

Heading	Inclusions	Total Cost	Per Dwelling cost	Cost from / calc	15 Years Cashflow / Expenditure
Enabling Works	Haul routes, Archaeology, demolition, site clearance, tree protection, special boundary fencing and sitewide earthworks	2,550,000	£ 1,700.00	As HRN Site 1	Year 1 - over 12 months
S278 Highways / Off Site Highways	Off site access roads	3,900,000	£ 2,600.00	As HRN Site 1	Year 3 & 4 - over 24 months
On Site Highways (Primary and Secondary Routes)	On site strategic roads	9,900,000	£ 6,600.00	As HRN Site 1	Split into 3 - Year 1 and 2 over 24 months, Year 6 and 7 over 24 months, Year 12 and 13 over 24 months
Green Infrastructure	Included in S106	-	£ -	As HRN Site 1	
Surface Water Drainage	Strategic SW sewers, SUDs, balancing ponds and outfalls	1,500,000	£ 1,000.00	As HRN Site 1	Split into 3 - Year 1 and 2 over 24 months, Year 6 and 7 over 24 months, Year 12 and 13 over 24 months
Foul Water Drainage	Strategic FW sewers, pumping stations and outfalls	1,500,000	£ 1,000.00	As HRN Site 1	Split into 3 - Year 1 and 2 over 24 months, Year 6 and 7 over 24 months, Year 12 and 13 over 24 months
Utilities	On site distributions, diversions, duct crossings and reinforcement costs	7,500,000	£ 5,000.00	As HRN Site 1	50% - Year 1, 2 and 3 over 36 months, 25% Year 6 and 7 over 24 months, 25% Year 12 and 13 over 24 months
Professional / LA Fees including surveys and site investigations	At 15% of construction costs	4,350,000	£ 2,900.00	As HRN Site 1	Over Years 1 to 13 inclusive
Contingency	Included elsewhere in viability				
S106		33,853,591	£ 22,569.06	As HRN Site 1	
	TOTAL	**£ 65,053,591**			
	TOTAL PER DWELLING		**£ 43,369**		
	TOTAL PER DWELLING INFRASTRUCTURE		**£ 20,800**		
	TOTAL PER DWELLING S106		**£ 22,569**		

Information used:

Policy 60 – HRN2

NORTH OF LUTON UNITS 3200

Heading	Inclusions	Total Cost	Per Dwelling cost	Cost from / calc	16 Years Cashflow / Expenditure
Enabling Works	Haul routes, Archaeology, demolition, site clearance, tree protection, special boundary fencing and sitewide earthworks	2,150,000	£ 671.88	EC Harris Infrastructure Cost Schedule Sept 2013	Year 1 - over 12 months
S278 Highways / Off Site Highways	Included in S106	-	£ -	EC Harris Infrastructure Cost Schedule Sept 2013	
On Site Highways (Primary and Secondary Routes)	On site strategic roads	7,950,000	£ 2,484.38	EC Harris Infrastructure Cost Schedule Sept 2013	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Green Infrastructure	Included in S106	-	£ -	EC Harris Infrastructure Cost Schedule Sept 2013	
Surface Water Drainage	Strategic SW sewers, SUDs, balancing ponds and outfalls	1,350,000	£ 421.88	EC Harris Infrastructure Cost Schedule Sept 2013	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Foul Water Drainage	Strategic FW sewers, pumping stations and outfalls	780,000	£ 243.75	EC Harris Infrastructure Cost Schedule Sept 2013	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Utilities	On site distributions, diversions, duct crossings and reinforcement costs	18,250,000	£ 5,703.13	EC Harris Infrastructure Cost Schedule Sept 2013	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Professional / LA Fees including surveys and site investigations	As breakdown within cost schedule	8,750,000	£ 2,734.38	EC Harris Infrastructure Cost Schedule Sept 2013	Over Years 1 to 8 inclusive
Contingency	Included elsewhere in viability				
S106	Highways Work	38,040,000	£ 11,887.50	As Woodhardwicks assessment v3 Sept 2013	
	Walking / Safe Routes to Schools	266,000	£ 83.13	As Woodhardwicks assessment v3 Sept 2013	
	Public Transport / Sustainable Transport	2,614,365	£ 816.99	As Woodhardwicks assessment v3 Sept 2013	
	Early Years / Daycare	2,604,416	£ 813.88	As Woodhardwicks assessment v3 Sept 2013	
	Primary Education	12,153,984	£ 3,798.12	As Woodhardwicks assessment v3 Sept 2013	
	Secondary Education	16,006,560	£ 5,002.05	As Woodhardwicks assessment v3 Sept 2013	
	Childrens Social Services	649,600	£ 203.00	As Woodhardwicks assessment v3 Sept 2013	
	Health Care	1,920,000	£ 600.00	As Woodhardwicks assessment v3 Sept 2013	
	Leisure, Open Space and Green Infrastructure	7,247,104	£ 2,264.72	As Woodhardwicks assessment v3 Sept 2013	
	Community Facilities and Services	1,788,960	£ 559.05	As Woodhardwicks assessment v3 Sept 2013	
	Waste Management	278,400	£ 87.00	As Woodhardwicks assessment v3 Sept 2013	
	Public Art	707,200	£ 221.00	As Woodhardwicks assessment v3 Sept 2013	
TOTAL		**£ 123,506,589**			
	TOTAL PER DWELLING		**£ 38,596**		
	TOTAL PER DWELLING INFRASTRUCTURE		**£ 12,259**		
	TOTAL PER DWELLING S106		**£ 26,336**		

Information used:

Policy 61 – North of Luton / Luton North – Land Use Plan (LPA Option 4 draft) / EC Harris Report September 2013 / Woodshardwick S106 assessment v3 September 2013

EAST OF LEIGHTON – LINSDALE UNITS 2500

Heading	Inclusions	Total Cost	Per Dwelling cost	Cost from / calc	11 Years Cashflow / Expenditure
Enabling Works	Haul routes, Archaeology, demolition, site clearance, tree protection, special boundary fencing and sitewide earthworks	6,000,000	£ 2,400.00	EC Harris Cost Estimate Sept 2013	Year 1 and 2 - over 24 months
S278 Highways / Off Site Highways	Included in S106	-	£ -	EC Harris Cost Estimate Sept 2013	
On Site Highways (Primary and Secondary Routes)	On site strategic roads	14,800,000	£ 5,920.00	EC Harris Cost Estimate Sept 2013	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Green Infrastructure	Included in S106	-	£ -	EC Harris Cost Estimate Sept 2013	
Surface Water Drainage	Strategic SW sewers, SUDs, balancing ponds and outfalls	1,600,000	£ 640.00	EC Harris Cost Estimate Sept 2013	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Foul Water Drainage	Strategic FW sewers, pumping stations and outfalls	2,400,000	£ 960.00	EC Harris Cost Estimate Sept 2013	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Utilities	On site distributions, diversions, duct crossings and reinforcement costs	11,500,000	£ 4,600.00	EC Harris Cost Estimate Sept 2013	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Professional / LA Fees including surveys and site investigations	At 13.5% of construction costs	6,750,000	£ 2,700.00	EC Harris Cost Estimate Sept 2013	Over Years 1 to 8 inclusive
Contingency	Included elsewhere in viability				
S106	Education	21,470,811	£ 8,588.32	Pro rata 1280 units to 2500	
	Community Facilities	3,433,973	£ 1,373.59	Pro rata 1280 units to 2500	
	Highways (Eastern Link Road, A505 Roundabout)	14,224,672	£ 5,689.87		
	Sustainable Transport	1,737,912	£ 695.16		
	Green Infrastructure	8,707,041	£ 3,482.82		
	Public Art	522,285	£ 208.91	Pro rata 1280 units to 2500	
	Emergency Services	489,199	£ 195.68	Pro rata 1280 units to 2500	
	TOTAL	**£ 93,635,893**			
	TOTAL PER DWELLING		**£ 37,454**		
	TOTAL PER DWELLING INFRASTRUCTURE		**£ 17,220**		
	TOTAL PER DWELLING S106		**£ 20,234**		

Information used:

Policy 62 – Clipstone Park

East of Leighton Framework Plan June 2013

EC Harris Cost Estimate September 2013

WIXAMS UNITS 1500

Heading	Inclusions	Total Cost	Per Dwelling cost	Cost from / calc	11 Years Cashflow / Expenditure
Enabling Works	Haul routes, Archaeology, demolition, site clearance, tree protection, special boundary fencing and sitewide earthworks	3,000,000	£ 2,000.00	Benchmark per unit for scheme	Year 1 and 2 - over 24 months
S278 Highways / Off Site Highways		3,000,000	£ 2,000.00	Benchmark per unit for scheme	
On Site Highways (Primary and Secondary Routes)	On site strategic roads	4,500,000	£ 3,000.00	Benchmark per unit for scheme	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Green Infrastructure	Included in S106	-	£ 2,500.00		
Surface Water Drainage	Strategic SW sewers, SUDs, balancing ponds and outfalls	1,500,000	£ 1,000.00	Benchmark per unit for scheme	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Foul Water Drainage	Strategic FW sewers, pumping stations and outfalls	1,500,000	£ 1,000.00	Benchmark per unit for scheme	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Utilities	On site distributions, diversions, duct crossings and reinforcement costs	7,500,000	£ 5,000.00	Benchmark per unit for scheme	Split into 2 - Years 1 and 2 over 24 months, Years 4 and 5 over 24 months
Professional / LA Fees including surveys and site investigations	At 15% of construction costs	3,150,000	£ 2,100.00	Benchmark per unit for scheme	Over Years 1 to 8 inclusive
Contingency	Included elsewhere in viability				
S106		30,000,000	£ 20,000.00	Benchmark per unit for scheme	
	TOTAL	**£ 54,150,000**			
	TOTAL PER DWELLING		**£ 36,100**		
	TOTAL PER DWELLING INFRASTRUCTURE		**£ 16,100**		
	TOTAL PER DWELLING S106		**£ 20,000**		

Information used:

Policy 63 – Wixams

Document – Wixam Park public consultation

Annex 4 – Notional 1ha Scheme Results

Central Bedfordshire

1 ha Notional Site Testing Results

AREA/ LOCATION					RESULTS						
						Benchmark values		Residual Value less		Theoretical Maximum CIL (£/sq m) based on	
Housing Market Area	DPH	Market %	Afford able %	**Total Mkt Sq m**	**Residual Value**	**Upper Benchmark**	**Lower Benchmark**	Upper Benchmark	Lower Benchmark	Upper benchmark	Lower Benchmark
Area A - SE & Central Eastern Villages	25	70%	30%	**2,091.3**	**£1,631,000**	950,000	650,000	681,000	981,000	326	469
Area A - SE & Central Eastern Villages	30	70%	30%	**2,376.2**	**£1,513,000**	950,000	650,000	563,000	863,000	237	363
Area A - SE & Central Eastern Villages	35	70%	30%	**2,578.6**	**£1,607,000**	950,000	650,000	657,000	957,000	255	371
Area A - SE & Central Eastern Villages	40	70%	30%	**2,578.8**	**£1,475,000**	950,000	650,000	525,000	825,000	204	320
Area A - SE & Central Eastern Villages	50	70%	30%	**2,828.0**	**£1,258,000**	950,000	650,000	308,000	608,000	109	215
Area A - SE & Central Eastern Villages	55	70%	30%	**2,922.2**	**£1,157,000**	950,000	650,000	207,000	507,000	71	173
Area B - Leighton Buzzard, West and Central	25	70%	30%	**2,091.3**	**£1,197,000**	950,000	650,000	247,000	547,000	118	262
Area B - Leighton Buzzard, West and Central	30	70%	30%	**2,376.2**	**£1,106,000**	950,000	650,000	156,000	456,000	66	192
Area B - Leighton Buzzard, West and Central	35	70%	30%	**2,578.6**	**£1,117,000**	950,000	650,000	167,000	467,000	65	181
Area B - Leighton Buzzard, West and Central	40	70%	30%	**2,578.8**	**£878,000**	950,000	650,000	-72,000	228,000	-28	88
Area B - Leighton Buzzard, West and Central	50	70%	30%	**2,828.0**	**£528,000**	950,000	650,000	-422,000	-122,000	-149	-43
Area B - Leighton Buzzard, West and Central	55	70%	30%	**2,922.2**	**£375,000**	950,000	650,000	-575,000	-275,000	-197	-94
Area C - Dunstable, Sandy, Biggleswade & Arlesey	25	70%	30%	**2,091.3**	**£889,000**	950,000	650,000	-61,000	239,000	-29	114
Area C - Dunstable, Sandy, Biggleswade & Arlesey	30	70%	30%	**2,376.2**	**£789,000**	950,000	650,000	-161,000	139,000	-68	58
Area C - Dunstable, Sandy, Biggleswade & Arlesey	35	70%	30%	**2,578.6**	**£816,000**	950,000	650,000	-134,000	166,000	-52	64
Area C - Dunstable, Sandy, Biggleswade & Arlesey	40	70%	30%	**2,578.8**	**£643,000**	950,000	650,000	-307,000	-7,000	-119	-3
Area C - Dunstable, Sandy, Biggleswade & Arlesey	50	70%	30%	**2,828.0**	**£258,000**	950,000	650,000	-692,000	-392,000	-245	-139
Area C - Dunstable, Sandy, Biggleswade & Arlesey	55	70%	30%	**2,922.2**	**£81,000**	950,000	650,000	-869,000	-569,000	-297	-195

Annex 5 – Residential Case Study Results

Central Bedfordshire

Case Study Results

Site Details															Benchmark values per Gross ha		Residual Value per gross ha less..		Theoretical Max CIL (£/sq m) based on	
Case Study no	Market Value Area	Site type	Description	No of dwgs	Net area ha	Gross area ha	Net to gross %	Market %	Afford able %	Total Mkt Sq m	**Equivalent Mkt sq m per gross**	**Residual Value**	*Memo RV per net ha*	**RV per gross ha**	**Upper Benchmark**	**Lower Benchmark**	**Upper Benchmark**	**Lower Benchmark**	**Upper Benchmark**	**Lower Benchmark**
1	A	Single plot within village envelope	Infill plot – rear garden	1	0.05	0.05	100%	100%	0%	125.00	**2,500.0**	**£122,000**	*£2,440,000*	**£2,440,000**	£950,000	£650,000	1,490,000	1,790,000	£596	£716
2	A	Two plots within village envelope	Infill plot	2	0.08	0.08	100%	100%	0%	150.00	**1,875.0**	**£241,000**	*£3,012,500*	**£3,012,500**	£950,000	£650,000	2,062,500	2,362,500	£1,100	£1,260
3	A	Market led sustainable development	40% affordable	10	0.29	0.29	100%	60%	40%	631.50	**2,177.6**	**£355,000**	*£1,224,138*	**£1,224,138**	£950,000	£650,000	274,138	574,138	£126	£264
4	A	Small development in Market town	Urban infill	10	0.25	0.25	100%	100%	0%	921.00	**3,684.0**	**£674,000**	*£2,696,000*	**£2,696,000**	£950,000	£650,000	1,746,000	2,046,000	£474	£555
5	A	Small development outside village envelope	Edge of village	10	0.33	0.33	100%	100%	0%	1,131.50	**3,428.8**	**£866,000**	*£2,624,242*	**£2,624,242**	£950,000	£650,000	1,674,242	1,974,242	£488	£576
6	A	Market led sustainable development	40% affordable	50	1.43	1.43	100%	60%	40%	3,157.50	**2,208.0**	**£1,937,379**	*£1,354,810*	**£1,354,810**	£950,000	£650,000	404,810	704,810	£183	£319
7	A	Urban infill	High density urban infill	55	1.00	1.00	100%	70%	30%	2,922.20	**2,922.2**	**£1,299,484**	*£1,299,484*	**£1,299,484**	£950,000	£650,000	349,484	649,484	£120	£222
8	A	Development in market town	Edge of urban area	75	2.14	2.26	95%	70%	30%	5,525.60	**2,449.7**	**£3,551,555**	*£1,657,392*	**£1,574,523**	£950,000	£650,000	624,523	924,523	£255	£377
9	A	Edge of market town	Edge of urban area	200	6.67	8.33	80%	70%	30%	15,841.00	**1,901.7**	**£9,489,086**	*£1,422,652*	**£1,139,146**	£950,000	£650,000	189,146	489,146	£99	£257
10	A	Extracare scheme	Older persons housing	56	0.46	0.71	65%	70%	30%	3,716.20	**5,234.1**	**-£363,808**	*-£790,887*	**-£512,406**	£950,000	£650,000	-1,462,406	-1,162,406	-£279	-£222
11	A	Sheltered Scheme	Older persons housing	56	0.40	0.54	74%	70%	30%	3,034.10	**5,618.7**	**-£134,033**	*-£335,083*	**-£248,209**	£950,000	£650,000	-1,198,209	-898,209	-£213	-£160

Central Bedfordshire

Case Study Results

Site Details															Benchmark values per Gross ha		Residual Value per gross ha less..		Theoretical Max CIL (£/sq m) based on	
Case Study no	Market Value Area	Site type	Description	No of dwgs	Net area ha	Gross area ha	Net to gross %	Market %	Afford able %	Total Mkt Sq m	**Equivalent Mkt sq m per gross**	**Residual Value**	*Memo RV per net ha*	**RV per gross ha**	**Upper Benchmark**	**Lower Benchmark**	**Upper Benchmark**	**Lower Benchmark**	**Upper Benchmark**	**Lower Benchmark**
1	B	Single plot within village envelope	Infill plot – rear garden	1	0.05	0.05	100%	100%	0%	125.00	**2,500.0**	**£98,000**	*£1,960,000*	**£1,960,000**	£950,000	£650,000	1,010,000	1,310,000	£404	£524
2	B	Two plots within village envelope	Infill plot	2	0.08	0.08	100%	100%	0%	250.00	**3,125.0**	**£194,000**	*£2,425,000*	**£2,425,000**	£950,000	£650,000	1,475,000	1,775,000	£472	£568
3	B	Market led sustainable development	40% affordable	10	0.29	0.29	100%	60%	40%	631.50	**2,177.6**	**£231,000**	*£796,552*	**£796,552**	£950,000	£650,000	-153,448	146,552	-£70	£67
4	B	Small development in Market town	Urban infill	10	0.25	0.25	100%	100%	0%	921.00	**3,684.0**	**£485,000**	*£1,940,000*	**£1,940,000**	£950,000	£650,000	990,000	1,290,000	£269	£350
5	B	Small development outside village envelope	Edge of village	10	0.33	0.33	100%	100%	0%	1,131.50	**3,428.8**	**£698,000**	*£2,115,152*	**£2,115,152**	£950,000	£650,000	1,165,152	1,465,152	£340	£427
6	B	Market led sustainable development	40% affordable	50	1.43	1.43	100%	60%	40%	3,157.50	**2,208.0**	**£1,331,432**	*£931,071*	**£931,071**	£950,000	£650,000	-18,929	281,071	-£9	£127
7	B	Urban infill	High density urban infill	55	1.00	1.00	100%	70%	30%	2,922.20	**2,922.2**	**£556,345**	*£556,345*	**£556,345**	£950,000	£650,000	-393,655	-93,655	-£135	-£32
8	B	Development in market town	Edge of urban area	75	2.14	2.26	95%	70%	30%	5,525.60	**2,449.7**	**£2,569,343**	*£1,199,027*	**£1,139,075**	£950,000	£650,000	189,075	489,075	£77	£200
9	B	Edge of market town	Edge of urban area	200	6.67	8.33	80%	70%	30%	15,841.00	**1,901.7**	**£7,085,516**	*£1,062,296*	**£850,602**	£950,000	£650,000	-99,398	200,602	-£52	£105
10	B	Extracare scheme	Older persons housing	56	0.46	0.71	65%	70%	30%	3,716.20	**5,234.1**	**-£1,265,297**	*-£2,750,646*	**-£1,782,108**	£950,000	£650,000	-2,732,108	-2,432,108	-£522	-£465
11	B	Sheltered Scheme	Older persons housing	56	0.40	0.54	74%	70%	30%	3,034.10	**5,618.7**	**-£844,479**	*-£2,111,198*	**-£1,563,850**	£950,000	£650,000	-2,513,850	-2,213,850	-£447	-£394

Central Bedfordshire

Case Study Results

Site Details															Benchmark values per Gross ha		Residual Value per gross ha less..		Theoretical Max CIL (£/sq m) based on	
Case Study no	Market Value Area	Site type	Description	No of dwgs	Net area ha	Gross area ha	Net to gross %	Market %	Afford able %	Total Mkt Sq m	**Equivalent Mkt sq m per gross**	**Residual Value**	*Memo RV per net ha*	**RV per gross ha**	**Upper Benchmark**	**Lower Benchmark**	**Upper Benchmark**	**Lower Benchmark**	**Upper Benchmark**	**Lower Benchmark**
1	C	Single plot within village envelope	Infill plot – rear garden	1	0.05	0.05	100%	100%	0%	125.00	**2,500.0**	**£88,000**	*£1,760,000*	**£1,760,000**	£950,000	£650,000	810,000	1,110,000	£324	£444
2	C	Two plots within village envelope	Infill plot	2	0.08	0.08	100%	100%	0%	250.00	**3,125.0**	**£175,000**	*£2,187,500*	**£2,187,500**	£950,000	£650,000	1,237,500	1,537,500	£396	£492
3	C	Market led sustainable development	40% affordable	10	0.29	0.29	100%	60%	40%	631.50	**2,177.6**	**£150,000**	*£517,241*	**£517,241**	£950,000	£650,000	-432,759	-132,759	-£199	-£61
4	C	Small development in Market town	Urban infill	10	0.25	0.25	100%	100%	0%	921.00	**3,684.0**	**£415,000**	*£1,660,000*	**£1,660,000**	£950,000	£650,000	710,000	1,010,000	£193	£274
5	C	Small development outside village envelope	Edge of village	10	0.33	0.33	100%	100%	0%	1,131.50	**3,428.8**	**£557,000**	*£1,687,879*	**£1,687,879**	£950,000	£650,000	737,879	1,037,879	£215	£303
6	C	Market led sustainable development	40% affordable	50	1.43	1.43	100%	60%	40%	3,157.50	**2,208.0**	**£968,324**	*£677,150*	**£677,150**	£950,000	£650,000	-272,850	27,150	-£124	£12
7	C	Urban infill	High density urban infill	55	1.00	1.00	100%	70%	30%	2,922.20	**2,922.2**	**£282,016**	*£282,016*	**£282,016**	£950,000	£650,000	-667,984	-367,984	-£229	-£126
8	C	Development in market town	Edge of urban area	75	2.14	2.26	95%	70%	30%	5,525.60	**2,449.7**	**£1,967,166**	*£918,011*	**£872,110**	£950,000	£650,000	-77,890	222,110	-£32	£91
9	C	Edge of market town	Edge of urban area	200	6.67	8.33	80%	70%	30%	15,841.00	**1,901.7**	**£5,211,158**	*£781,283*	**£625,589**	£950,000	£650,000	-324,411	-24,411	-£171	-£13
10	C	Extracare scheme	Older persons housing	56	0.46	0.71	65%	70%	30%	3,716.20	**5,234.1**	**-£1,629,475**	*-£3,542,337*	**-£2,295,035**	£950,000	£650,000	-3,245,035	-2,945,035	-£620	-£563
11	C	Sheltered Scheme	Older persons housing	56	0.40	0.54	74%	70%	30%	3,034.10	**5,618.7**	**-£1,137,015**	*-£2,842,538*	**-£2,105,583**	£950,000	£650,000	-3,055,583	-2,755,583	-£544	-£490

Annex 6 – Sustainable Urban Extension Results

Central Bedfordshire

Sustainable Urban Extension Results

SUE Details							%AH								Benchmark Values per Gross ha		Residual Value per Gross ha less..		Theoretical Max CIL (£/sq m) based on	
Ref	SUE	Mkt Value Area	No of dwellings	Net area ha	Gross area ha	Net to gross %	Market %	Afford able %	Total Mkt Sq m	*Mkt Sq M per net Ha*	**Mkt Sq m per gross ha**	**Residual Value**	*Memo RV per net ha*	**RV per gross ha**	**Upper Benchmark**	**Lower Benchmark**	**Upper Benchmark**	**Lower Benchmark**	**Upper Benchmark**	**Lower Benchmark**
Policy 60	Houghton Regis North 1	B	4,700	144.90	226.90	64%	70%	30%	341,009	*2,353.41*	**1,502.90**	-£17,748,310	*-£122,487*	**-£78,221**	£330,000	£200,000	-408,221	-278,221	-£272	-£185
Policy 60	Houghton Regis North 1	B	4,700	144.90	226.90	64%	80%	20%	389,724	*2,689.61*	**1,717.60**	£12,551,139	*£86,619*	**£55,316**	£330,000	£200,000	-274,684	-144,684	-£160	-£84
Policy 60	Houghton Regis North 1	B	4,700	144.90	226.90	64%	90%	10%	438,440	*3,025.81*	**1,932.30**	£41,799,347	*£288,470*	**£184,219**	£330,000	£200,000	-145,781	-15,781	-£75	-£8
Policy 60	Houghton Regis North 2	B	1,500	42.86	66.86	64%	70%	30%	108,833	*2,539.44*	**1,627.77**	-£2,376,978	*-£55,463*	**-£35,552**	£330,000	£200,000	-365,552	-235,552	-£225	-£145
Policy 60	Houghton Regis North 2	B	1,500	42.86	66.86	64%	80%	20%	124,380	*2,902.20*	**1,860.31**	£8,361,870	*£195,110*	**£125,065**	£330,000	£200,000	-204,935	-74,935	-£110	-£40
Policy 60	Houghton Regis North 2	B	1,500	42.86	66.86	64%	90%	10%	139,928	*3,264.99*	**2,092.85**	£18,960,474	*£442,411*	**£283,585**	£330,000	£200,000	-46,415	83,585	-£22	£40
Policy 61	North of Luton	A	3,200	103.17	244.42	42%	70%	30%	232,176	*2,250.42*	**949.91**	£37,630,102	*£364,739*	**£153,957**	£330,000	£200,000	-176,043	-46,043	-£185	-£48
Policy 61	North of Luton	A	3,200	103.17	244.42	42%	80%	20%	265,344	*2,571.91*	**1,085.61**	£63,062,415	*£611,248*	**£258,008**	£330,000	£200,000	-71,992	58,008	-£66	£53
Policy 61	North of Luton	A	3,200	103.17	244.42	42%	90%	10%	298,512	*2,893.40*	**1,221.31**	£88,494,729	*£857,756*	**£362,060**	£330,000	£200,000	32,060	162,060	£26	£133
Policy 62	East of Leighton Linslade	B	2,500	75.59	188.28	40%	70%	30%	181,388	*2,399.63*	**963.39**	£4,380,006	*£57,944*	**£23,263**	£330,000	£200,000	-306,737	-176,737	-£318	-£183
Policy 62	East of Leighton Linslade	B	2,500	75.59	188.28	40%	80%	20%	207,300	*2,742.43*	**1,101.02**	£21,905,271	*£289,791*	**£116,344**	£330,000	£200,000	-213,656	-83,656	-£194	-£76
Policy 62	East of Leighton Linslade	B	2,500	75.59	188.28	40%	90%	10%	233,213	*3,085.24*	**1,238.65**	£39,432,340	*£521,661*	**£209,435**	£330,000	£200,000	-120,565	9,435	-£97	£8
Policy 63	Wixams	B	1,500	42.86	102.05	42%	70%	30%	108,833	*2,539.44*	**1,066.47**	£2,754,831	*£64,279*	**£26,995**	£365,000	£200,000	-338,005	-173,005	-£317	-£162
Policy 63	Wixams	B	1,500	42.86	102.05	42%	80%	20%	124,380	*2,902.20*	**1,218.81**	£14,272,769	*£333,031*	**£139,861**	£365,000	£200,000	-225,139	-60,139	-£185	-£49
Policy 63	Wixams	B	1,500	42.86	102.05	42%	90%	10%	139,928	*3,264.99*	**1,371.17**	£25,790,708	*£601,783*	**£252,726**	£365,000	£200,000	-112,274	52,726	-£82	£38

Annex 6 – Commercial Development Results

Non-residential Viability Assessment Model

Office development of two storeys out of town

Size of unit (GIA)	1500	sq m
Ratio of GEA to GIA	100.0%	
GEA	1500	sq m
NIA as % of GIA	95%	
NIA	1425	sq m
Floors	2	
Site coverage	40%	
Site area	0.19	Hectares

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£ 117	
Annual rent for assesment (total) - NIA			£ 166,725	
Yield			8.00%	
(Yield times rent)			**£ 2,084,063**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 1,969,813**
SCHEME COSTS				
Build costs	£ 1,410	per sq m	£ 2,115,000	
BREEAM Excellent	2.00%	of base build costs	£ 42,300	
External costs	10%	of base build costs	£ 211,500	
Total construction costs				***£ 2,368,800***
Professional fees	12.00%	of construction costs	£ 284,256	
Sales and lettings costs	3%	of GDV	£ 59,094	
S106/278 costs (not covered by CIL)			£ 20,000	
Total 'other costs'				***£ 363,350***
Finance costs	6.0%	Interest rate		
Build period	10	Months		
Finance costs for 100% of construction and other costs			£ 136,608	
Void finance period (in months)	3	Months	£ 34,152	
Total finance costs				***£ 170,759***
Developer return	20%	Scheme value		***£ 393,963***
Total scheme costs				**£ 3,296,872**
RESIDUAL VALUE				
Gross residual value				-£ 1,327,059
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 1,353,600
	Equivalent per hectare			-£ 7,219,202
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 490,000
Equivalent benchmark land value for site				£ 91,875
Potential for CIL for the scheme				-£ 1,445,475
Potential per sq m				NONE

Non-residential Viability Assessment Model

Office development of two storeys located on strategic road junction

Size of unit (GIA)	1500	sq m	
Ratio of GEA to GIA	100.0%		
GEA	1500	sq m	
NIA as % of GIA	95%		
NIA	1425	sq m	
Floors	2		
Site coverage	40%		
Site area	0.19	Hectares	

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£ 183	
Annual rent for assesment (total) - NIA			£ 260,775	
Yield			6.75%	
(Yield times rent)			**£ 3,863,333**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 3,651,544**
SCHEME COSTS				
Build costs	£ 1,410	per sq m	£ 2,115,000	
BREEAM Excellent	2.00%	of base build costs	£ 42,300	
External costs	10%	of base build costs	£ 211,500	
Total construction costs				***£ 2,368,800***
Professional fees	12.00%	of construction costs	£ 284,256	
Sales and lettings costs	3%	of GDV	£ 109,546	
S106/278 costs (not covered by CIL)			£ 20,000	
Total 'other costs'				***£ 413,802***
Finance costs	6.0%	Interest rate		
Build period	10	Months		
Finance costs for 100% of construction and other costs			£ 139,130	
Void finance period (in months)	3	Months	£ 34,783	
Total finance costs				***£ 173,913***
Developer return	20%	Scheme value		***£ 730,309***
Total scheme costs				**£ 3,686,824**
RESIDUAL VALUE				
Gross residual value				-£ 35,280
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 35,986
	Equivalent per hectare			-£ 191,923
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 950,000
Equivalent benchmark land value for site				£ 178,125
Potential for CIL for the scheme				-£ 214,111
Potential per sq m				NONE

Non-residential Viability Assessment Model

Office development of four storeys town centre

Size of unit (GIA)	2000	sq m	
Ratio of GEA to GIA	100.0%		
GEA	2000	sq m	
NIA as % of GIA	95%		
NIA	1900	sq m	
Floors	4		
Site coverage	75%		
Site area	0.07	Hectares	

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£ 93	
Annual rent for assesment (total) - NIA			£ 176,700	
Yield			9.80%	
(Yield times rent)			**£ 1,803,061**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 1,704,217**
SCHEME COSTS				
Build costs	£ 1,572	per sq m	£ 3,144,000	
BREEAM Excellent	2.00%	of base build costs	£ 62,880	
External costs	10%	of base build costs	£ 314,400	
Total construction costs				***£ 3,521,280***
Professional fees	12.00%	of construction costs	£ 422,554	
Sales and lettings costs	3%	of GDV	£ 51,126	
S106/278 costs (not covered by CIL)			£ -	
Total 'other costs'				***£ 473,680***
Finance costs	6.0%	Interest rate		
Build period	14	Months		
Finance costs for 100% of construction and other costs			£ 279,647	
Void finance period (in months)	3	Months	£ 69,912	
Total finance costs				***£ 349,559***
Developer return	20%	Scheme value		***£ 340,843***
Total scheme costs				**£ 4,685,362**
RESIDUAL VALUE				
Gross residual value				-£ 2,981,146
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 3,040,769
	Equivalent per hectare			-£ 45,611,530
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 620,000
Equivalent benchmark land value for site				£ 41,333
Potential for CIL for the scheme				-£ 3,082,102
Potential per sq m				NONE

Non-residential Viability Assessment Model

Industrial/Warehouse unit of 25,000 sqm strategic road junction

Size of unit (GIA)	25000	sq m	
Ratio of GEA to GIA	100.0%		
GEA	25000	sq m	
NIA as % of GIA	95%		
NIA	23750	sq m	
Floors	1		
Site coverage	40%		
Site area	6.25	Hectares	

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£ 75	
Annual rent for assesment (total) - NIA			£ 1,781,250	
Yield			6.00%	
(Yield times rent)			**£ 29,687,500**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 28,060,019**
SCHEME COSTS				
Build costs	£ 529	per sq m	£ 13,225,000	
BREEAM Excellent	2.00%	of base build costs	£ 264,500	
External costs	10%	of base build costs	£ 1,322,500	
Total construction costs				***£ 14,812,000***
Professional fees	12.00%	of construction costs	£ 1,777,440	
Sales and lettings costs	3%	of GDV	£ 841,801	
S106/278 costs (not covered by CIL)			£ 250,000	
Total 'other costs'				***£ 2,869,241***
Finance costs	6.0%	Interest rate		
Build period	8	Months		
Finance costs for 100% of construction and other costs			£ 707,250	
Void finance period (in months)	3	Months	£ 176,812	
Total finance costs				***£ 884,062***
Developer return	20%	Scheme value		***£ 5,612,004***
Total scheme costs				**£ 24,177,306**
RESIDUAL VALUE				
Gross residual value				£ 3,882,713
Less purchaser costs	4.00	% Stamp duty land tax		£ 155,309
	2.00	% Agent/legal purchase fees		£ 77,654
Residual value	For the scheme			£ 3,662,936
	Equivalent per hectare			£ 586,070
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				£ 950,000
Equivalent benchmark land value for site				£ 5,937,500
Potential for CIL for the scheme				-£ 2,274,564
Potential per sq m				NONE

Non-residential Viability Assessment Model

Industrial/Warehouse unit of 10,000 sqm strategic road junction

Size of unit (GIA)	10000	sq m
Ratio of GEA to GIA	100.0%	
GEA	10000	sq m
NIA as % of GIA	95%	
NIA	9500	sq m
Floors	1	
Site coverage	40%	
Site area	2.50	Hectares

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£ 78	
Annual rent for assesment (total) - NIA			£ 741,000	
Yield			6.00%	
(Yield times rent)			**£ 12,350,000**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 11,672,968**
SCHEME COSTS				
Build costs	£ 529	per sq m	£ 5,290,000	
BREEAM Excellent	2.00%	of base build costs	£ 105,800	
External costs	10%	of base build costs	£ 529,000	
Total construction costs				***£ 5,924,800***
Professional fees	12.00%	of construction costs	£ 710,976	
Sales and lettings costs	3%	of GDV	£ 350,189	
S106/278 costs (not covered by CIL)			£ 150,000	
Total 'other costs'				***£ 1,211,165***
Finance costs	6.0%	Interest rate		
Build period	8	Months		
Finance costs for 100% of construction and other costs			£ 285,439	
Void finance period (in months)	3	Months	£ 71,360	
Total finance costs				***£ 356,798***
Developer return	20%	Scheme value		***£ 2,334,594***
Total scheme costs				**£ 9,827,357**
RESIDUAL VALUE				
Gross residual value				£ 1,845,611
Less purchaser costs	4.00	% Stamp duty land tax		£ 73,824
	2.00	% Agent/legal purchase fees		£ 36,912
Residual value	For the scheme			£ 1,741,142
	Equivalent per hectare			£ 696,457
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				£ 950,000
Equivalent benchmark land value for site				£ 2,375,000
Potential for CIL for the scheme				-£ 633,858
Potential per sq m				NONE

Non-residential Viability Assessment Model

Industrial/Warehouse unit of 6,000 sqm strategic road junction

Size of unit (GIA)	6000	sq m
Ratio of GEA to GIA	100.0%	
GEA	6000	sq m
NIA as % of GIA	95%	
NIA	5700	sq m
Floors	1	
Site coverage	40%	
Site area	1.50	Hectares

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)		£ 78		
Annual rent for assesment (total) - NIA		£ 444,600		
Yield		6.50%		
(Yield times rent)		**£ 6,840,000**		
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value			**£**	**6,465,028**
SCHEME COSTS				
Build costs	£ 529	per sq m	£ 3,174,000	
BREEAM Excellent	2.00%	of base build costs	£ 63,480	
External costs	10%	of base build costs	£ 317,400	
Total construction costs			**£**	***3,554,880***
Professional fees	12.00%	of construction costs	£ 426,586	
Sales and lettings costs	3%	of GDV	£ 193,951	
S106/278 costs (not covered by CIL)			£ 100,000	
Total 'other costs'			**£**	***720,536***
Finance costs	6.0%	Interest rate		
Build period	8	Months		
Finance costs for 100% of construction and other costs			£ 171,017	
Void finance period (in months)	3	Months	£ 42,754	
Total finance costs			**£**	***213,771***
Developer return	20%	Scheme value	**£**	***1,293,006***
Total scheme costs			**£**	**5,782,193**
RESIDUAL VALUE				
Gross residual value			£	682,835
Less purchaser costs	4.00	% Stamp duty land tax	£	27,313
	2.00	% Agent/legal purchase fees	£	13,657
Residual value	For the scheme		£	644,184
	Equivalent per hectare		£	429,456
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)			£	950,000
Equivalent benchmark land value for site			£	1,425,000
Potential for CIL for the scheme			-£	780,816
Potential per sq m				NONE

Non-residential Viability Assessment Model

Industrial/Warehouse unit of 3,000 sqm strategic road junction

Size of unit (GIA)	3000	sq m
Ratio of GEA to GIA	100.0%	
GEA	3000	sq m
NIA as % of GIA	95%	
NIA	2850	sq m
Floors	1	
Site coverage	40%	
Site area	0.75	Hectares

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)		£ 75		
Annual rent for assesment (total) - NIA		£ 213,750		
Yield		6.50%		
(Yield times rent)		**£ 3,288,462**		
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value			**£**	**3,108,187**
SCHEME COSTS				
Build costs	£ 552	per sq m	£ 1,656,000	
BREEAM Excellent	2.00%	of base build costs	£ 33,120	
External costs	10%	of base build costs	£ 165,600	
Total construction costs				***£ 1,854,720***
Professional fees	12.00%	of construction costs	£ 222,566	
Sales and lettings costs	3%	of GDV	£ 93,246	
S106/278 costs (not covered by CIL)			£ 80,000	
Total 'other costs'				***£ 395,812***
Finance costs	6.0%	Interest rate		
Build period	8	Months		
Finance costs for 100% of construction and other costs			£ 90,021	
Void finance period (in months)	3	Months	£ 22,505	
Total finance costs				***£ 112,527***
Developer return	20%	Scheme value		***£ 621,637***
Total scheme costs				**£ 2,984,696**
RESIDUAL VALUE				
Gross residual value				£ 123,491
Less purchaser costs	4.00	% Stamp duty land tax		£ 4,940
	2.00	% Agent/legal purchase fees		£ 2,470
Residual value	For the scheme			£ 116,501
	Equivalent per hectare			£ 155,334
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				£ 950,000
Equivalent benchmark land value for site				£ 712,500
Potential for CIL for the scheme				-£ 595,999
Potential per sq m				NONE

Non-residential Viability Assessment Model

Industrial/Warehouse unit of 1,500 sqm strategic road junction

Size of unit (GIA)	1500	sq m
Ratio of GEA to GIA	100.0%	
GEA	1500	sq m
NIA as % of GIA	95%	
NIA	1425	sq m
Floors	1	
Site coverage	40%	
Site area	0.38	Hectares

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)		£ 78		
Annual rent for assesment (total) - NIA		£ 111,150		
Yield		6.50%		
(Yield times rent)		**£ 1,710,000**		
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 1,616,257**
SCHEME COSTS				
Build costs	£ 552	per sq m	£ 828,000	
BREEAM Excellent	2.00%	of base build costs	£ 16,560	
External costs	10%	of base build costs	£ 82,800	
Total construction costs				***£ 927,360***
Professional fees	12.00%	of construction costs	£ 111,283	
Sales and lettings costs	3%	of GDV	£ 48,488	
S106/278 costs (not covered by CIL)			£ 20,000	
Total 'other costs'				***£ 179,771***
Finance costs	6.0%	Interest rate		
Build period	8	Months		
Finance costs for 100% of construction and other costs			£ 44,285	
Void finance period (in months)	3	Months	£ 11,071	
Total finance costs				***£ 55,357***
Developer return	20%	Scheme value		***£ 323,251***
Total scheme costs				**£ 1,485,739**
RESIDUAL VALUE				
Gross residual value				£ 130,518
Less purchaser costs	4.00	% Stamp duty land tax		£ 5,221
	2.00	% Agent/legal purchase fees		£ 2,610
Residual value	For the scheme			£ 123,130
	Equivalent per hectare			£ 328,348
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				£ 950,000
Equivalent benchmark land value for site				£ 356,250
Potential for CIL for the scheme				-£ 233,120
Potential per sq m				NONE

Non-residential Viability Assessment Model

Industrial/Warehouse unit of 700 sqm strategic road junction

Size of unit (GIA)	700	sq m	
Ratio of GEA to GIA	100.0%		
GEA	700	sq m	
NIA as % of GIA	95%		
NIA	665	sq m	
Floors	1		
Site coverage	40%		
Site area	0.18	Hectares	

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)		£ 81		
Annual rent for assesment (total) - NIA		£ 53,865		
Yield		6.50%		
(Yield times rent)		**£ 828,692**		
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 783,263**
SCHEME COSTS				
Build costs	£ 552	per sq m	£ 386,400	
BREEAM Excellent	2.00%	of base build costs	£ 7,728	
External costs	10%	of base build costs	£ 38,640	
Total construction costs				***£ 432,768***
Professional fees	12.00%	of construction costs	£ 51,932	
Sales and lettings costs	3%	of GDV	£ 23,498	
S106/278 costs (not covered by CIL)			£ 10,000	
Total 'other costs'				***£ 85,430***
Finance costs	6.0%	Interest rate		
Build period	8	Months		
Finance costs for 100% of construction and other costs			£ 20,728	
Void finance period (in months)	3	Months	£ 5,182	
Total finance costs				***£ 25,910***
Developer return	20%	Scheme value		***£ 156,653***
Total scheme costs				**£ 700,761**
RESIDUAL VALUE				
Gross residual value				£ 82,502
Less purchaser costs	4.00	% Stamp duty land tax		£ 3,300
	2.00	% Agent/legal purchase fees		£ 1,650
Residual value	For the scheme			£ 77,833
	Equivalent per hectare			£ 444,757
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				£ 950,000
Equivalent benchmark land value for site				£ 166,250
Potential for CIL for the scheme				-£ 88,417
Potential per sq m				NONE

Non-residential Viability Assessment Model

Town centre comparison retail 800 sqm

Size of unit (GIA)	800	sq m
Ratio of GEA to GIA	100.0%	
GEA	800	sq m
NIA as % of GIA	95%	
NIA	760	sq m
Floors	2	
Site coverage	80%	
Site area	0.05	Hectares

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)		£ 184		
Annual rent for assesment (total) - NIA		£ 139,840		
Yield		8.20%		
(Yield times rent)		**£ 1,705,366**		
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value			**£**	**1,611,877**
SCHEME COSTS				
Build costs	£ 1,017	per sq m	£ 813,600	
BREEAM Excellent	2.00%	of base build costs	£ 16,272	
External costs	10%	of base build costs	£ 81,360	
Total construction costs			**£**	***911,232***
Professional fees	12.00%	of construction costs	£ 109,348	
Sales and lettings costs	3%	of GDV	£ 48,356	
S106/278 costs (not covered by CIL)			£ -	
Total 'other costs'			**£**	***157,704***
Finance costs	6.0%	Interest rate		
Build period	12	Months		
Finance costs for 100% of construction and other costs			£ 64,136	
Void finance period (in months)	8	Months	£ 42,757	
Total finance costs			**£**	***106,894***
Developer return	20%	Scheme value	**£**	***322,375***
Total scheme costs			**£**	**1,498,205**
RESIDUAL VALUE				
Gross residual value			£	113,672
Less purchaser costs	0.00	% Stamp duty land tax	£	-
	2.00	% Agent/legal purchase fees	£	2,273
Residual value	For the scheme		£	111,443
	Equivalent per hectare		£	2,228,859
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)			£	1,800,000
Equivalent benchmark land value for site			£	90,000
Potential for CIL for the scheme			£	21,443
Potential per sq m			£	27

Non-residential Viability Assessment Model

Town centre comparison retail 800 sqm on currently used site

Size of unit (GIA)	800	sq m	
Ratio of GEA to GIA	100.0%		
GEA	800	sq m	
NIA as % of GIA	95%		
NIA	760	sq m	
Floors	2		
Site coverage	80%		
Site area	0.05	Hectares	

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE					
Headline annual rent (in £s per sq m)			£ 184		
Annual rent for assesment (total) - NIA			£ 139,840		
Yield			8.20%		
(Yield times rent)			**£ 1,705,366**		
Less purchaser costs	5.80	% of yield x rent			
Gross Development Value				**£**	**1,611,877**
SCHEME COSTS					
Build costs	£ 1,017	per sq m	£ 813,600		
BREEAM Excellent	2.00%	of base build costs	£ 16,272		
External costs	10%	of base build costs	£ 81,360		
Total construction costs				***£***	***911,232***
Professional fees	12.00%	of construction costs	£ 109,348		
Sales and lettings costs	3%	of GDV	£ 48,356		
S106/278 costs (not covered by CIL)			£ -		
Total 'other costs'				***£***	***157,704***
Finance costs	6.0%	Interest rate			
Build period	12	Months			
Finance costs for 100% of construction and other costs			£ 64,136		
Void finance period (in months)	8	Months	£ 42,757		
Total finance costs				***£***	***106,894***
Developer return	20%	Scheme value		***£***	***322,375***
Total scheme costs				**£**	**1,498,205**
RESIDUAL VALUE					
Gross residual value				£	113,672
Less purchaser costs	0.00	% Stamp duty land tax		£	-
	2.00	% Agent/legal purchase fees		£	2,273
Residual value	For the scheme			£	111,443
	Equivalent per hectare			£	2,228,859
		Go to next stage			
Potential for CIL					
Existing use land value for site				£	304,450
Potential for CIL for the scheme				-£	193,007
Potential per sq m					NONE

Non-residential Viability Assessment Model

Out of centre comparison retail multiple units totalling 6,000 sqm

Size of unit (GIA)	6000	sq m
Ratio of GEA to GIA	100.0%	
GEA	6000	sq m
NIA as % of GIA	95%	
NIA	5700	sq m
Floors	1	
Site coverage	40%	
Site area	1.50	Hectares

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£ 145	
Annual rent for assesment (total) - NIA			£ 826,500	
Yield			8.00%	
(Yield times rent)			**£ 10,331,250**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 9,764,887**
SCHEME COSTS				
Build costs	£660	per sq m	£ 3,960,000	
BREEAM Excellent	2.00%	of base build costs	£ 79,200	
External costs	10%	of base build costs	£ 396,000	
Total construction costs				***£ 4,435,200***
Professional fees	12.00%	of construction costs	£ 532,224	
Sales and lettings costs	3%	of GDV	£ 292,947	
S106/278 costs (not covered by CIL)			£ 300,000	
Total 'other costs'				***£ 1,125,171***
Finance costs	6.0%	Interest rate		
Build period	14	Months		
Finance costs for 100% of construction and other costs			£ 389,226	
Void finance period (in months)	8	Months	£ 259,484	
Total finance costs				***£ 648,710***
Developer return	20%	Scheme value		***£ 1,952,977***
Total scheme costs				**£ 8,162,058**
RESIDUAL VALUE				
Gross residual value				£ 1,602,829
Less purchaser costs	5.00	% Stamp duty land tax		£ 80,141
	2.00	% Agent/legal purchase fees		£ 32,057
Residual value	For the scheme			£ 1,497,971
	Equivalent per hectare			£ 998,647
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				£ 620,000
Equivalent benchmark land value for site				£ 930,000
Potential for CIL for the scheme				£ 567,971
Potential per sq m				£ 95

Non-residential Viability Assessment Model

Small Convenience Store 300 sqm

Size of unit (GIA)	300	sq m	
Ratio of GEA to GIA	100.0%		
GEA	300	sq m	
NIA as % of GIA	95%		
NIA	285	sq m	
Floors	1		
Site coverage	40%		
Site area	0.08	Hectares	

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)		£ 180		
Annual rent for assesment (total) - NIA		£ 51,300		
Yield		6.50%		
(Yield times rent)		**£ 789,231**		
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value			**£**	**745,965**
SCHEME COSTS				
Build costs	£ 1,287	per sq m	£ 386,100	
BREEAM Excellent	2.00%	of base build costs	£ 7,722	
External costs	10%	of base build costs	£ 38,610	
Total construction costs				***£ 432,432***
Professional fees	12.00%	of construction costs	£ 51,892	
Sales and lettings costs	3%	of GDV	£ 22,379	
S106/278 costs (not covered by CIL)			£ -	
Total 'other costs'				***£ 74,271***
Finance costs	6.0%	Interest rate		
Build period	6	Months		
Finance costs for 100% of construction and other costs			£ 15,201	
Void finance period (in months)	3	Months	£ 3,800	
Total finance costs				***£ 19,001***
Developer return	20%	Scheme value		***£ 149,193***
Total scheme costs				**£ 674,897**
RESIDUAL VALUE				
Gross residual value				£ 71,068
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ 1,421
Residual value	For the scheme			£ 69,674
	Equivalent per hectare			£ 928,990
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				£ 620,000
Equivalent benchmark land value for site				£ 46,500
Potential for CIL for the scheme				£ 23,174
Potential per sq m				£ 77

Non-residential Viability Assessment Model

Small Convenience Store 300 sqm on currently used site

Size of unit (GIA)	300	sq m
Ratio of GEA to GIA	100.0%	
GEA	300	sq m
NIA as % of GIA	95%	
NIA	285	sq m
Floors	1	
Site coverage	80%	
Site area	0.04	Hectares

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£ 180	
Annual rent for assesment (total) - NIA			£ 51,300	
Yield			6.50%	
(Yield times rent)			**£ 789,231**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 745,965**
SCHEME COSTS				
Build costs	£ 1,287	per sq m	£ 386,100	
BREEAM Excellent	2.00%	of base build costs	£ 7,722	
External costs	10%	of base build costs	£ 38,610	
Total construction costs				***£ 432,432***
Professional fees	12.00%	of construction costs	£ 51,892	
Sales and lettings costs	3%	of GDV	£ 22,379	
S106/278 costs (not covered by CIL)			£ -	
Total 'other costs'				***£ 74,271***
Finance costs	6.0%	Interest rate		
Build period	6	Months		
Finance costs for 100% of construction and other costs			£ 15,201	
Void finance period (in months)	3	Months	£ 3,800	
Total finance costs				***£ 19,001***
Developer return	20%	Scheme value		***£ 149,193***
Total scheme costs				**£ 674,897**
RESIDUAL VALUE				
Gross residual value				£ 71,068
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ 1,421
Residual value	For the scheme			£ 69,674
	Equivalent per hectare			£ 1,857,979
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				
Equivalent benchmark land value for site				£ 190,281
Potential for CIL for the scheme				-£ 120,607
Potential per sq m				NONE

Non-residential Viability Assessment Model

Supermarket of 1,100 sqm

Size of unit (GIA)	1100	sq m	
Ratio of GEA to GIA	100.0%		
GEA	1100	sq m	
NIA as % of GIA	95%		
NIA	1045	sq m	
Floors	1		
Site coverage	40%		
Site area	0.28	Hectares	

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£ 200	
Annual rent for assesment (total) - NIA			£ 209,000	
Yield			5.50%	
(Yield times rent)			**£ 3,800,000**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 3,591,682**
SCHEME COSTS				
Build costs	£ 1,287	per sq m	£ 1,415,700	
BREEAM Excellent	2.00%	of base build costs	£ 28,314	
External costs	10%	of base build costs	£ 141,570	
Total construction costs				***£ 1,585,584***
Professional fees	12.00%	of construction costs	£ 190,270	
Sales and lettings costs	3%	of GDV	£ 107,750	
S106/278 costs (not covered by CIL)			£ 150,000	
Total 'other costs'				***£ 448,021***
Finance costs	6.0%	Interest rate		
Build period	8	Months		
Finance costs for 100% of construction and other costs			£ 81,344	
Void finance period (in months)	6	Months	£ 40,672	
Total finance costs				***£ 122,016***
Developer return	20%	Scheme value		***£ 718,336***
Total scheme costs				**£ 2,873,957**
RESIDUAL VALUE				
Gross residual value				£ 717,725
Less purchaser costs	4.00	% Stamp duty land tax		£ 28,709
	2.00	% Agent/legal purchase fees		£ 14,355
Residual value	For the scheme			£ 677,099
	Equivalent per hectare			£ 2,462,179
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				£ 1,800,000
Equivalent benchmark land value for site				£ 495,000
Potential for CIL for the scheme				£ 182,099
Potential per sq m				£ 166

Non-residential Viability Assessment Model

70 bedroom budget hotel out of town

Size of unit (GIA)	2450	sq m
Ratio of GEA to GIA	100.0%	
GEA	2450	sq m
NIA as % of GIA	95%	
NIA	2327.5	sq m
Floors	3	
Site coverage	50%	
Site area	0.16	Hectares

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£ 109	
Annual rent for assesment (total) - NIA			£ 253,698	
Yield			6.00%	
(Yield times rent)			**£ 4,228,292**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 3,996,495**
SCHEME COSTS				
Build costs	£ 1,089	per sq m	£ 2,668,050	
BREEAM Excellent	2.00%	of base build costs	£ 53,361	
External costs	10%	of base build costs	£ 266,805	
Total construction costs				***£ 2,988,216***
Professional fees	12.00%	of construction costs	£ 358,586	
Sales and lettings costs	3%	of GDV	£ 119,895	
S106/278 costs (not covered by CIL)			£ 10,000	
Total 'other costs'				***£ 488,481***
Finance costs	6.0%	Interest rate		
Build period	12	Months		
Finance costs for 100% of construction and other costs			£ 208,602	
Void finance period (in months)	3	Months	£ 52,150	
Total finance costs				***£ 260,752***
Developer return	20%	Scheme value		***£ 799,299***
Total scheme costs				**£ 4,536,748**
RESIDUAL VALUE				
Gross residual value				-£ 540,253
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 551,058
	Equivalent per hectare			-£ 3,373,825
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 620,000
Equivalent benchmark land value for site				£ 101,267
Potential for CIL for the scheme				-£ 652,325
Potential per sq m				NONE

Non-residential Viability Assessment Model

Edge of centre 7 screen leisure development

Size of unit (GIA)	3800	sq m	
Ratio of GEA to GIA	100.0%		
GEA	3800	sq m	
NIA as % of GIA	95%		
NIA	3610	sq m	
Floors	2		
Site coverage	80%		
Site area	0.24	Hectares	

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£ 102	
Annual rent for assesment (total) - NIA			£ 368,220	
Yield			8.50%	
(Yield times rent)			**£ 4,332,000**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 4,094,518**
SCHEME COSTS				
Build costs	£ 1,395	per sq m	£ 5,301,000	
BREEAM Excellent	2.00%	of base build costs	£ 106,020	
External costs	10%	of base build costs	£ 530,100	
Total construction costs				***£ 5,937,120***
Professional fees	12.00%	of construction costs	£ 712,454	
Sales and lettings costs	3%	of GDV	£ 122,836	
S106/278 costs (not covered by CIL)			£ 20,000	
Total 'other costs'				***£ 855,290***
Finance costs	6.0%	Interest rate		
Build period	12	Months		
Finance costs for 100% of construction and other costs			£ 407,545	
Void finance period (in months)	6	Months	£ 203,772	
Total finance costs				***£ 611,317***
Developer return	20%	Scheme value		***£ 818,904***
Total scheme costs				**£ 8,222,630**
RESIDUAL VALUE				
Gross residual value				-£ 4,128,112
Less purchaser costs	1.00	% Stamp duty land tax		-£ 41,281
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 4,251,956
	Equivalent per hectare			-£ 17,902,972
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 620,000
Equivalent benchmark land value for site				£ 147,250
Potential for CIL for the scheme				-£ 4,399,206
Potential per sq m				NONE

Non-residential Viability Assessment Model

Care home 60 bedrooms

Size of unit (GIA)	1800	sq m
Ratio of GEA to GIA	100.0%	
GEA	1800	sq m
NIA as % of GIA	95%	
NIA	1710	sq m
Floors	2	
Site coverage	40%	
Site area	0.23	Hectares

	User input cells
	Produced by model
	Key results
GEA	*Gross external area*
GIA	*Gross internal area*
NIA	*Net internal area*

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£ 140	
Annual rent for assesment (total) - NIA			£ 239,400	
Yield			7.75%	
(Yield times rent)			**£ 3,089,032**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 2,919,690**
SCHEME COSTS				
Build costs	£ 1,352	per sq m	£ 2,433,600	
BREEAM Excellent	2.00%	of base build costs	£ 48,672	
External costs	10%	of base build costs	£ 243,360	
Total construction costs				***£ 2,725,632***
Professional fees	12.00%	of construction costs	£ 327,076	
Sales and lettings costs	3%	of GDV	£ 87,591	
S106/278 costs (not covered by CIL)			£ 75,000	
Total 'other costs'				***£ 489,667***
Finance costs	6.0%	Interest rate		
Build period	12	Months		
Finance costs for 100% of construction and other costs			£ 192,918	
Void finance period (in months)	6	Months	£ 96,459	
Total finance costs				***£ 289,377***
Developer return	20%	Scheme value		***£ 583,938***
Total scheme costs				**£ 4,088,613**
RESIDUAL VALUE				
Gross residual value				-£ 1,168,923
Less purchaser costs	1.00	% Stamp duty land tax		-£ 11,689
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 1,203,991
	Equivalent per hectare			-£ 5,351,071
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 620,000
Equivalent benchmark land value for site				£ 139,500
Potential for CIL for the scheme				-£ 1,343,491
Potential per sq m				NONE

Annex 7 – Additional Sheltered Housing Testing

Sheltered Housing Additional Testing

In addition to the standard testing for Case Study 11, the sheltered housing site, additional sensitivity tests were run.

For the sensitivity testing, the number, mix and floor are of the dwellings were unchanged and based on the testing assumptions. Build costs and all other costs, including the void costs, were left unchanged, based on the testing assumptions.

In both sets of tests below, no affordable housing is provided.

In the first set of tests, the development rate was increased resulting in the development period being reduced from 4 years to 3 years.

In the second set of tests, inflation was applied to the build cost, using BCIS Forecast of Change in tender prices data, and to the selling prices, using data from the Office of Budget Responsibility, Table 3.6, Dec 2014.

The results of the testing are listed below:-

Reduced Development Period, No Cost or Selling Price Inflation applied

No Cost or Selling Price inflation applied						
Market Area	**Area A**		**Area B**		**Area C**	
Benchmark	£950k/ gross ha		£950k/ gross ha		£650k/ gross ha	
	Res Value	**RV Per Gross ha**	Res Value	**RV Per Gross ha**	Res Value	**RV Per Gross ha**
DCF - NPV	£1,136k	**£2,104k**	£290k	**£537k**	-£66k	**-£123k**

With no cost or selling price inflation applied, the cash flowed residual value of the Sheltered scheme tested only exceeds the upper benchmark of £950k per gross hectare in Area A. The same scheme in Areas B and C falls below the lower benchmark of £650k per gross ha, with Area C producing a negative residual value.

In Area A, there would be scope for provision of an element of affordable housing within the scheme due to the extent that the residual value exceeds the upper benchmark.

Reduced Development Period, Cost and Selling Price Inflation Applied

Cost and Selling Price inflation applied						
Market Area	**Area A**		**Area B**		**Area C**	
Benchmark	£950k/ gross ha		£950k/ gross ha		£650k/ gross ha	
	Res Value	**RV Per Gross ha**	Res Value	**RV Per Gross ha**	Res Value	**RV Per Gross ha**
DCF - NPV	£1,820k	**£3,371k**	£876k	**£1,623k**	£486k	**£903k**

With cost and selling price inflation applied to the reduced development period, the results are significantly better, with Areas A and B both generating cash flowed residual values that comfortably exceed the upper benchmark.

The residual value generated by Area C lies within 5% of the upper benchmark of £950k per gross ha and well above the lower benchmark applied to Area C generally.

Whilst this testing has been undertaken with 0% affordable housing provision, the residual values achieved indicate that it would be feasible for the scheme to provide an element of affordable housing in all three areas.

Conclusion

Whilst a reduction in the development period improves the residual value compared to the 4 year development period, it does not make sufficient improvement to take the residual above the benchmark in areas B and C.

Allowing inflation to be applied to both selling prices and build costs with a reduced development period generates a significant improvement to the residual values, allowing the possibility of provision of affordable housing in all three areas.

Annex 8 – Specialist Reports – Lambert Smith Hampton

EC Harris Over & Above Build Cost Analysis

The below planning policies were identified as requiring construction methods, efficiency targets or requirements which were deemed to go above and beyond the average residential build costs as identified within the Building Cost Information Service (BCIS) Index, offered by the Royal Institution of Chartered Surveyors (RICS).

As already detailed within Annex 3; Development Strategy Policies, where there were no identifiable over and above costs, or where the policy was worded in a manner in which the policy could be considered optional, we have excluded those costs.

Planning Policy List

1.1 Plan Policy 31

- The Policy requires that 70% of the homes in developments of over 4 units meet at least the Lifetime Home Standards defined as 'essential' in the Central Bedfordshire Design Guide. We calculate these costs to be approximately **£747 per average Flat** and **£758 per average House**.

- The Policy also seeks that of the above 70% Lifetime Home requirement, 5% are sought as 'Mobility Standard Homes'. We calculate these costs to be approximately **£2,470 per average dwelling** (on top of the Lifetime Home Standards). This includes fully fitting out the bathroom to be Part M fully accessible.

- The Policy also seeks that of the above 70% Lifetime Home requirement, 5% are sought as **'**Wheelchair Accessible Homes'. We calculate these costs to be approximately **£17,500 per average dwelling** based on the WHDG requirements. This assumes no requirement for things like 'through floor lifts' (these are considered desirable).

1.2 Plan Policy 47

- Having received agency advice from Lambert Smith Hampton, we understand that the typical BREEAM level being built to at present in Bedfordshire is 'Very Good', we have therefore costed the 'over and above' costs from Very Good to Excellent. We calculate this to be approximately an additional 2% on top of current commercial building build costs.

Lambert Smith Hampton

www.lsh.co.uk

Report & Market Commentary

to inform a

Viability Refresh of the Community Infrastructure Levy

on behalf of

Central Bedfordshire Council

Prepared by
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Tel: 01582 450444
Date: 31st October 2014
Ref: LPS/SS

CONTENTS

Appendices

1. INSTRUCTIONS

Lambert Smith Hampton (LSH) has been instructed by Joe Welch, Financial Analyst at EC Harris LLP, acting as advisors to Central Bedfordshire Council, to provide a report and market commentary on the industrial & logistics market and office market within the Central Bedfordshire Administrative Area.

The report has been produced to inform a study into the viability of a refresh of the Community Infrastructure Levy with a particular focus on large scale logistics development

The report seeks to provide market commentary on the industrial & logistics and office market within the administrative area of Central Bedfordshire, providing specific advice on rental values, yields, incentive packages and recent land transactions within the key employment areas.

Where available to LSH, the report seeks to provide additional evidence of other non-typical residential land use values, in particular within Use Class C and D of the Town & Country Planning (Use Classes) Order 1987.

This report has been prepared by Lloyd Phillip Spencer, a surveyor and Fellow of the Royal Institution of Chartered Surveyors (FRICS), Head of the Luton and Milton Keynes Offices of Lambert Smith Hampton, with over 25 years experience in the commercial property market throughout Buckinghamshire, Bedfordshire and Hertfordshire.

It is important to acknowledge that Central Bedfordshire is spread over a relatively wide geographical patch and that unsurprisingly the main employment areas are concentrated alongside the primary infrastructure corridors being the M1, A421 and A1(M). Central Bedfordshire has a number of smaller, rural market towns for which direct market activity in the current climate has been relatively scarce. It is also important to recognise that values can vary significantly between the key employment areas alongside the major infrastructure routes and the less accessible, rural locations.

In arriving at our opinions of value the following assumptions have been made:

- Unless otherwise stated rental for industrial & logistics buildings assume a new building, in a prime location (relative to the motorway network), built to an institutionally acceptably standard with a minimum eaves height of 15 metres for buildings in excess of 200,000 sq ft, 12 metres for buildings of 150,000 sq ft +, 10 metres for buildings of 100,000 sq ft+, 8 metres for buildings of 25,000 sq ft+ and 7 metres for all other sizes.

- Unless otherwise stated rental values for office buildings assume a new, Grade A building in a prime location (relative to the motorway network), built to an institutionally acceptably standard, let for a minimum 10 year term certain on a full repairing and insuring basis.

- Opinions on yield assume prime buildings in a prime location (relative to the motorway network), let on an institutional lease, to an institutionally acceptable covenant, for a term of 15 years certain in respect of single unit industrial & logistics buildings of 100,000 sq ft+, or 10 years certain in respect of every other sector reported.

- Serviced land is defined as *Land primed and ready for development with phase 1 infrastructure and services to the boundary.*

2. *INDUSTRIAL & LOGISTICS MARKET COMMENTARY*

2.1 National Overview

Take up in the national industrial market throughout the UK recovered from the low levels recorded in 2012, rising by 24% to 94.2 million sq ft in 2013 on the back of a stronger economy, improving business confidence and the continued growth of ecommerce. Take up across the national industrial market was close to the 10 year average of 88 million sq ft per annum, peaking at over 101 million sq ft in both 2010 and 2011. LSH forecast 2014 would continue this trend and expectations so far indicate that take up could exceed the 100 million sq ft figure.

Due to the lack of supply of quality stock, occupiers have been driven to consider second-hand properties in order to satisfy their requirements. Lack of availability has constrained take-up of Grade A space which fell to 13.8 million sq ft in 2013, the lowest level recorded since 2005/2006. 2013 has seen investors and developers slowly respond to this decline with speculative developments starting to redress the imbalance in areas of acute shortage.

In terms of size ranges, the increase in demand for 2013 and 2014 has been across the range in size terms, but concentrated particular in the medium (50-100,000 sq ft) and large (100,000 sq ft+) unit sectors which are driving the recovery. These areas saw activity increase by 56% and 32% respectively.

Looking closer at the wider logistics or big shed market across the country, demand for space improved after a dip in 2012, with take-up rising by 32% to 30.2 million sq ft. The acquisition of Grade A space rose to its highest level in 5 years, with 11 million sq ft of Grade A space taken, accounting for 36% of overall activity.

The lack of choice available to occupiers requiring Grade A stock saw them increasingly turn to second-hand space and a growing trend for freehold purchases in order to take advantage of either perceived low capital values or advantageous sale and leaseback opportunities. Build to suit activity has also risen in response to the Grade A shortage and in 2013 accounted for 74% of all Grade A transactions compared to 18% in 2012.

The market for big shed buildings remains dominated by retailers who maintain their leading positions as the most active tenant type, accounting for almost 7 million sq ft of take-up in the logistics sector or 30% of total activity. Manufacturing occupiers account for a further 6.1 million sq ft of large unit take-up during 2013, some 25% of total activity in the sector.

Third party logistics operators are showing signs of returning to the market, increasing their take-up of space to 4.1 million sq ft during 2013, up from 2.6 million sq ft in 2012. Parcel operators also increased their presence within the large unit sector, acquiring 2.1 million sq ft of space in 2013 compared with 1 million sq ft in 2012. This reflects the continued evolution of ecommerce.

2.2 Regional Overview

Consistent with the market nationally, the regional market including the Central Bedfordshire Administrative Area has experienced improving market conditions, particularly along the M1 corridor, fuelled by a stronger economy, increasing business confidence and proximity to London and the Greater London area. Significant infrastructure investment and planned infrastructure projects have improved accessibility to London and begun to address key congestion hotspots, opening land for development and improving the appeal of the location generally.

Whilst demand historically has been consistent, there is evidence to suggest that enquiry levels across all size ranges have improved in the last 3-6 months, whilst the availability of existing built stock has continued to diminish leading to an overall shortage in supply but particularly of good quality or Grade A buildings.

Consistent with the national market, demand within the size ranges 50-100,000 sq ft and 100,000 sq ft+ has been particularly active.

Improving levels of demand against a backdrop of diminishing supply in particularly of Grade A product has led to rental growth within certain size sectors together with a general hardening of terms and incentive packages.

Whilst a lot of the activity has been concentrated along the M1 corridor, focus does now seem to be turning to the perceived secondary locations along the A421 and A1(M) as occupiers look to secure value for money.

Historically, new development along the M1 corridor has been difficult to deliver against a backdrop of falling demand and unstable economic conditions. Few developers, investors or owner-occupiers have been in a position to raise debt to purchase sites or fund development, whilst occupier demand has been subdued. Land transactions that have taken place have largely been opportunistic with purchasers taking advantage of the then perceived “buyers market”.

Over the past 12 months however market conditions along the M1 corridor in particular have started to change as developers seek to redress the imbalance between supply and demand, whilst occupiers seek to capture value against a backdrop of rising prices. The shortage of existing Grade A stock, coupled with relative economic stability, has not only led to increased demand for build to suit facilities but also seen the return of speculative development, albeit so far limited to a single building of 310,000 sq ft at Prologis Park, Dunstable. Gazeley are rumoured to be considering speculative development at their flagship scheme, Magna Park, Milton Keynes, of 185,000 sq ft with a further 240,000 sq ft proposed on a 16 acre site at G-Park, Bedford.

In preparation to meet growing occupier demand and the increased availability of funding, developers have sought to align themselves with strategic sites, particularly sites for big shed development and in particular along the M1 corridor. Despite this however only a limited number of transactions have been outright purchases with a larger number of opportunities having been secured through options or joint venture partnerships.

Whilst there is evidence of new development activity at the larger end of the market, there is no evidence to suggest speculative development at the smaller end of the market where occupier activity is constrained by a lack of supply. Limited land opportunities of sub-10 acres are likely to further constrain new development within this sector in the short to medium term.

3. *OFFICE MARKET COMMENTARY*

3.1 National Overview

2013 was considered a successful year for the office market, with take-up and investment returning to levels not seen since the start of the global financial crisis.

The rebound in the market has been fuelled by an improvement in business confidence and growth in employment which has encouraged the corporate sector to expand and invest for the future in a meaningful way. As the economy continues to improve, we forecast that 2014 will be another good year for office activity and that take-up could top 30 million sq ft. Unsurprisingly, Central London and the larger key markets, such as Manchester, Birmingham, Glasgow and the Thames Valley, are forecast to lead the way.

The conversion of office stock into other, more profitable uses, was a notable trend during 2013. LSH Research reveals that the number of applications for the conversion of offices into residential accommodation increased by 500% since temporary permitted development regulations came into force in May 2013. Combined with a notable increase in the purchase of office buildings for change of use, this has contributed to a 7% drop in available stock.

The outlook for 2014 was forecast to be more positive at the beginning of the year than at any time since before the recession. Availability levels are firmly on a downward path and are below the long term average with many regional centres starting to see an under-supply of Grade A space, although it is noticeable that this activity is largely concentrated within the key regional markets mentioned earlier.

The under-supply of Grade A space could impact on take-up statistics in the short term but the prospect of speculative development in key markets is expected to improve as prime rents continue to grow and incentives harden.

3.2 Regional Overview

Given the ongoing changes to the nature of occupier demand - centralisation, fewer office locations, less floor space and implementation of modern workplace strategy – there are some concerns as to the future of small regional markets. Despite this and consistent with the national picture, the regional markets in and encompassing the Central Bedfordshire Administrative Area have stage a relatively strong improvement after a weak 2012.

The biggest increase in take-up has been seen along the M1 corridor in the regional markets of Luton, Milton Keynes and Watford, with all centres experiencing a modest decline in availability.

Local market intelligence suggests there is now an extreme lack of Grade A availability, particularly in centres such as Milton Keynes and Luton. In all markets, the trend for office to residential conversion has contributed to the fall in available space. Where the market is over-supplied with secondary and tertiary space this is welcomed as it removes the overhang of available stock which, although largely obsolete, can act as a drag on the rest of the market.

This has particularly been the case in Luton, where 125,000 sq ft of Grade C space was taken up over the course of 2013.

Prime rents in the regional centres along the M1 corridor in particular have displayed a relative high degree of stability. This does however hide the movement in secondary and net effective rents, both of which have fallen in the years following the global financial crisis.

As market conditions improve, there is evidence to suggest a hardening of lease incentives and rental terms offered, however the only upward movement in prime rents experienced along the M1 corridor is in Watford, where rental values have increased to £23 per sq ft on the back of new lettings at Croxley Business Park.

4. *INVESTMENT MARKET COMMENTARY*

Quarterly investment activity in the commercial property market totalled £11.9 billion in Q2 2014 up 10% on the first quarter of the year.

The all property transactional yield has fallen to 6.06%, which is the lowest level recorded since Q2 2008.

Offices, and especially Central London offices, remain the most heavily invested in sector with just over 40% of the quarterly total invested in office property.

Even though investment volumes have increased this quarter, the real story is the thirty five point inward shift in the transactional yield. On this measure, property is the most expensive it has been since Q2 2008, the tail-end of the last boom. One of the reasons for the inward shift experienced during this quarter is the strong demand for good quality shopping centres.

With more and more money flowing into property funds from retail investors, investment from the UK institutions has picked up again in Q2 2014. They now represent the biggest net investors into the market since mid-2013 and as a result total net investment has increased significantly from -£0.5 billion in 2012 to just under £5.7 billion in the last 12 months.

This is reflected in the increase investment in UK regions, where the institutions are most active. Regional investment totalled £18.6 billion in the last 12 months, as compared to £11 billion in the previous 12 months and in Q2 accounted for its largest share of the quarterly investment total Q1 2011.

The pick-up and shift in investment market activity over the last 12 months has resulted in a real change in the market. Investment volumes are up, as are capital values; investors – especially UK institutions are much more active in the regions; and prices outside London are now on the rise.

The rise in prices has been investor driven as vendors have benefitted from 12 months of yield driven increases in capital values. The main question now is for how much longer can this inward in shift be sustained. Certainly, the prospect of an increase in the base rate could act to slow it down as the impact in rising rates from such a low level is an unknown quantity. We anticipate another 6-12 months of hardening yields; however from mid-2015 onward rents will have taken over from yields as the main driver performance.

Despite a number of large shopping centre deals, the office sector is still attracting the lion share of capital deployed by investors in the UK commercial property market.

In the regions, office investment in the south east and rest of the UK totalled £1.4 billion which is a 35% quarter on quarter increase. Having averaged 8.3% over the course of 2012 and 2013, the regional office yield shift has come into around 6.5% in the first half of 2014 which demonstrates the turn around in investor sentiment.

Q2 was also another strong quarter for industrial property. Long term investors with liability matching obligations, like the pension and insurance funds, continue to be in the market for long let distribution units. In Q2 2014, Legal & General forward funded Waitrose's new distribution centre in Milton Keynes for £114 million at a yield of 4.64%. This is the largest single asset industrial transaction since Legal & General's purchase of a big shed let to Tesco in Reading in Q1 2012 for £115 million at a yield of 5.4%.

It is immediately apparent that there has been a real shift in investors' attitude towards regional property in the last 12 months. Regional investment volumes in the last three quarters total £15.1 billion which is the same as in the previous six. There are a number of reasons for this:

- London is expensive
- Capital values in the West End are back to the peak levels seen in mid-2007. This is pushing investors into other markets
- The economic recovery is well entrenched and even though London's economy continues to out-perform the regions they are all forecast to grow at around 2.5% per annum over the next 5 years.

The domestic institutions, who are experienced regional players, have money to invest after net inflows into their retail fund.

Credit availability to investors and developers, as shown by the Bank of England Credit Conditions Survey, has improved over the last 12 months.

Whilst quarterly investment volumes by region can be rather volatile, it is clear that aside from London, the South East is the most active regional market. Investment in the South East totalled £2.5 billion in the first 6 months of 2014.

A more comprehensive overview of the performance of the UK investment market is captured within our UK Investment Transactions Bulletin for Q1 and Q2 2014, contained in Appendix 1 of this Report.

5. *RENTAL AND CAPITAL FORECASTS*

5.1 Industrial & Logistics

Underlying market dynamics in the industrial & logistics market reveal a relatively buoyant period with increased investor and developer appetite, increasing levels of take-up and reducing levels of supply.

A more detailed investigation of the market reveal varying levels of activity within different size sectors, with some sectors still having a reasonable level, whilst others experience acute shortages of supply. The lack of supply of existing buildings is no more acute than within the size sector 50-150,000 sq ft where the availability of buildings has fallen to record lows across the region not only of Grade A stock, which is virtually non-existent, but also of secondary stock which in turn is beginning to fuel rental growth.

As a general observation development activity on the whole has largely been fuelled by investor and developer confidence and an increase in investment activity, albeit against a sometimes modest and inconsistent backdrop of demand. As commented earlier within this Report, rental growth is expected to become the main driver for property performance from 2015 onwards and whilst some sectors within the market are demonstrating growth this cannot be adopted as a blanket assumption across the market as a whole.

The lack of Grade A or even good quality modern premises means the market is relatively short of transactional evidence to support rental forecasts and the lack of supply of existing buildings or speculative development is unlikely to change this situation in the short to medium term.

As suggested earlier within this report, it is important to acknowledge that the Central Bedfordshire Administrative Area is spread over a relatively wide geographical patch, which can result in a wide variation of values between the prime and secondary areas and in particular the prime and more rural locations.

The big shed market specifically, in particular along the M1 corridor, has experienced relatively high levels of activity and booming investor/developer confidence, evidenced by a decision from Prologis to develop speculatively a unit of 310,000 sq ft at Boscombe Road, Dunstable. Despite this, interest in the unit which completed in August 2014 has been slow and whilst there are some ongoing negotiations, we understand from a representative of Prologis that there is still some way to go before terms are likely to be agreed.

As forecast by Lambert Smith Hampton some 12-18 months earlier, a rental differential is now beginning to emerge between existing built stock and design and build opportunities, which largely reflects the supply situation. Availability of existing stock is extremely limited, fuelling rental growth and hardening of incentives whilst the availability of design and build options, in particular along the M1 corridor concentrated around Junction 13 of the M1, is by comparison relatively plentiful leading to competition between developers.

It is therefore important to recognise that an existing new build unit of 150,000 sq ft is likely to let for a higher rental level, with a smaller incentive package than a building delivered on a design and build basis.

A schedule of transactions for industrial & logistics buildings ixo 100,000 sq ft is incorporated within Appendix 2 of this Report.

Having regard to prevailing market conditions, levels of supply and market dynamics, a matrix of rental values for the key employment areas within the Central Bedfordshire Administrative Area is incorporated within Appendix 3.

Assuming new development of a Grade A product, built to an institutionally acceptable standard in the locations reported within the Industrial & Logistics Rents Matrix, we are of the opinion that for a 10 year term certain an allowance for 9-12 months' rent free incentive should be made and for a term certain of 15 years this should be increased to 15-18 months' rent free.

5.2 Offices

As highlighted earlier within this Report although take-up of offices within the region has increased during 2014, this has largely been fuelled by a significant increase (up to 500%) of take up in office to residential conversions which has removed a large percentage of secondary, Grade B and C stock. Availability of Grade A product is relatively low, although there still remains some reasonable, good quality Grade B product in some of the prime locations such as Capability Green, which is likely to inhibit speculative development of new buildings in the short to medium term.

Demand is relatively inconsistent and as a result in many of the secondary markets land allocated for office development is largely unviable and is being developed for alternative uses, with a particular pressure from demand for residential sites.

Market dynamics are such that speculative development to redress the imbalance of Grade A stock in the office market is unlikely to return for the foreseeable future and viability issues still remain against a backdrop of increasing build costs.

A matrix of office rental values within the key employment markets of the Central Bedfordshire Administrative Area is contained within Appendix 4.

Assuming a Grade A building, developed to an institutionally acceptable standard, let for a term of 10 years, situated in a prime location, we would anticipate a rent free package of between 18-24 months.

5.3 Land

Since the global downturn in 2007 and subsequent economic slump, new development within the Central Bedfordshire Administrative Area has been difficult to deliver and unviable against a backdrop of falling demand and unstable economic conditions. Few developers, investors or occupiers have been in a position to raise debt to purchase sites or fund development, whilst occupier demand has been subdued. Transactions that have taken place have largely been opportunistic with purchasers taking advantage of the buyers' market.

Over the past 12-18 months improving market conditions, economic stability and a diminishing supply of existing buildings has fuelled an increase in demand for land and build to suit facilities.

In preparation to meet growing occupier demand, in particular within the big shed sector, a number of developers have sought to align themselves with strategic sites along the M1 in particular, although the number of actual transactions is still relatively limited, constrained by the availability of land.

Enclosed within Appendix 5 is a schedule of sites currently being promoted or about to be promoted for big shed development.

Enclosed within Appendix 6 is a schedule of recent employment land transactions.

It is noticeable from Appendix 6 that activity has increased significantly in the last 12 months, with 12 land transactions having been concluded or agreed compared to 3 within the corresponding 12 month period in the preceding year.

There is also evidence to suggest increasing land values as owner occupiers and developers compete against a backdrop of improving market conditions.

One transaction worth highlighting during this period was the acquisition of 4.66 acres by CM Downton in December 2013 at a purchase price of £536,500 per acre which is now under offer due to be sold with a small adjoining site at a purchase price equivalent to £677,000 per acre, although this transaction does need to be treated with care as the proposed use is not an employment use and could therefore arguably attract a premium value.

A more direct comparison to reflect increasing land values would be the acquisition of 31.1 acres by Prologis in September 2012 at Boscombe Road, Dunstable, for a reported figure of £530,000 per acre compared to the transaction currently under offer at Grange Park, Northampton, which equates to a net land value closer to £645,000 per acre. This transaction in particular highlights the increase in demand and investor appetite for the big shed sector.

There is a marked difference, as is to be expected, between land prices paid by owner-occupiers compared to prices paid by developers and this is in evidence with the relatively small transactions at 250 Toddington Road where plots of between 1-2 acres have been changing hands at values at or in excess of £700,000 per acre. The market for small plots of between 1-5 acres, much like the market for large sites capable of accommodating big shed development is relatively buoyant, whereas arguably values for sites between 5-10 acres lag behind.

For a big shed development site in excess of 20 acres along the M1 corridor in the current climate, we would anticipate achieving values in the order of £700-£750,000 per acre for a fully serviced site in the Luton/Dunstable area, compared to £600-£650,000 per acre for a fully serviced site at say Junction 13 of the M1.

These forecasts suggest land values may have risen in the big shed sector by as much as a third since the acquisition of Boscombe Road by Prologis in September 2012. As indicated previously, the increase in values has been driven largely by increasing investor appetite and developer demand rather than hard evidence of rental growth which will become increasingly important over the next 12-24 months.

5.4 Yields

A comprehensive commentary of the investment market is provided in section 3.3 of this Report and Appendix 1, within our UK Investment Transaction Bulletin for Q1 and Q2 2014.

The Schedule contained within Appendix 6 provides an opinion of yields for the industrial & logistics and office sectors within the Central Bedfordshire Administrative Area.

6. CONCLUSION

Relative to previous post recession periods the commercial property market, in particular along the M1 corridor, has recovered relatively quickly with the rate of recovery in the industrial & logistics market, taking many people by surprise.

This recovery has been fuelled by improving occupier confidence, increased investor/developer demand and a diminishing supply of existing built stock.

Improvement in the industrial & logistics market has been more noticeable than the office market, evidenced by a return of speculative development (albeit limited in the regions to big shed development), rental growth and a hardening of incentives. The office market, whilst also experiencing a recovery, has seen a more modest recovery in part fuelled by a demand for office to residential conversions which has seen a 500% increase in the last 12 months.

Demand across both sectors can at best be described as inconsistent with periods of prolonged activity followed by periods of inactivity and these characteristics harbour some concern as to whether the anticipated rental growth in certain sectors will necessarily follow, particularly within the design and build market.

Unlike the industrial & logistics market, there is no evidence of speculative development of offices which is unlikely to occur in our opinion in the short to medium term.

Hardening of yields is forecast to continue for a further 6-12 months beyond which we anticipate rental growth will have taken over as the main driver of property performance.

The scarcity of land transactions and the lack of development land generally makes it difficult to evidence current forecasts, although underlying evidence would suggest an increase in land values of up to 33% over a period of 12-18 months as investors/developers and owner-occupiers compete to secure a limited number of sites.

Land values currently being paid, particularly within the big shed sector, reflect recent yield compression and will undoubtedly be relying upon a continued shortage of supply fuelling rental growth.

Annex 9 – Developer Workshop Notes

Central Bedfordshire Development Viability Study

Development Industry Workshop 31st July 2012

Technology House, 239 Ampthill Road, Bedford MK42 9BD

Introduction

Michael David welcomed the attendees and introduced the workshop. Three Dragons had been commissioned to carry out a viability study which would cover the introduction of CIL in 2014, and its interaction with the affordable housing target, currently set at 35%, and the various standards which the Council wished to see included in new development relating to quality of design, site layout, environmental standards and the cumulative impact on viability in the present market.

Viability Presentation

Kathleen Dunmore introduced the presentation and Dominic Houston set out the topics to be covered:

- CIL and viability testing (and guidance)
- Review of affordable housing targets
- Review of development standards
- Approach to the study
- Assumptions and evidence base
- Comment and feedback

This workshop session was part of the process of consultation with key stakeholders as required by "Viability Testing Local Plans". It was an opportunity to share key assumptions about development economics in the local area and to collect evidence about where (and if) these differed from national averages shown in published reports. The discussion would be covered within a follow up note (this document) and comments would not be attributable. People would have a further opportunity to comment after the workshop and they were urged to do so. The point was made that detailed feedback with examples was important as unless the consultants' team was made aware of alternative evidence, it would be assumed that the attendees agreed with the assumptions made and that they would be used within the viability testing.

Community Infrastructure Levy Principles

Dominic Houston briefly reviewed the principles behind the Community Infrastructure Levy (CIL), which are:

- CIL is set out as £s per sq metre for developments of 1 dwelling or more or over 100sq m additional on-residential floorspace and is not negotiable unlike S106
- Justification for the levy rate(s) should include:
    - There is a need (Infrastructure funding deficit)
    - The setting of the levy rates is informed by viability assessments
    - Charging authorities are not allowed to set rates for policy purposes
- There can be different rates for different areas / "*intended uses of development*" – along with different types of retail constituting different uses and the need to have proper OS base mapping as shown in Havant
- Exemptions include affordable housing and charities
- Charging authorities will have to have a Regulation 123 list setting out how the money will be spent
- Can collect in one place and spend in another
- Identified at planning permission, paid at commencement
- There will still be s106 contributions in order to make the development acceptable in planning terms. This will have to meet the three tests:
    1. necessary to make the development acceptable in planning terms
    2. directly related to the development
    3. fairly and reasonably related in scale and kind to the development

Adopted CILs in other Areas

In almost all cases residential development attracts CIL but there is more variance in the approach for non-residential – retail often attracts CIL, especially larger format convenience, B space rarely attracts CIL and hotels/student accommodation will sometimes attract a charge.

CIL Location	Residential	Retail	Office	Industrial/ warehouse	Other
London Mayors	£20 - £50	£20 - £50	£20 - £50	£20 - £50	£20 - £50
Newark & Sherwood	£45 - £75 (C2 £0)	£100 - £125	£0	£0 - £20	£0
Portsmouth	£105	£105 OOC £53 ITC	£0	£0	£53 hotels
Redbridge	£70	£70	£70	£70	£70
Shropshire	£40 - £80	£0	£0	£0	£0

CIL Location	Residential	Retail	Office	Industrial/ warehouse	Other
Wandsworth (nya)	£0 - £575	£0 - £100	£0 - £100	£0	£0

Viability Guidance

In comparison to a year ago, there is now guidance on viability testing:

NPPF - "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."

*"Local planning authorities should ……..**assess the likely cumulative impacts on development in their area of all existing and proposed local standards**, ……*

"Viability Testing Local Plans - Advice for planning practitioners - **"The approach to assessing plan viability should recognise that it can only provide** high level assurance **"**

"The advice and input of local partners**, particularly those with knowledge of the local market and development economics, and those who will be involved in delivering the plan, should be sought at each stage."**

"….. the role of an assessment is to inform the decisions made by local elected members to enable them to make decisions that will provide for the delivery of the development upon which the plan is reliant…"

The viability tests will then be used to set an appropriate CIL rate - *"Charging authorities will use that evidence to strike an appropriate balance between the desirability of funding infrastructure from the levy and the **potential effects of the levy upon the economic viability of development across their area**." (CLG 2011)*

In Summary

- In order to set policy for an area the guidance does not suggest that all schemes tested should be viable
- Proportionate testing is required to reflect local circumstances. If thinking of different rates for different uses or locations more evidence is needed
- The proposed CIL should take into account other policy requirements – including affordable housing, zero carbon and wider proposed standards

In general discussion the view was expressed that there were difficulties in producing a series of examples as policy level which accurately reflected any individual site. For this purpose site specific valuation would be required. An approach which relied on nationally published indicators could only provide a crude fit to local circumstances. It was suggested that an alternative approach would be to start from the cost of the 123 list and spread it across the planned development in order to set the planning obligation levels.

Land Values

VOA based evidence and analysis was presented showing that benchmark land values for:

- Infill/previously used land might be between £550,000 to £950,000 per gross ha. (based on 30% uplift on industrial values).
- Greenfield urban extension land values might be around £280,000 per gross ha. (based on at least 20 times agricultural values).

Industrial land (PMR Jan 2011)	
Oxford	£1m per ha
Cambridge	£740,000 per ha (historically Luton comparable with Cambridge)
Norwich	£425,000 per ha
Leicester	£400,000 per ha

During the subsequent discussion the following points were made:

- Threshold land value might be best assessed at the end of a residual valuation process
- Threshold land values need to be higher as owners will want return for the large sums spent on site promotion through planning – e.g. stamp duty and legal fees, promotional costs for large SUE £300,000 for 300 dwellings, capital gains tax for owners
- There were queries about why uplift on industrial land values were used rather than actual residential land transactions.

- At this stage of the economic cycle there is no demand for land at present – the main viability issue is the market. A return to 2007 values might bring forward land. The previous Savills study suggested land values were around £550,000-£650,000 per ha in 2009. However the market is currently very distressed and will not produce the activity required – lack of effective demand for homes reduces values, which in turn reduces land prices so that land will not come forward until values are regained.
- There were queries about whether CIL was a clandestine land tax – discussion suggested that a logical outcome of CIL was pressure on land prices although the advance purchases of land will result in a long time lag.
- There were also suggestions that the suggested land values were high and that in practice the pattern of land purchases was that they were staggered over say 18 months with prices varying over time. This reflected the pattern of income, which started to accrue in years 3 and onwards.
- Current industry delivery of houses is a fraction of what new supply needs to be, especially in light of the recently released Census figures. The implication that the Development Plan obligations including CIL should not further jeopardise land coming forward for housing.
- The basis for using an uplift on existing use values was queried and it was agreed to supply this (see Appendix 1)

Non-residential Viability Testing

Dominic Houston set out the initial assumptions to be used in the non-residential viability testing. He set out the classes of development to be considered:

- Offices
- Industrial
- Warehouse
- Hotels
- Health and fitness
- Care homes (Extra Care and Sheltered picked up as separate category in residential)
- Sui Generis – to be tested using analogous types of developments.

Because of the paucity of recent local transactions for some uses some of the value assumptions have drawn upon transactions across wider areas, in particular convenience retail, hotels, leisure and care homes have looked at data across Britain excluding London. For convenience retail the assumptions are based upon the strength of the operator's covenant being a more important determinant of value than location, particularly for larger stores.

Convenience Retail - Store Size	Rent/sqft	Rent/sqm	Yield %
Convenience <1000 sqm	£12.00	£129	6.11
Convenience 1001-2500 sqm	£13.00	£140	5.83
Convenience 2501-5000 sqm	£17.00	£183	5.18
Convenience >5000 sqm	£20.00	£215	4.98

Comparison Retail Store Location/Size	Rent/sqft	Rent/sqm	Yield %
Bedfordshire x-Luton & Bedford Town Centre comparison	£17.50	£188	8.7
Leighton Buzzard	*£17.50*	*£188*	*7.4*
Dunstable	*£21.50*	*£230*	*9.8*
Biggleswade	*£19.50*	*£210*	*9.2*
Other Central Bedfordshire	*£13.00*	*£140*	*7.9*

Discussion indicated that the town centre comparison retail rents were accurate although part of the wider picture is that while rents are pegged at these high levels there large numbers of vacant units across Central Bedfordshire.

Out of centre comparison/retail warehouse	Rent/sqft	Rent/sqm	Yield %
All Bedfordshire	£14.00	£150	7.7
up to 2500 sqm	£14	£150	*7.7*
over 2500 sqm	£15	£164	*7.7*

It was noted that currently the development of retail warehouses had substantially slowed down.

Offices	Rent/sqft	Rent/sqm	Yield %
Bedfordshire	£11.00	£120	10.5

Offices	Rent/sqft	Rent/sqm	Yield %
Luton	£12.50	£130	9.9
Bedford	£10.00	£105	9.3
Central Beds	£10.00	£105	10.5
Bedfordshire new build only	*£14.00*	*£150*	*9.0*

The available data indicated that there are relatively few transactions but also that where there are new offices, they attract higher rents. The subsequent discussion indicated that the values are probably about right although there is very little demand and there is no market for small office units.

B2/B8	Rent/sqft	Rent/sqm	Yield %
Industrial	£5.30 - £5.60	£57-£60	7.5 – 9.5
Warehouse	£5.00-£7.00	£55-£78	7.0

Demand for employment premises is poor. No employment sites have been granted planning consent in recent times and there is no incentive to bring any forward as the relationship between risk and reward is not at all good and other factors such as rates on empty premises further discourage speculative build.

Type	Rent/sqft	Rent/sqm	Yield %
Hotels	£11.80	£127	7.3
Mixed Leisure/Fitness	£8.00	£86	7.5
Care Homes	£8.20	£88	6.3

Build Costs – Non residential (BCIS)

Type	Cost/sqft	Cost/sqm
Convenience Retail	£99	£1,060
Town Centre Comparison Retail	£66	£713
Out of Centre Comparison Retail	£48-£54	£516-£583
Office	£111	£1,195
Industrial	£54	£586

Type	Cost/sqft	Cost/sqm
Warehouse	£43	£462
Hotels	£84-£141	£907-£1,514
Leisure	£100	£1,075
Care Homes	£109	£1,168

In addition to these build costs from BCIS the testing would include 10% for external works and a premium of £20/sqm in line with the DCLG proposals for changes to the Building Regulations in 2013 (20% improvement in efficiency) .

There was some discussion about whether the BCIS build cost are too low and examples were requested. Further discussion indicated that £ per sq m build cost figures were higher for smaller units. Offices are currently being built to BREEAM very good and information on build costs to achieve this standard was requested.

Other Development Costs (Non- residential)

Professional fees	12% of build costs
Marketing fees	3% of GDV
Finance	7% of development cost
Developer return	20% of development cost
Purchaser costs	5%
Acquisition costs	Varies – c 2.0% + SDLT
Other	An allowance for S106 would be included in the testing.

The issue of including voids was briefly discussed – there was no clear suggestion that they should be included as in the current market developers would only build if their potential tenants were identified – particularly with the rates liability on empty premises.

Discussion included:

- The view that these costs are reasonable for purpose of this exercise.
- There may be a case to include voids/rent free periods to allow for the complexity of commercial lettings – an example was provided of 1.5 year rent free on 1,000 square foot office space.
- There needs to be a contingency allowance in line with the John Harman report.
- It was queried whether the 12% professional fees was enough to cover strategic site promotion through the planning process

Residential Viability Testing

Kathleen Dunmore set out the basis for the residential viability testing and initial assumptions to be used.

- CIL and affordable housing (AH) will be tested in combination
- 2 types of testing will be used:
  - Notional 1 hectare site (for an overview)
  - Series of case study sites – representative of variety of sites likely to come forward
- The initial thinking is to test at 5% intervals around policy for AH and £25 'steps' for CIL.
- All of the obligations and standards in the plan will be tested; and a list of draft plan policies with development implications will be circulated with the notes from the workshop.

Residential Values

A table of house achieved sales values was presented for comment. These values had been prepared using Land Registry data on recent transactions and were the compatible with those used in the current Strategic Housing Market Assessment.

Achieved price £,000s	**Detached**			**Semi**			**Terraced**			**Flats**		
	5 Bed	**4 Bed**	**3 Bed**	**3 Bed**	**4 Bed**	**2 Bed**	4 Bed	**3 Bed**	**2 Bed**	**3 Bed**	**2 Bed**	**1 Bed**
Ampthill /Flitwick	**396**	**360**	**325**	**243**	**212**	**180**	**188**	**170**	**153**	**141**	**128**	**115**
Leighton Buzzard	387	352	318	240	219	177	187	170	153	136	124	112
Sandy and Biggles wade	345	313	282	237	206	174	185	168	151	137	124	112
Dunstable and Houghton Regis	368	334	301	226	197	167	172	156	141	117	106	96

The data did not identify a rural house price premium although it was suspected that one existed.
The available data on newbuild sheltered housing (asking prices) was:

- 1 bed (Luton) £150,000
- 2 bed (Luton) £200,000

The subsequent discussion indicated that:

- Prices such as 4 bed in Ampthill were right.
- There was a considerable price premium for comparable village houses

Attendees were informed about the lower values in Wixams compared to the neighbouring town of Ampthill and asked about the likely values of houses in urban extensions. Attendees confirmed that prices in SUEs related more strongly to the local main settlement than to the surrounding rural areas. and that a discount was probable as in the Ampthill/Wixams case .

Older persons housing: Attendees noted that there are schemes being built in Leighton Buzzard and Biggleswade and planned in Langford.

Affordable Housing

Kathleen Dunmore presented the draft assumptions for affordable housing.

- Affordable rents are based on 80% of 30th percentile of market rents – using a SHMA compatible methodology
- Biggleswade, Sandy, Ampthill, Flitwick are in the Bedford BRMA
- Dunstable and Houghton Regis are in the Luton BRMA
- Leighton Buzzard is in the Milton Keynes BRMA
- Lowest house price area should have lowest rents but does not always do so.
- Service Charges – flats only - £10 per week

Rents	1 bed	2 bed	3 bed	4 bed
Bedford	£78.46	£101.54	£120.00	£161.54
Luton	£92.30	£107.08	£129.23	£156.92
MK	£96.92	£115.38	£135.70	£175.38
Stevenage N Herts	£96.92	£120.00	£143.08	£184.62

Michael David from Central Bedfordshire Council confirmed that the council was happy to include affordable rents with affordable housing provision.

Feedback from the registered providers at the workshop indicated that service charges are customarily included within the affordable rent. Bad debts/voids are currently lower than the proposed default but are anticipated to rise as a result of the Welfare Reform Act.

Comments on the proposed rents, service charges and housing association costs were requested.

Build costs

KathleenDunmore set out the build costs assumptions for the residential viability testing:

Type	COST PER SQ METRE
Houses	£1050
Flats	
1-2 storey	£1065
3-5 storey	£1135
6+ storey	£1360
Bungalows	£1185
Sheltered	£1160
Extracare	£1205
Lifetime Homes (per dwelling)	
Houses	£1050
Flats	£750

- The costs are based upon BCIS, taking into account the location factor 107 South and Mid Beds
- The figures includes prelims- an uplift of 15% has been applied to allow for external works
- Assume 2010 Building Regulations

Sustainable Homes

- Add on £795 per dwelling for 2013 Building Regulations " FEES" (based on the preferred option in the DCLG consultation paper on Building Regulations see http://www.communities.gov.uk/publications/planningandbuilding/brconsultationsection2
- Or £2,866 halfway point (DCLG alternative option as stated in the Consultation Paper on Building regulations
  Or £9-10,000 Zero Carbon (based on Zero Carbon Hub estimate of the costs of a move to Zero Carbon from 2006 build costs amended to reflect 2010 Build Costs)

Additional Costs ; Type	Cost
Professional fees	10-12% of total build costs
Internal overheads	5% of build costs (or revenue)
Finance	7.5% of build costs (representative of current interest rates)
Marketing fees	3% of gross development value of market units (GDV)
Developer return	17% of GDV of market units
Contractor return	6% AH construction costs

Large Sites	
Nett to Gross	30-70% average 50%
Opening up costs	£200-300,000 per gross hectare – up to £600,000
Discount factor (DCF)	3.5%

The discussion included:

- The use of the median against mean build costs from BCIS – it was acknowledged that both can be used in viability appraisals but that the intention was to use the median because of the long tail of the build cost distribution.
- There was a suggestion that the £795/unit for 2013 building regulations may need to be increased to c. £1,600. Evidence was requested.
- Attendees indicated that getting to Code level 4 costs between £9,000 to £10,000 per dwelling; and that code 3 costs around £4,000/dwelling compared with 2010 Building Regulations. Evidence was requested.
- The consultants team was asked to provide the detail on the assumptions re BCIS so that the development industry can respond
- There are economies of scale for build costs for large developments although they are commercially sensitive.
- There is an argument that finance charges need to include land purchase costs.
- The 17% developer return for residential was queried and it was explained that the overall return included the 5% of build costs for developer overheads; and that taking this into account accounted for c.20% of GDV for the return to the developer.
- There is an argument that an allowance for contingencies should be part of the appraisal
- There is also an argument that if threshold land values are tested at different levels, so should be developer profit
- If land values are suppressed, it is likely that it is the land promoters who are squeezed first and as a result the pipeline of development land will dry up in the medium term.
- Development needs at least 25%-30% return including overheads and sales – should equal about the same as the draft assumptions.
- Banks will only lend if scheme has around 20% return. Finance costs total 12% when various fees are included. Evidence was requested.
- There was a query about how CBC plans to use its New Homes Bonus and clarification about how it is not ring fenced for infrastructure and may not be received if Central Bedfordshire does not perform better than other local authorities.

Large sites

Kathleen Dunmore explained that the viability appraisal will not model any specific site within Central Bedfordshire. That was a matter for site specific negotiation between the promoters and the local

authority. The viability appraisal for policy making purposes will be based on an illustrative composite site which is then modelled in different locations. However that composite site will be informed by discussion with individual scheme promoters as well as by reference to experience elsewhere. Examples and evidence were requested.

In wider discussion the following points were made:

Opening up costs could be twice the £300,000/ha i.e. the £600,000/ha upper figure. There was some discussion about the £17,000-£23,000opening up costs /plot quoted in the in the Viability Testing of Local Plans guidance although it was acknowledged that it was one developer's perspective.

Some of the infrastructure costs and planning obligations associated with SUEs will still be best delivered through S106 (e.g. education) and this should be included in the viability appraisal of major sites. Some of such costs may feed through into the Section 123 list and consideration should be given to avoiding double charging.

The Milton Keynes tariff model is very different and has almost no opening up costs for developers as the tariff provides for all offsite infrastructure provided to the edge of site. Replicating this arrangement would help development come forward. In Milton Keynes only 5% affordable rented housing was required.

Looking beyond Central Bedfordshire falling house prices and the removal of affordable grant funding have led to renegotiation of S106 agreements.

There was broad agreement that there is little market for flats and that across the board lower densities (25-30 dph) have the highest values. It was recognised that there was still potential demand for flats but the people who want to buy them cannot currently get mortgages. The HBF/CML NewBuy scheme which helps first time buyers with their deposit is currently only offered by volume builders in the area.

Other

CBC has a duty to co-operate with its neighbours. Michael David indicated that he intended to share the study assumptions and findings with neighbouring authorities. This was discussed in the context of potential widely differing CIL and other obligations in adjacent local authorities.

APPENDIX 1

Up lift on existing use value to release land for development.

The research and guidance relating to the use of a premium on existing use value to set a threshold land value assumption includes:

Viability Testing Local Plans, 2012, Local Housing Delivery Group
http://www.nhbc.co.uk/NewsandComment/Documents/filedownload,47339,en.pdf

This reviews the use of market values and premiums on existing use values (EUV) and states (page 29) "We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values (noting the exceptions below)." The exceptions referred to relate to "nonurban sites or urban extensions, where land owners are rarely forced or distressed sellers, and generally take a much longer term view over the merits or otherwise of disposing of their asset." In these circumstances it will be necessary to make greater use of benchmarks, taking account of local partner views on market data and information on typical minimum price provisions used within developer/site promoter agreements for sites of this nature."

The Examiners report on the Mayor of London's CIL
http://www.london.gov.uk/sites/default/files/Mayoral%20CIL%20final%20report.pdf

The proposed CIL used a premium on EUV and there were challenges in favour of market value instead. The Examiners report has a discussion about the relative merits of market value against EUV+premium in paragraphs 7-9 and concludes that "…Accordingly I don't believe that the EUV approach can be accurately described as fundamentally flawed or that this examination should be adjourned to allow work based on the market approach to be done."

Cumulative impacts of regulations on house builders and landowners - 2011, Turner Morum for CLG
http://www.communities.gov.uk/documents/corporate/pdf/1923450.pdf

This research considered the costs relating to relocation (capital gains tax, stamp duty on replacement property, redundancy costs, relocation costs including losses on stock, legal and other professional fees, double overheads (during relocation), marketing material including client change of location notifications) and concludes that an uplift of at least 20% on EUV is required and that in practice this is likely to be around 25%.

The HCA's Area Wide Toolkit Annex 1 Transparent Viability Assumptions
http://www.pas.gov.uk/pas/aio/756349

This reviewed various appeals and states in section 3.5 that "Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas. For greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value." It then goes on to state "In practice, the premium over EUV/ AUV will vary according to the strength of demand for new homes, the supply of land at various stages within the planning system and the predominant attitude of landowners to a sale of land. In areas where landowners have long investment horizons and they are content with current land use, the premium will be relatively high. Conversely, the premium will be relatively low (and in extreme cases non-existent) where landowners are minded to sell or financially distressed." It also observed that "…a policy decision to increase the supply of land allocated within a local plan (potentially via the use of preferred options) will increase competition amongst landowners, offering a mechanism to reduce the required premium above existing use value."

There are various appeal decisions relating to EUVs including 154 - 160 Croydon Road, Beckenham APP/G5180/A/08/2084559 http://www.pcs.planningportal.gov.uk/pcsportal/fscdav/READONLY?OBJ=COO.2036.300.12.650138&NAME=/DECISION.pdf, where in paragraph 9 it states that "…without an affordable housing contribution, the scheme will only yield less than 12% above the existing use value, 8% below the generally accepted margin necessary to induce such development to proceed."

Appendix 2 Attendance

Company
Jephson
Bedford Borough Council
Robinson and Hall
Andy Plant Planning Consultants
Arnold White Estates
Woodfines
Connolly Homes
Abbey Gate Developments
Hearne Holmes Developments Ltd
KTI Energy Ltd
4D planning
David Wilson Homes
Grand Union Housing Group
Howard Cottages
Keir Homes
John Drake & Co
Prologis UK Ltd
Water End Properties
J & J Design
Pegasus Planning
Taylor Wimpey
Guinness
Savills
David Wilson Homes
Hives Planning
Broadband Development
Pegasus Planning
Broadland Developments Ltd

Aspinall Verdi
Bloor Homes
O & H Properties
Bloor Homes
RCA Planning Turnburry
Savills

Local authority team	
Michael David	Central Bedfordshire Council
Jon Baldwin	Central Bedfordshire Council
Robert Paddison	Central Bedfordshire Council
Kathleen Dunmore	Three Dragons
Dominic Houston	Three Dragons