BASINGSTOKE & DEANE BOROUGH COUNCIL VIABILITY STUDY

Residential and Non-residential Community Infrastructure Levy Viability Final Report

Three Dragons

March 2016

This report is not a formal land valuation or scheme appraisal. It has been prepared using the Three Dragons toolkit and non-residential model and is based on district level data supplied by Basingstoke and Deane Borough Council, consultation and quoted published data sources. The toolkit provides a review of the development economics of illustrative schemes and the results depend on the data inputs provided. This analysis should not be used for individual scheme appraisal.

No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report unless previously agreed.

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EXECUTIVE SUMMARY

1. The Basingstoke and Deane Viability Study provides the Council with evidence to assist it in drawing up a revised Community Infrastructure Levy (CIL) Draft Charging Schedule[1]. The evidence has been prepared in consultation with the development industry and has followed the relevant regulations and guidance as well as being in line with the National Planning Policy Framework. This assessment also takes into account the policies in the new Local Plan and its supporting evidence base. This work provides information for the CIL charging schedule for both residential and non-residential uses.

Residential uses

2. House prices show that the Borough can be divided into two market value areas with noticeable differences in average market values. The two areas are Basingstoke/Tadley and the Rest of the Borough. Development costs do not vary across the Borough in the same way as house prices.

3. The testing undertaken uses a standard residual value approach, using the Three Dragons Toolkit for residential development and the Three Dragons Non-residential Model for the non-residential development. The residual value of development (total value less all development and policy costs, including planning obligations) is compared to a land value benchmark and the scheme is said to be viable if the residual value exceeds the benchmark. Note that the benchmark land value is an estimate of the lowest value that a landowner may accept, and does not preclude the possibility that some schemes may have enough value to pay more for land. The main residential benchmark land value generally used is £1 million per hectare, with a lower benchmark (£400,000 per hectare) for large-scale greenfield sites which have additional costs to meet. These benchmarks have been used as part of the evidence base for the new Local Plan, which is currently in the later stages of Examination. The report also provides some commentary on the residual value against an upper benchmark of £1.3m/ha and a sensitivity test of £1.5m/ha for small and medium sites.

4. Three types of residential testing were undertaken and the results from all these stages are brought together in the study conclusions. The first set of tests used a notional 1 ha tile with different densities of development, in both the Basingstoke/Tadley and 'Rest of Borough' market areas. These tests provide a picture of the underlying viability of residential development. The second set of tests was a series of generic case studies that were specific to each market value area and were selected to represent the type of development likely to be brought forward over the life of the Local Plan. The case studies highlight where a certain type of site has different viability characteristics compared with the average (as shown in the 1ha testing). The third set of tests covers a set of strategic sites case studies. These are

[1] The original Draft Charging Schedule was published for consultation November-December 2014

representative of the strategic sites identified in the new Local Plan and include costs specifically associated with this type of large scale development on greenfield land.

5. A number of policy approaches indicated by the Council have had an impact on the testing undertaken and the results of that testing. The key factors include:

- 40% affordable housing with 70% affordable rent and 30% intermediate. Sensitivity testing is undertaken to determine the effect of including some social rent.
- Accessibility standards, with 15% of all housing required to provide enhanced accessibility; and water efficiency standards.
- Green space standards, which have an impact on the land budgets and other costs for the larger sites.
- A requirement for some local mitigation to be delivered through s106/278 agreements. However, these will be significantly scaled-back and the testing undertaken reflects this.
- Policies relating to the strategic sites, which result in additional costs that need to be taken into account in assessing the viability of these large-scale greenfield sites e.g. provision of a primary school. Self-build is also expected to be delivered on some strategic sites.

6. Since the viability testing in 2013 there have been some significant changes in the values and costs for residential development. In particular, the values that are now achievable for new build market dwellings are considerably higher than in the 2013 testing (by around 20%). In addition to this the increased affordable rents and the capitalisation rate for affordable housing means that the submarket dwellings are also worth considerably more to the development. Set against this, there has been a significant increase in build costs, partly mitigated by a lower cost of finance and reduced allowance for marketing fees in a strong market. As a result of these changes development is considerably more viable than it was in 2013. However, there is a need for caution in responding to this improved viability as in general terms there may be changing expectations about land values; and for the strategic sites in particular there may be potential risks about changing costs of development. We have therefore adopted generous buffers in suggesting potential CIL rates.

The residential viability testing

7. The viability testing shows that if the Council wish to continue using the rates proposed in the Draft Charging Schedule, then with some adjustment these rates remain within the development viability reported here. However, the improved viability for residential development allows some higher CIL rates, even allowing for some upward pressure on land value expectations. This would use £140/sq m for Basingstoke and Tadley and £200/sq m for the Rest of Borough, with a zero rate for single dwellings, wholly flatted schemes and sheltered accommodation; and £30/sq m for Hounsome Fields, £60/sq m for Manydown and £80/sq m for the other strategic sites.

New rates	**Proposed CIL rate/sq m**
Hounsome Fields strategic site	£30
Manydown strategic site	£60
Other strategic sites	£80
Care homes/sheltered housing/extra care	£0
Single dwellings	£0
Wholly flatted schemes	£0
Other development in the Basingstoke and Tadley value area	£140
Other development in the Rest of Borough	£200

8. If the new rates set out above are used, then it is likely that the combined CIL/residual s106/278 amount would be higher than the current typical s106 requirement.

9. Compared to neighbouring authorities a Basingstoke and Tadley rate of £140/sq m would be in the range of neighbouring area rates. A Rest of Borough rate of £200/sq m would also be in the range of neighbouring area rates, including the rates for higher value areas in each district.

Non-residential uses

10. The viability testing has included non-residential uses likely to come forward under the new Local Plan. These are:

- Retail
- Offices
- Industrial
- Warehouse
- Hotels
- Mixed leisure
- Care homes

11. Costs and values for these uses were collated from published sources and refined through discussion in the non-residential development industry workshop in 2015. Part of the information from the development industry workshop related to build costs based on recent local schemes. These were mostly higher than the standard BCIS costs although one was lower. Testing has used both BCIS and local costs. The testing has also included a premium over standard build cost to take account of the required water efficiency and has included an allowance for s106/278 costs to make the development acceptable in planning terms.

The non-residential viability testing

12. The analysis shows that only out of centre retail uses and budget hotels are currently able to support a CIL rate of approximately £40-£50/sq m (including a 'buffer' of approximately 50%), based on standard BCIS build costs. If the locally derived build costs are used, then no non-residential development is able to support a CIL. The Council may decide that the combination of the locally provided build costs and the likely limited amount of retail warehouse and budget

hotel development in the short term means that the case for a CIL on these uses is not clear and therefore the rate for all non-residential development should be £0.

13. In 2013 other retail uses were able to support a CIL. However, the changes in BCIS build costs have rendered these types of development unviable currently.

1 INTRODUCTION

1.1 The viability evidence provided in this report is to assist Basingstoke and Deane Borough Council prepare a Community Infrastructure Levy (CIL) charging schedule for residential and non-residential uses. This report follows earlier viability work undertaken to inform the Local Plan (currently within Examination in Public) and the CIL Preliminary Draft Charging Schedule (PDCS - published for consultation January-February 2014) and Draft Charging Schedule (DCS - published for consultation November-December 2014). The DCS proposed the following CIL rates:

Table 1.1 Draft Charging Schedule 2014 CIL rates

Location/type of development	Recommended Charge Rate (£ per square metre)
Manydown (zone 1)	£0
Basingstoke Golf Course; East of Basingstoke; Upper Cufaude Farm (zone 2)	£65
Basingstoke and Tadley (zone 3)	£70
Rest of the Borough (zone 4)	£150
Care homes / extra care / sheltered housing	£0
Large convenience retail shop / Supermarkets/ Large comparison retail shop outside of Basingstoke town centre / Retail warehouses	£150
Small scale convenience retail; Small scale comparison retail outside of Basingstoke town centre; Comparison retail within Basingstoke town centre (any size); Financial and professional services (Use class A2); Restaurants and cafes (Use class A3); Drinking establishments (Use class A4); Hot food takeaways (Use class A5)	£35
Budget hotel	£35
All other types of development	£0

1.2 The earlier viability studies used to inform the PDCS and the DCS are:

- Basingstoke and Deane Residential and Non-residential Viability Study 2013
- Manydown and Golf Course Viability Report 2014
- A subsequent viability study was undertaken to provide evidence to support the allocation of Hounsome Fields during the Local Plan Examination – the Golf Course and Hounsome Fields Viability Report 2015

1.3 These earlier viability studies included consultation with the development industry active in the Borough (including developer workshop, individual interviews and consultation representations) and the information has been incorporated within this 2016 work.

1.4 The viability testing for this report has been designed to assess:

- The amount of CIL that residential and non-residential development can afford.
- Whether there are differences in viability across the borough or between different types of development that are sufficient to justify different CIL rates.

1.5 The research which has been drawn on for the analysis includes:

- A review of the types of sites planned for development in the Local Plan.
- A review of the policies in the Local Plan and central government guidance that may have implications for development viability.
- A review of recent developer contributions with Council officers.
- Desk research to form initial views on the values and costs of residential and non-residential development in Basingstoke and Deane and how these vary across the borough.
- Consultation with the development industry, active in the borough firstly through two workshops (one for residential development and one for non-residential development). A note of the workshop discussions is shown at Annex 2. Subsequently, Three Dragons contacted a number of participants to explore specific points raised at the workshop. The Council also subsequently conducted a survey of Registered Providers (RPs) to get detailed advice on the affordable housing assumptions to be used.
- With agreement of the Council to the assumptions used, operation of the Three Dragons residential and non-residential viability models to undertake the viability testing set out in this report.

2 CONTEXT FOR THE ANALYSIS

National Policy Context

2.1 The National Planning Policy Framework (NPPF) paragraph 173 sets out how Government expects viability to be considered in planning:

2.2 *'Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable*.'[2]

2.3 Planning Practice Guidance[3] (PPG) provides further detail about how the NPPF should be used. PPG contains general principles for understanding viability (which are relevant to CIL viability) as well as specific CIL viability guidance[4]. It also notes that there is a range of sector-led guidance available[5]. In order to understand viability, a realistic understanding of the costs and the value of development is required and direct engagement with development sector may be helpful[6]. Evidence should be proportionate to ensure plans are underpinned by a broad understanding of viability, with further detail where viability may be marginal or for strategic sites with high infrastructure requirements[7]. However not every site requires testing and site typologies may be used to determine policy[8]. For private rented sector, self build and older people's housing, the specific scheme format and projected sales rates (where appropriate) may be a factor in assessing viability[9].

2.4 PPG requires that a buffer should be allowed and that current costs and values should be used (except where known regulation/policy changes are to take place)[10]. On retail and commercial development, broad assessment of value in line with industry practice may be necessary[11]. Generally, values should be based on comparable, market information, using average figures and informed by specific local evidence[12]. For an area wide viability assessment, a broad assessment of costs is required, based on robust evidence which is reflective of local market

[2] DCLG, 2012, NPPF Para 173
[3] DCLG, Planning Practice Guidance
[4] PPG Paragraph: 003 Reference ID: 10-003-20140306
[5] PPG Paragraph: 002 Reference ID: 10-002-20140306
[6] PPG Paragraph: 004 Reference ID: 10-004-20140306
[7] PPG Paragraph: 005 Reference ID: 10-005-20140306
[8] PPG Paragraph: 006 Reference ID: 10-006-20140306
[9] PPG Paragraph: 018 Reference ID: 10-018-20150326
[10] PPG Paragraph: 008 Reference ID: 10-008-20140306
[11] PPG Paragraph: 012 Reference ID: 10-012-20140306
[12] PPG Paragraph: 012 Reference ID: 10-012-20140306

conditions. All development costs should be taken into account, including infrastructure and policy costs as well as the standard development costs[13].

2.5 Land values should reflect emerging policy requirements and planning obligations including any Community Infrastructure Levy charge, and provide a competitive return to willing developers and land owners. Where possible land values should be informed by comparable, market-based evidence but excluding transactions above the market norm[14]. Assumptions about brownfield land values should clearly reflect the levels of mitigation and investment required to bring sites back into use[15].

2.6 Developer returns should be proportionate to risk[16]. The return to the landowner will need to provide an incentive for the land owner to sell in comparison with the other options such as current use value or policy compliant alternative use value[17].

2.7 CIL is payable on development which creates net additional floor space, where the gross internal area of new build exceeds 100 square metres (this limit does not apply to new houses or flats)[18]. Self-build is exempt, along with social housing, charitable development, buildings into which people do not normally go and vacant buildings brought back into the same use[19].

2.8 CIL rates should be set so that they do not threaten the viability of the sites and scale of development identified in the Local Plan[20]. Instead an appropriate balance should be set between the desirability of funding infrastructure from the levy and the potential viability impact[21].

2.9 At examination the charging authority should also set out any known site-specific matters for which section 106 contributions may continue to be sought[22].

2.10 For the purposes of CIL, a charging authority should use an area-based approach, involving a broad test of viability across their area. This should use appropriate available evidence, recognising that the available data is unlikely to be fully comprehensive. A sample of site types should be used, with a focus on strategic sites. More fine grained sampling may be required where differential CIL rates are set. Rates should be reasonable and include a buffer, but there is no requirement for a proposed rate to exactly mirror the evidence[23].

2.11 Differential rates may be set in relation to geography, development type and/or scale. However undue complexity should be avoided and disproportionate impact avoided. The

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[13] PPG Paragraph: 013 Reference ID: 10-013-20140306
[14] PPG Paragraph: 014 Reference ID: 10-014-20140306
[15] PPG Paragraph: 025 Reference ID: 10-025-20140306
[16] PPG Paragraph: 015 Reference ID: 10-015-20140306
[17] PPG Paragraph: 015 Reference ID: 10-015-20140306
[18] PPG Paragraph: 002 Reference ID: 25-002-20140612
[19] PPG Paragraph: 003 Reference ID: 25-003-20140612
[20] PPG Paragraph: 008 Reference ID: 25-008-20140612
[21] PPG Paragraph: 009 Reference ID: 25-009-20140612
[22] PPG Paragraph: 017 Reference ID: 25-017-20140612
[23] PPG Paragraph: 019 Reference ID: 25-019-20140612

charging authority should consider a zero CIL rate for locations, strategic sites and specific development types with low, very low or zero viability (subject to state aid compliance)[24].

Other Guidance on Viability Testing for Residential Development

2.12 Guidance has been published to assist practitioners in undertaking viability studies for policy making purposes – "*Viability Testing Local Plans - Advice for planning practitioners*"[25]. The Foreword to the Advice for planning practitioners includes support from DCLG, the LGA, the HBF, PINS and POS. PINS and the POS[26] state that:

"*The Planning Inspectorate and Planning Officers Society welcome this advice on viability testing of Local Plans. The use of this approach will help enable local authorities to meet their obligations under NPPF when their plan is examined*."

2.13 The approach to viability testing adopted for this study follows the principles set out in the Advice. The Advice re-iterates that:

"The approach to assessing plan viability should recognise that it can only provide high level assurance."

2.14 The Advice also comments on how viability testing should deal with potential future changes in market conditions and other costs and values and, in line with PPG, states that:

"*The most straightforward way to assess plan policies for the first five years is to work on the basis of current costs and values*". (page 26)

But that:

"*The one exception to the use of current costs and current values should be recognition of significant national regulatory changes to be implemented……"(page 26)*

Local Plan Policies

2.15 The NPPF is clear that viability testing should take into account, '*…the costs of any requirements likely to be applied to development,…'* (Para 173). Therefore a planning policy review has been undertaken.

2.16 The Local Plan is currently proceeding through examination and will be the main planning document for Basingstoke and Deane. It will set out the overarching spatial strategy and development principles for the area together with more detailed policies to help determine planning applications. The main elements of the Local Plan are:

- Strategic objectives for the area
- Overarching strategy for the location of new development

[24] PPG Paragraph: 021 Reference ID: 25-021-20140612

[25] The guide was published in June 2012 and is the work of the Local Housing Delivery Group, chaired by Sir John Harman, which is a cross-industry group, supported by the Local Government Association and the Home Builders Federation.

[26] Acronyms for the following organisations - Department of Communities and Local Government, LGA Environment and Housing Board, Home Builders Federation, Planning Inspectorate, Planning Officers Society

- Scale of new employment, housing and retail provision
- Identification of new strategic scale development sites
- Extent of new infrastructure required
- Key environmental constraints and opportunities
- Set of detailed policies to guide consideration of new development proposals

2.17 The Local Plan is currently in the latter stages of examination. The 2013 Viability Study undertook a detailed review of policies in the then draft Local Plan, and this has been refreshed to take account of changes to date. Detailed analysis of the policies is shown in the separate Annex 1. The key impacts on development viability relate to:

- Affordable Housing proportion and tenure (CN1). The target affordable housing proportion is 40% across the Borough with a mix of affordable rent, social rent and shared ownership (70% rented and 30% intermediate). Discussion with Council Planning and Housing officers indicates that in most cases the rental component of the affordable housing will be affordable rent; but there may be circumstances where a proportion of social rent may be needed. The viability testing incorporates these targets and undertakes some sensitivity testing (using the 1ha tiles) to explore the impact of having some social rent as part of the affordable housing tenures. CN1 states that the affordable housing provision is subject to viability.
- Accessibility CN1 and CN3 requires that 15% of affordable housing and market housing should provide enhanced accessibility standards. On advice from the Council this has been tested at Part M(4) 2. Policies CN3 and CN4 consider housing for older persons and this is included in the viability testing case studies.
- Provision of infrastructure (CN6). The approach to the funding of infrastructure required to support the planned development has been discussed as part of this study. In line with the funding strategy in the Infrastructure Delivery Plan, it is planned that infrastructure will be funded through CIL and third party funding rather than being a direct cost to development, except for the strategic sites identified as part of the Local Plan. Work has been undertaken to identify the site specific infrastructure costs and to include them in the strategic site viability testing. The Council considers the anticipated residual level of s106/278 sought from development will therefore fall to £1,500 per dwelling on average and this figure has been used in the viability assessments. There are some exceptions relating to the larger urban extensions and these are discussed in Section 7.
- Green Infrastructure (EM5) requires development to provide suitable green infrastructure. The Council has provided advice on the implementation of this policy and some of the smaller case studies have adjusted net to gross developable areas in order to comply with this policy; and specific allowances have been made in the land budgets for the strategic sites.

- Sustainable Water (EM9) requires that new homes meet a water efficiency standard of 110 litres or less per person per day and that non-residential developments meet BREEAM 'excellent' standards for water consumption. Allowances have been made in the residential and non-residential viability testing for the development costs to meet these standards.

2.18 In addition, there are a set of policies that have an impact on viability for some developments only:

- Housing mix (CN1 and CN3) – there may be some developments where the housing mix sought by the Council may differ from a market focused mix. Viability testing has used dwelling mixes agreed with the Council and discussed at the development industry workshop in 2015.
- Thames Basin Heath Special Protection Area (EM3). A limited amount of development may be obliged to mitigate impacts on the Special Protection Area through provision of Suitable Alterative Natural Green Space and Strategic Access Management and Monitoring. It is understood that the scale of development requiring this mitigation is likely to be small and as a result of the limited scale and scope of the policy as it affects viability, it has not been included in the viability testing.
- Employment development and town centre policies (EP1, SS8 and EP3) directs non-residential development towards Basingstoke town centre and existing employment areas (such as Basing View etc.). The non-residential viability testing takes account of these locations.
- Site allocations (SS3) sets out the scale and type of sites in different locations in the borough, including factors that may affect the gross to net land take. This will have an impact on viability in terms of value areas and values and costs associated with different scale sites; and this is taken account of in the development of the strategic case studies chosen by the Council for the viability testing. Policies SS3.8 to SS3.12 set out the policy requirement for the strategic sites specifically tested in this study; and the infrastructure costs and land budget implications have been included in the strategic site viability testing.

Feedback from the Preliminary and Draft Charging Schedules

2.19 Representations were received as part of the consultation on the Preliminary Draft Charging Schedule (PDCS) and the Draft Charging Schedule (DCS). This viability study provides up to date evidence to inform a new DCS, taking into account the representations received. The following concerns were included in the representations:

Values

- Benchmark land values, with comments that they are too low and too high
- The house prices are unrealistic and house price value zones used are not representative
- Non-residential values are unrealistic

Costs

- The base residual s106/278 of £1,500 is insufficient
- Build costs are too low
- Other development costs such as professional fees insufficient
- Further detail about how the larger residential schemes costs and values are cash-flowed over time
- Strategic sites specific infrastructure requirements not taken into account
- Inclusion of contingency costs
- 20% return for affordable housing development instead of the 6% contractor's return

Development characteristics

- The amount of non-saleable circulation space allowed for in flatted development
- Housing delivery rates too high
- Net to gross developable area on larger greenfield sites is too high
- Whether the case studies used are representative of the development likely to come forward, particularly developments of about 400 dwellings that are not strategic sites.
- Inclusion of regeneration schemes

CIL

- The proposed CIL in the PDCS being too high, including the need to set a £0 rate for strategic sites in recognition of the high infrastructure costs involved.
- The need to consider a viability 'buffer' when setting CIL rates (30% was suggested by the consultee).
- The viability testing used to underpin the proposed retail CIL charges is not detailed enough
- The proposed CIL for retail warehousing is too high
- Regeneration of Basing View strategic site may be jeopardised by CIL

2.20 These comments have been taken into account within this viability study as follows:

- Benchmarks have been discussed as part of the July 2015 development industry workshop and further land transaction evidence has been considered.
- House prices have been updated using price paid data for new build dwellings and these values have been discussed as part of the July 2015 development industry workshop.
- Rents and yields for non-residential development have been updated with further transaction evidence and the values have been discussed as part of the July 2015 development industry workshop.

- Basingstoke and Deane Borough Council has confirmed that the base residual s106/278 of £1,500 is a robust estimate of a typical s106/278 per dwelling for small scale site specific mitigation post introduction of CIL. This estimate does not preclude the possibility that individual sites may be required to pay more or less than this amount, depending on specific site circumstances.
- Build costs are drawn from BCIS which is a publically available recognised source. Other development costs such as external works, opening up costs for larger sites and site specific infrastructure for strategic sites are also included in the viability testing. The range of development costs such as professional fees, finance, agents etc., was discussed as part of the July 2015 development industry workshop.
- This report and its annexes provide detail about the extent and timing of site specific infrastructure requirements that will be a cost to development on the strategic sites.
- Contingency costs are not included within the testing. There is no requirement for contingency within the guidance for area wide viability studies and a 'buffer' is used to take account of variations in costs and values.
- The guidance in PPG requires that developer returns should be proportionate to risk and it is for this reason that the lower risk affordable housing component of residential schemes include a 6% on cost developer return rather than the 20% of value used for the market dwellings. The terms of the affordable housing sales are typically confirmed before construction and therefore affordable housing is substantially less risky than market housing. A return of 6% on cost for affordable housing is accepted at examination and recent local examples would include the Test Valley CIL.
- Circulation space is included within flatted developments – 10% for low rise 2 storey flats and 15% for 3-5 storey flats.
- Housing delivery rates on strategic sites have been derived from the August 2015 Updated Housing Land Supply Statement produced by the Council as part of the Local Plan examination evidence.
- Further work on the land budgets for strategic sites has been undertaken by the Council to ensure that the gross site areas are sufficient to include the greenspace and other policy obligations.
- The Council has confirmed that the range of case studies used is representative of the development proposed in the new Local Plan.
- Regeneration schemes have not been included within the viability testing because these are undertaken outside the normal residential development process. These regeneration schemes typically involve renewal of affordable housing stock though inclusion of market housing within higher density schemes, with the market housing and third party funding used to subsidise the process. These schemes often come forward in exceptional circumstances such as the provision of land by the Borough Council (as in recent examples). The policies within the Local Plan do not include specific proportions of market and affordable housing in these schemes and the details of any cross-subsidisation and other funding are not available.

- CIL rates have been reviewed based on this latest viability testing. The recommended rates include an explicit buffer.
- Further retail testing has been undertaken to inform retail CIL rates.

3. VIABILITY APPROACH AND KEY ASSUMPTIONS – RESIDENTIAL DEVELOPMENT

Principles and approach

3.1 The Advice for planning practitioners summarises viability as follows:

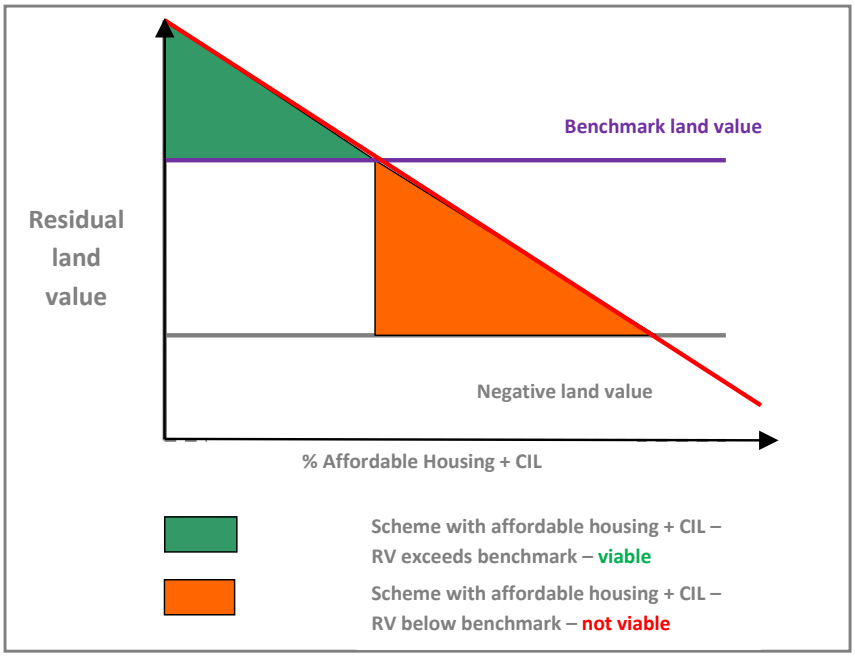
'*An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered*.' (page 14)

3.2 Reflecting this definition of viability, and as specifically recommended by the Advice for planning practitioners[27], we have adopted a residual value approach to our analysis. Residual value is the value of the completed development (known as the Gross Development Value or GDV) less the costs of undertaking the development. The residual value is then available to pay for the land. The value of the scheme includes both the value of the market housing and affordable housing. Scheme costs include the costs of building the development, plus professional fees, scheme finance and a return to the developer. Scheme costs also include planning obligations (including affordable housing, direct s106 costs and CIL) and the greater the planning obligations, the less will be the residual value. Details of the assumptions about values and costs are discussed later in this section and set out in full in Annex 3.

3.3 The residual value of a scheme is then compared with a benchmark land value. If the residual value is less than the benchmark value, then the scheme is unlikely to be brought forward for development and is considered unviable for testing purposes. If the residual value exceeds the benchmark, then it can be considered viable in terms of policy testing. Figure 3.1 below illustrates this relationship.

[27] See page 25 – "We recommend that the residual land value approach is taken when assessing the viability of plan-level policies and further advice is provided below on the considerations that should be given to the assumptions and inputs to a model of this type."

Figure 3-1: Relationship of residual value and benchmark land value



RV – residual value

Assumptions used in the testing

3.4 A full set of assumptions used in the testing is set out in Annex 3. This includes the market values for the sale housing. These are based on an analysis of Land Registry data for new house prices, and discussed at the July 2015 development industry workshop. The prices were reviewed in January 2016 to determine whether further changes were necessary, but were left unchanged for this analysis.

3.5 The borough is divided into two value areas – Basingstoke and Tadley and the Market towns/villages – see Figure 3.2 below. Table 3.2 then sets out the indicative market values for new build properties we have used. Within both value areas, there will be local variations in selling prices.

3.6 Small scale "one-off" developments (up to three dwellings) are also known to support higher values, related to the bespoke nature of this scale of development. While some one-off developments with special design and space standards will produce very high values, this viability assessment has sought to model dwellings that are similar to the types of dwellings that may also be built as part of larger developments. Based on experience, it has been assumed that these dwellings will command a 5% premium over their estate counterparts.

Figure 3-2: Basingstoke and Deane residential market value areas

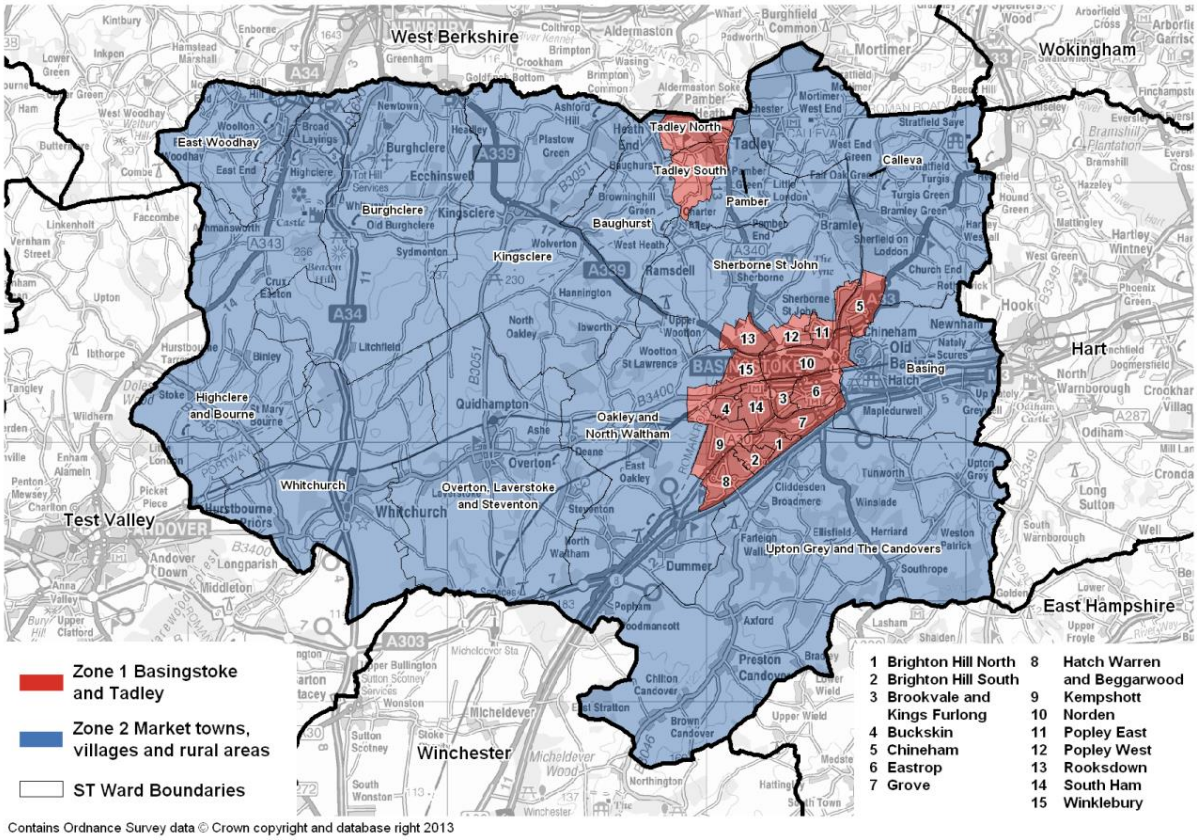


Figure 3-3: Market values used in testing

GIA SQ M	160	130	100	120	100	120	95	67	63	51
	Detached			**Semi-detached**		**Terrace**			**Flats**	
	5 Bed	**4 Bed**	**3 Bed**	**4 Bed**	**3 Bed**	**4 Bed**	**3 Bed**	**2 Bed**	**2 Bed**	**1 Bed**
Basingstoke & Tadley	£459,000	£363,000	£310,000	£328,000	£272,000	£324,000	£266,000	£221,000	£167,000	£145,000
Rest of Borough	£536,000	£425,000	£372,000	£377,000	£313,000	£355,000	£286,000	£244,000	£192,000	£167,000
Basingstoke & Tadley	£2,870	£2,790	£3,100	£2,730	£2,720	£2,700	£2,800	£3,300	£2,650	£2,840
Rest of Borough	£3,350	£3,270	£3,720	£3,140	£3,130	£2,960	£3,010	£3,640	£3,050	£3,270

3.7 It is apparent that the values that are now achievable for new build development are considerably higher than in the 2013 testing – for example a Basingstoke and Tadley three bed semi was modelled at £230,000 in 2013 and is now estimated to be worth £272,000 (+18%); and a four bed detached was £300,000 in 2013 and is now estimated to be worth £363,000 (+21%). Similar increases are apparent in most of the other dwelling types and locations, apart from flats where values have not changed to the same extent.

3.8 Other key assumptions used in the testing are:

- All of the testing includes policy compliant 40% affordable housing with the affordable tenures 70% rented and 30% shared ownership. The main tests have all of the affordable components as affordable rent, but there is some sensitivity testing in the 1 ha tiles to include a 25% social rent:75% affordable rent split within the rented component. This takes account of circumstances where social rent may be required. The Council has specified the type of affordable housing dwellings it is likely to require and this mix has been used. Rental values and capitalisation have been checked with Registered Providers active in the Borough. As well as the improved house prices (which increase the value of shared ownership dwellings to RPs), the increased rents and particularly stronger capitalisation rates mean that the affordable rented housing is now modelled at a significantly higher value than in 2013 – for example, a two bed affordable rent flat is now estimated to be worth £108,000 to a RP compared to £76,000 in 2013.
- Basic build costs are derived from Building Cost Information Service (BCIS) data, are adjusted to take into account the location factor for the borough and include an allowance of 15% for external works. This equates to just over £580,000 for 1 hectare scheme of 35 dwellings. Different costs are used for different dwelling types and by scale of development, acknowledging the higher build costs associated with very small developments. Single dwellings used the BCIS 'one-off' costs and developments of 2 and 3 dwellings used a 5% premium over standard build costs[28]. Build costs have increased since 2013, with the cost for houses and external works rising from £1,033/sqm in 2013 to £1,195 in the current modelling (+16%).
- Build costs are also adjusted to take account of the new security requirements forming Part Q of building regulations and the water efficiency standard required as part of the Local Plan policies.
- Further costs are allowed for the Local Plan policy requirement that 15% of dwellings are built to Part M(4)2 accessibility standards. These costs vary by dwelling and tenure, and are detailed in Annex 3.
- We assume development will still have to meet a residual s106 and s278 cost[29] and, on advice from the Council, we have used a figure of £1,500 per dwelling to cover on site provision for open space and local transport improvements. All education provision, other community provision, major open space and other transport improvements are assumed to be paid for by CIL or other public funding, except where it is specifically required to mitigate impacts from the large strategic sites. The costs of providing this

[28] Correspondence with BCIS has confirmed the it is single dwellings that are likely to have significantly increased build costs.

[29] Section 278 agreements allow developers to either pay for or undertake works relating to public highways. Typically this will relate to the works necessary to connect development to the highway network but it may also include offsite works. S278 may also include a bond to ensure works are undertaken.

infrastructure for strategic sites have been included within the specific case studies. Details of the costs are discussed in Section 7.

- Strategic sites (400 or more dwellings) are assumed to incur additional costs of £200,000 per net hectare for opening up the sites and providing serviced parcels of land for development. These are in addition to the external works allowance of 15% of construction costs. The larger non-strategic case study sites used in the testing have an allowance £50,000 - £100,000 for opening up costs. Combining the external works for a 35dph scheme of £580,000/ha plus the opening up costs would provide over £0.75m/ha in addition to the base build costs for strategic sites.

3.9 Affordable housing values were discussed in the development industry workshop in July 2015 and then re-tested through a mini survey of the key housing associations active in the Borough in January 2016. This takes account of the changes to rents and benefits announced in the Summer 2015 budget.

3.10 It is clear that there have been some important changes in the values and costs used in the modelling since 2013. The key changes have been an increase in the value of most market dwelling types and the values of affordable housing to RPs, and increases in build costs. However it is apparent that the increases in values have been more substantial than the increases in build costs.

Land Value Benchmarks

3.11 The land value benchmark is an estimate of the lowest cost that a willing landowner would sell land for development. The concept of a benchmark land value attempts to balance two factors: a) land can only be worth what the highest value permissible development can afford to pay for it; and b) landowners will require some premium over the existing use value in order to incentivise a sale. Note that where development is able to pay more for land, then it is likely that transactions will be above the benchmark land value, particularly when different developers are competing for the same piece of land.

3.12 Based on a review of the available evidence, the benchmark land values examined as part of the local plan examination remain valid. There is some recent evidence which supports them and it is clear that they have similarities with the range of benchmarks used in similar viability exercises in nearby authorities. However, there are also indications that land is transacted at higher values locally, although this does not necessarily constitute a benchmark for this type of viability exercise.

3.13 It is therefore proposed to maintain the existing set of benchmark land values used as part of the local plan evidence base and discussed at the development industry workshop in 2015. In recognition that the house price and build cost changes may have allowed land values to increase we also provide a higher benchmark of £1.5m as a sensitivity test for urban/urban edge sites. This figure is chosen as it is closer to some of the transaction evidence and the other local benchmarks, as well as forming part of the discussion in the 2013 development industry workshop. However, there is no equivalent sensitivity benchmark for strategic greenfield land nor any clear metric for generating one. Therefore, we apply a cautious

approach to CIL rates for strategic sites later on in this report. The benchmark land values used in the residential testing are therefore:

- A main benchmark for urban/edge of urban sites of £1m/gross ha (as used in the Local Plan evidence base).
- A secondary benchmark for urban/edge of urban sites of £1.3m/gross ha (as used in the Local Plan evidence base).
- A greenfield strategic site benchmark of £400,000/gross ha (as used in the Local Plan evidence base).
- An intermediate benchmark of £700,000/gross ha for medium/large sites with higher development costs (as used in the Local Plan evidence base).
- A higher sensitivity test benchmark of £1.5m/ha for urban/edge of urban sites.

3.14 Where non-residential developments are anticipated to be on vacant industrial or office land the benchmark is considered to be £740,000/ha. This would apply to developments on locations such as Basing View and to non-residential developments anticipated to be on new/existing employment allocations.

3.15 The exception to this is for uses known to generate high values, where landowner expectations will require a premium to provide an incentive to sell. The testing has used the £1m/ha urban residential benchmark for small convenience shops, a benchmark land value of £2m per ha for out of centre comparison retail and £4m per ha for supermarkets, recognising that the latter two are well above the residential benchmark land value.

Testing undertaken

3.16 The viability testing undertaken is split into three types:

- Using a notional 1 ha development scheme with different densities of development. For each density tested, there is a different mix of dwelling types with more smaller dwellings (including flats) in the higher density schemes.
- A series of case studies that represent the types of development provided for in the new Local Plan, but which might be brought forward as windfall schemes or smaller allocations in due course. The case studies were informed by the draft Local Plan as well as experience of past development patterns and the views of the development industry explored at the workshop. The case studies range in size from 1 dwelling to 100 dwellings.
- Strategic sites testing, based on the sites identified in the Local Plan. Basingstoke and Deane Borough Council has advised on the choice of sites to be tested as well as providing details of policy compliant land budgets and the costs of providing the site specific infrastructure. These infrastructure costs are in addition to the base build, costs, external works and opening up costs discussed above.

3.17 The 1 ha tile and case study/strategic sites testing are complementary. The 1 ha tiles provide a picture of the underlying viability of residential development and what this means for different densities of development and potential CIL, as well as the impact of providing a proportion of

social rent within the affordable housing rented tenure. The case studies then highlight where site types differ in their viability compared with the average of the 1 ha tiles and this is then used to review the potential CIL rate. The testing for the strategic sites is then used to determine whether site specific CIL rates may be appropriate in response to the particular infrastructure and other costs for on these sites.

4 VIABILITY TESTING – NOTIONAL 1 HA TILE

Introduction

4.1 This section of the report sets out the viability assessments for the 1 ha notional tiles. These are used to explore the underlying viability trends across the borough and arrive at a high level assessment of the amount of CIL that can be sustained at a policy compliant level of affordable housing (40%). The findings are then used to refine the assumptions in the case study assessments later on in the report.

Types of tile tested

4.2 Eight notional 1 ha schemes were tested as follows:

- At 20 dph, 30 dph, 35 dph and 45 dph in Basingstoke/ Tadley – these reflect densities likely to be applicable in both Basingstoke's urban extensions and in the more urban parts of the towns.
- Also at 20 dph, 30 dph, 35 dph, 45 dph in the remainder of the borough (i.e. in the market towns and rural areas) – whilst the lower densities are more likely to be applicable in these areas, the higher densities have been included for comparison.

4.3 The mix of market and affordable dwellings for each is set out in Annex 3. The higher density schemes have a greater number of smaller units, whilst in the 20 dph scheme, 75% of the market units are assumed to be 4 and 5 bed detached houses.

4.4 In all tests the affordable housing element has been modelled at a policy compliant 40% of total dwellings, split as 70% rented and 30% shared ownership. There are then two options for provision of the 70% affordable rented housing. In the first set of tests (i) Affordable Rent makes up 100% of the rented element while in the second test (ii), Affordable Rent makes up 75% of the rented element with the remaining 25% at social rent. Test (i) reflects the Council's assessment of need for affordable housing generally and the fact that Affordable Rent has been identified by the Homes and Communities Agency as the '*the main type of new housing supply'*[30]. Test (ii) identifies the opportunity to increase social rented provision if viability permits and this is required to meet housing needs. All results for the testing of the 1 ha tiles (at all of the different densities and mixes of affordable housing) are set out in Annex 3.

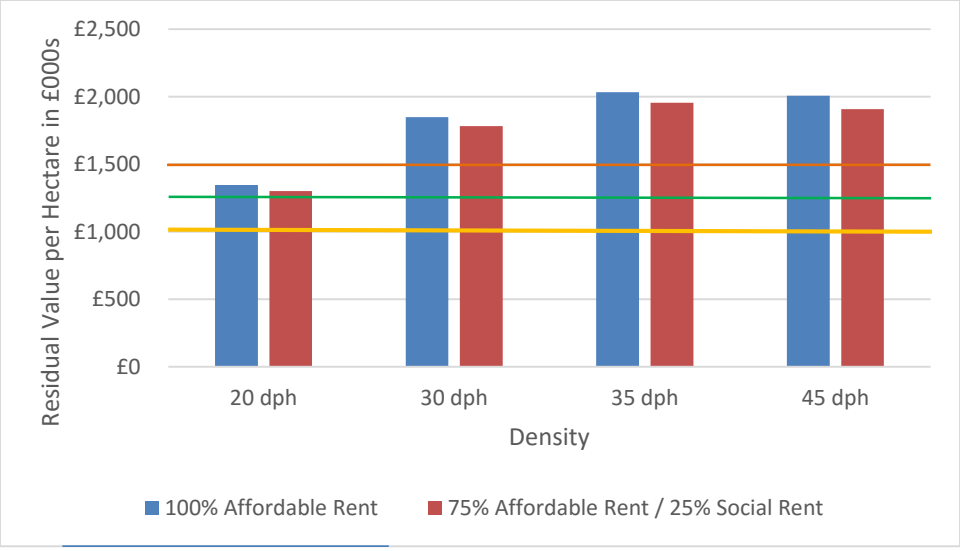
4.5 The primary modelling is against the established £1m/ha and upper £1.3m/ha benchmarks. However, we also comment about values in relation to the sensitivity benchmark of £1.5m/ha.

1 ha tile – Basingstoke/Tadley results

4.6 The results presented below show the residual value of the 1 hectare scheme against the main benchmark land value of £1 million per hectare. The upper benchmark land value of £1.3m per hectare and the sensitivity benchmark of £1.5m are also shown. The different coloured columns represent the differing mix of affordable rented housing tested.

[30] http://www.homesandcommunities.co.uk/ourwork/affordable-rent

Figure 4-1: Basingstoke/Tadley – Notional 1 ha scheme at 20 dph 30 dph, 35 dph and 45 dph– Residual value per hectare in £000s, with affordable housing at 40% and showing the rental element at both i) 100% Affordable Rent and ii) 75% Affordable Rent / 25% social rent (NO CIL)



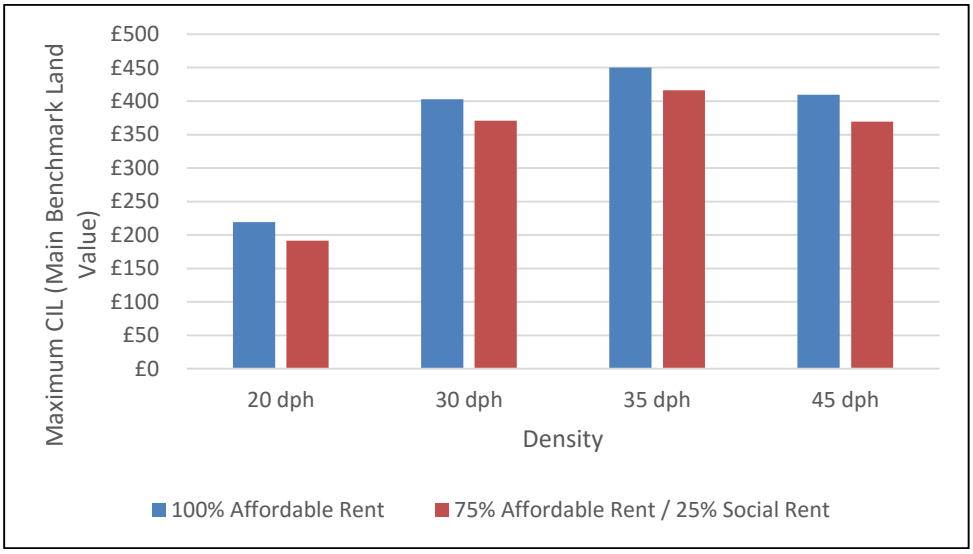
4.7 Commentary (noting that the results above **do not allow for any CIL**):

- Residual values vary with the density of development: the highest residual values are achieved with the 35 dph scheme and the lowest values with the 20 dph scheme. However, it is development at around 30 dph which will be more typical of future schemes in Basingstoke, especially the strategic sites, and this needs to be borne in mind in reviewing the results for the Basingstoke/Tadley market area.
- All scenarios, as tested at 40% affordable housing, exceed the main £1m/ha land value benchmark. At 20 dph, where residual values are lowest, the benchmark is exceeded by £346,000 (100% Affordable Rent) or £302,000 (75% Affordable Rent) against the main land value benchmark.
- The upper benchmark of £1,300,000 is also exceeded in all scenarios, although at 20 dph this is marginal at £46,000 (100% Affordable Rent) or £2,000 (75% Affordable Rent).
- When considering the £1.5m/ha sensitivity land value benchmark there is a negative residual land value of -£154,000 (100% Affordable Rent) and -£198,000 (75% Affordable Rent) at 20dph. However, at other densities the £1.5m/ha land value benchmark is exceeded. At 30 dph this is by £350,000 (100% Affordable Rent) or £283,000 (75% Affordable Rent), rising to £553,000 or £455,000 respectively at 35 dph.

- In all scenarios, residual values are marginally reduced when affordable rented housing includes a 25% element as social rent.

4.8 The results shown above do not allow for any CIL payment. The chart below shows the theoretical maximum amount of CIL that can be sought and the scheme remain viable. The following tables then detail the theoretical maximum CIL against the main £1m/ha benchmark (which is the key determinant of viability), the upper £1.3m/ha benchmark and the sensitivity test £1.5m benchmark.

Figure 4-2a: Basingstoke/Tadley - Maximum CIL rates for the notional 1 ha scheme at 40% affordable housing – showing the rental element at both i) 100% Affordable Rent and ii) 75% Affordable Rent / 25% social rent



(Main benchmark land value of £1m per hectare)

Figure 4-2b: Basingstoke & Tadley - Maximum CIL rates per sq m for the notional 1 ha scheme at affordable housing of 40% - with i) 100% of affordable rented housing as Affordable Rent and ii) 75% Affordable Rent / 25% Social Rent – Table of results based on main benchmark land value of £1m per hectare

Affordable Housing (40%)	20 dph	30 dph	35 dph	45 dph
100% Affordable Rent	£219	£403	£450	£410
75% Affordable Rent/25% Social Rent	£191	£371	£416	£369

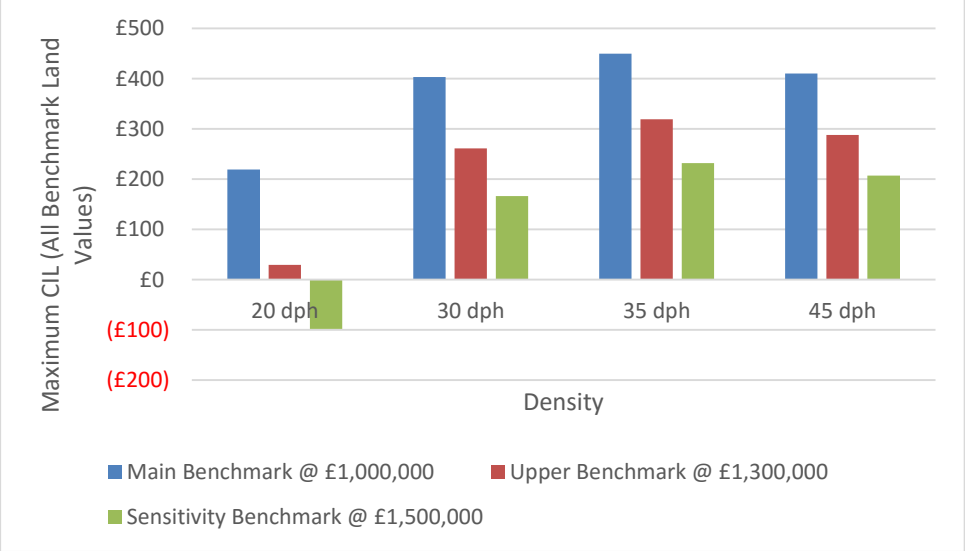
Figure 4-2c: Basingstoke & Tadley - Maximum CIL rates per sq m for the notional 1 ha scheme at affordable housing of 40% - with i) 100% of affordable rented housing as Affordable Rent and ii) 75% Affordable Rent / 25% Social Rent – Table of results based on upper benchmark land value of £1.3m per hectare

Affordable Housing (40%)	20 dph	30 dph	35 dph	45 dph
100% Affordable Rent	£29	£261	£319	£288
75% Affordable Rent/25% Social Rent	£1	£229	£285	£247

Figure 4-2d: Basingstoke & Tadley - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 40% - with i) 100% of affordable rented housing as Affordable Rent and ii) 75% Affordable Rent / 25% Social Rent – Table of results based on sensitivity benchmark land value of £1.5m per hectare

Affordable Housing (40%)	20 dph	30 dph	35 dph	45 dph
100% Affordable Rent	- £98	£166	£232	£207
75% Affordable Rent/25% Social Rent	-£125	£134	£198	£166

Figure 4-2e: Basingstoke & Tadley - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 40% - with i) 100% of affordable rented housing as Affordable Rent – results based on all benchmark land values



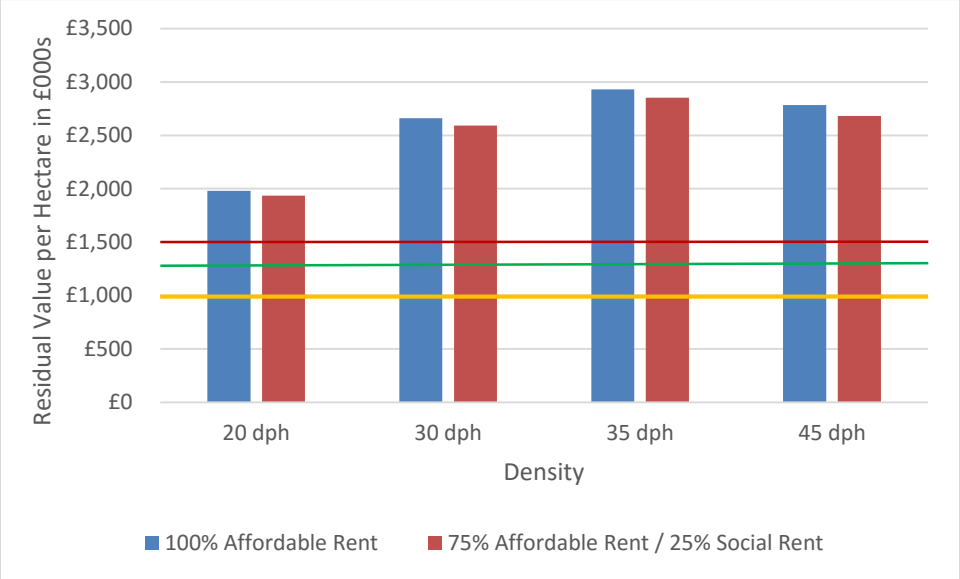
4.9 Commentary -

- The level of achievable CIL differs depending upon density as well as benchmark land value. As a very broad indicative average across the 4 development densities, a **maximum** CIL of around £191/£219 per sq m is realistic when using the main land value benchmark. This does not take into account the need to avoid setting a CIL rate that is at the margins of viability and that 'a buffer' should be allowed.
- The level of CIL that would be achievable for a 20dph scheme using the £1.3m/ha higher land value benchmark is marginal with a maximum of between £1 to £29 per sq m. Again this is not taking account of the need to avoid setting a CIL rate at the margins of viability and that a buffer should be used. However, higher densities are capable of supporting a CIL of at least £229/sq m against this upper benchmark.
- CIL is not shown to be achievable at 20dph against the sensitivity land value benchmark of £1.5m per hectare. However, higher densities are capable of supporting a CIL of at least £134/sq m against this benchmark.
- The level of CIL that could be charged will be lower in situations where the Council wants to provide some social rented housing.

1 ha tile – Rest of borough results

4.10 Residual values for the 'Rest of the Borough' for the 1 hectare scheme against the main benchmark land value of £1m per hectare; against the higher benchmark land value of £1.3m and the sensitivity benchmark of £1.5m are shown in the following charts, again with the different Affordable Rent levels of 100% and 75%.

Figure 4-3: Rest of borough – Notional 1 ha scheme at 20 dph 30 dph 35 dph and 45 dph – Residual value per hectare in £000s, with affordable housing at 40% and showing the rental element at both i) 100% Affordable Rent and ii) 75% Affordable Rent / 25% social rent (NO CIL)



Main Benchmark Land Value at £1.0m per hectare
Upper Benchmark Land Value at £1.3m per hectare
Sensitivity Benchmark Land Value at £1.5m per hectare

4.11 Commentary (noting that the results above **do not allow for any CIL**):

- Residual values again vary with the density of development and the highest residual values are achieved with the 35 dph scheme and the lowest at 20 dph.
- Both mixes of affordable rented housing comfortably exceed the main land value benchmark at all 4 densities. They are also in excess of the higher and the sensitivity land value benchmarks.

Figure 4-4a: Rest of borough - Maximum CIL rates per sq m for the notional 1 ha scheme at affordable housing of 40% - with i) 100% of affordable rented housing as Affordable Rent and with ii) 75% Affordable Rent / 25% Social Rent – results based on main £1m/ha benchmark land value

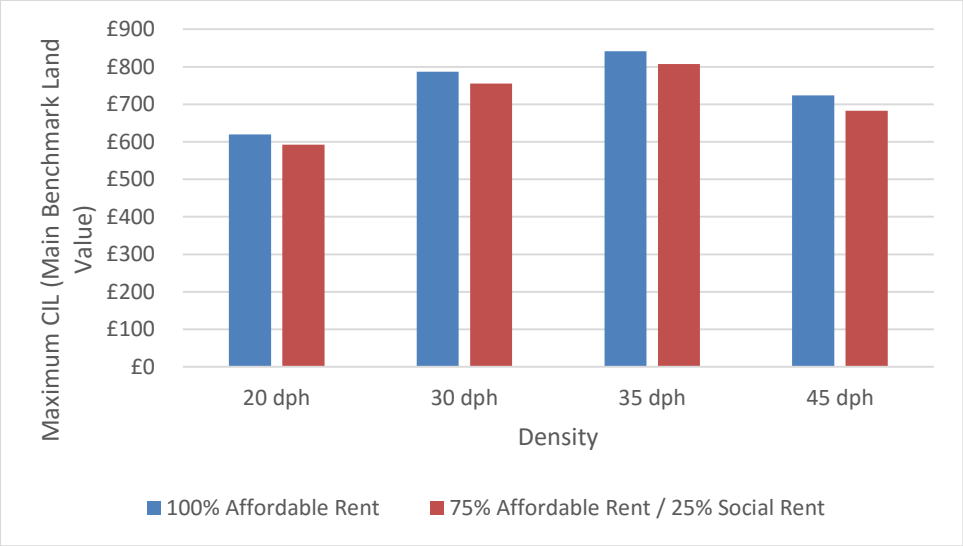


Figure 4-4b: Rest of borough - Maximum CIL rates per sq m for the notional 1 ha scheme at affordable housing of 40% - with i) 100% of affordable rented housing as Affordable Rent and with ii) 75% Affordable Rent / 25% Social Rent – Table of results based on main benchmark land value of £1m per hectare

Affordable Housing (40%)	20 dph	30 dph	35 dph	45 dph
100% Affordable Rent	£620	£787	£841	£724
75% Affordable Rent/25% Social Rent	£592	£755	£807	£683

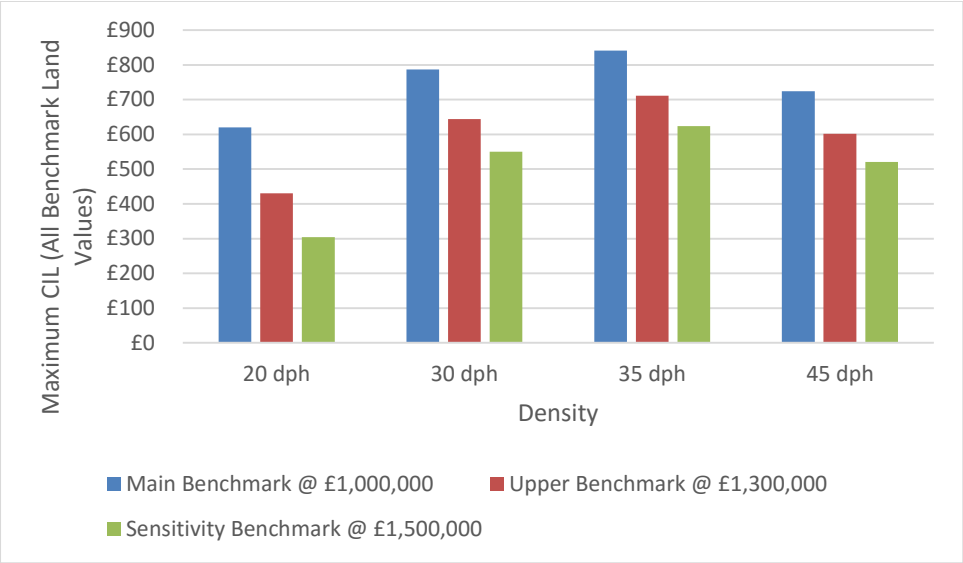
Figure 4-4c: Rest of Borough - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 40% - with i) 100% of affordable rented housing as Affordable Rent and with ii) 75% Affordable Rent / 25% Social Rent – Table of results based on upper benchmark land value of £1.3m per hectare

Affordable Housing (40%)	20 dph	30 dph	35 dph	45 dph
100% Affordable Rent	£430	£644	£711	£602
75% Affordable Rent/25% Social Rent	£402	£613	£677	£561

Figure 4-4d: Rest of Borough - Maximum CIL rates per sq m for the notional 1 ha scheme at affordable housing of 40% - with i) 100% of affordable rented housing as Affordable Rent and with ii) 75% Affordable Rent / 25% Social Rent – Table of results based on sensitivity benchmark land value of £1.5m per hectare

Affordable Housing (40%)	20 dph	30 dph	35 dph	45 dph
100% Affordable Rent	£304	£550	£624	£521
75% Affordable Rent/25% Social Rent	£275	£518	£590	£480

Figure 4-4e: Rest of Borough - Maximum CIL rates per sqm for the notional 1 ha scheme at affordable housing of 40% - with 100% of affordable rented housing as Affordable Rent – results based on all land value benchmarks



4.12 Commentary:

- For the rest of the Borough outside of Basingstoke and Tadley, a level of CIL is possible at all scheme densities tested and for both mixes of Affordable Rented housing. The maximum amount of CIL varies with density: the lowest is at 20 dph with 75% Affordable Rented housing and the highest at 35dph with 100% Affordable Rented housing.
- The maximum amount of CIL that could be charged is £592/£620 using the main benchmark land value. This would be reduced to £402/£430 if the upper benchmark was used as comparator or £275/£304 if the sensitivity benchmark was used. These figures do not take into account the need to avoid setting a CIL rate that is at the margins of viability and with a 'buffer'.

4.13 The level of CIL that could be charged will be lower if the Council wants to achieve a higher level of social rented housing. As a broad guide, if rented affordable housing includes 25% social rent the maximum CIL rate would be about £28 per sq m less than with 100% Affordable Rent. (See Annex 5 for details).

Implications for CIL

4.14 The key determinant of the ability to support CIL is the viability against the standard £1m/ha benchmark. Overall, the viability testing for the 1 ha tiles clearly suggests that there should be separate rates for Basingstoke/Tadley and the Rest of the Borough. The higher values in the Rest of the Borough result in stronger viability across all of the densities tested.

4.15 Against the standard benchmark and with social rent included in the affordable housing tenures, a theoretical maximum CIL rate of £191/sq m can be supported in Basingstoke and Tadley. Approximately this level of CIL can also be supported against the upper benchmark,

except for low density development; and a theoretical maximum rate of £134/sq m can be supported against the £1.5m/ha sensitivity test benchmark, again except for low density development.

4.16 Taking this into account, a CIL rate for Basingstoke and Tadley based on these 1ha tiles of £140/sq m may be reasonable as this provides over a 30% buffer for the lowest density (and least viable) 20 dph development against the standard £1m/ha benchmark. In addition, it would allow some social rent affordable housing within all but the 20 dph development at the upper benchmark; and would also allow higher density development (35dph and 45dph) to support this CIL and meet the higher sensitivity land benchmark of £1.5m/ha.

4.17 For the Rest of the Borough, a theoretical maximum CIL rate of £592/sq m can be supported against the standard benchmark and with social rent included in the affordable housing tenures. Approximately this level of CIL can also be supported against the upper benchmark, except for low density development; and a theoretical maximum rate of £275/sq m can be supported against the £1.5m/ha sensitivity test benchmark.

4.18 Taking this into account a CIL of £200/sq m may be reasonable in the Rest of the Borough:

- This provides over a 30% buffer against the upper benchmark.
- It can be supported by all except the lowest density development against the higher sensitivity benchmark of £1.5m/ha, with at least a 30% buffer.

4.19 These potential CIL rates are then considered against the case studies in the following sections of this report.

5 RESIDENTIAL VIABILITY TESTING –BASINGSTOKE AND TADLEY SMALLER CASE STUDY SITES

Introduction

5.1 The viability assessments use a number of case study sites which reflect typical sites likely to be brought forward in the borough. The case studies were derived in consultation with the Council and draw on information about recent planning permissions and the type of development identified in the draft Local Plan. The large scale strategic sites are tested separately and reported later in this report.

5.2 Chapter 3 of this report discusses the two different value areas[31] in the borough, and these value differentials are also used to help inform the case studies and how they are presented. This chapter discusses the case studies in Basingstoke and Tadley, which between them form one of the two value areas in the borough. The case studies in the remainder of the borough are discussed in the next chapter of the report.

5.3 Figure 5.1 below sets out the case study sites used for testing in Basingstoke and Tadley.

Figure 5-1: Basingstoke and Tadley case study sites

Case Study	Type	Location	Total Dwellings	Density (dph)	Site Size ha (net)
1	Single unit	Basingstoke urban	1	33	0.03
2	Two units	Basingstoke urban	2	50	0.04
3	Three units	Basingstoke edge	3	33	0.09
4	Four units	Basingstoke edge	4	36	0.11
5	Ten units	Basingstoke edge	10	34	0.29
6	Fifty-Five units	Basingstoke urban	55	45	1.22
7	Intermediate Development	Basingstoke Edge	100	30	3.33
8	High density flatted scheme	Basingstoke Urban	90	180	0.50
9	Sheltered housing scheme	Basingstoke Urban	100	125	0.80
10	Flatted scheme (undercroft parking)	Basingstoke Urban	100	143	0.70
11	Flatted Scheme (surface parking)	Basingstoke Urban	100	95	1.05

5.4 There are various cost and value differences around the smallest case studies and therefore the case study testing is undertaken either side of the differences. These differences have been discussed in more detail in section 3 and are summarised as:

- Higher build costs for single dwellings, using BCIS 'one off development' build costs.
- 5% build cost premium for 2 and 3 dwelling developments.
- 5% 'exclusivity' premium for 1-3 dwellings.

[31] Based on price paid data for new dwellings from Land Registry.

5.5 Further detail about the profile of these case studies can be found in Annex 6.

5.6 The viability tests have been undertaken at 40% affordable housing, with the affordable tenures split 70% affordable rent and 30% intermediate. It is assumed that if provision is not made on site (e.g. smaller sites) then a commuted sum to the equivalent value is provided for provision elsewhere.

5.7 Residual values from the case studies are compared to the benchmark land values discussed in chapter 3. All case studies are compared to the standard Basingstoke and Deane benchmark of £1m per gross hectare and case studies 7, 8 and 9 are also compared to an intermediate benchmark of £0.7m. If the residual land value from a scheme is above the benchmark land value, then the scheme is considered viable and able to proceed. Commentary is also provided against the other benchmarks where appropriate. A full set of results for the case studies, across both market areas, is found in Annex 7.

5.8 The Basingstoke and Tadley discussion below is split into smaller case studies (numbered 1-5) of 10 dwellings or fewer and medium case studies (6-11) of 55 – 100 dwellings. Case studies 1-5 are assumed to be delivered within a year.

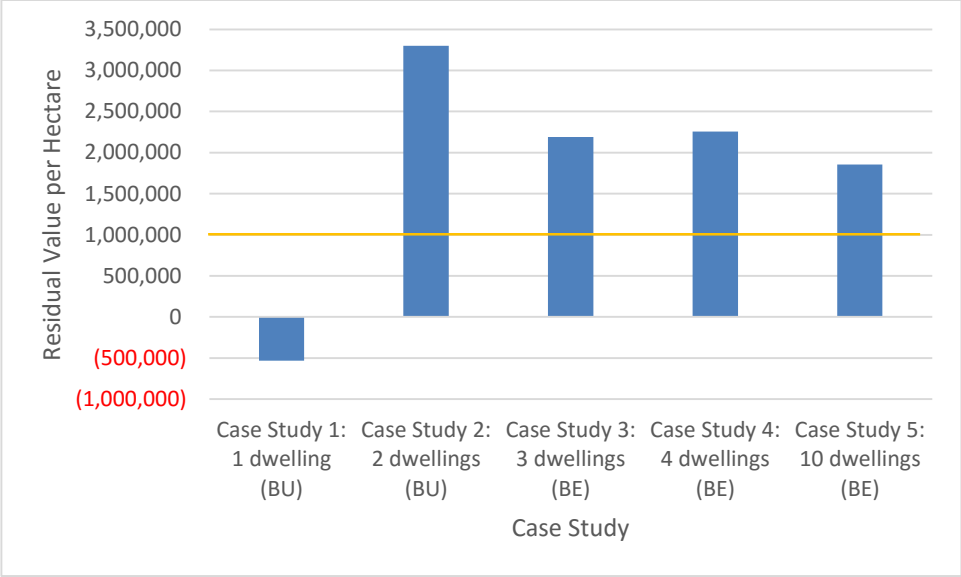
Basingstoke and Tadley case study findings

Smaller Case Studies – Case Studies 1 - 5

5.9 The case study testing includes a number of smaller schemes in order to explore the viability implications of the higher build costs often associated with smaller sites. Figure 5.2 below illustrates the residual value per hectare for the smaller case study schemes. Overall, urban schemes (which are at a higher density) tend to have better values than the edge of settlement schemes; however the single urban dwelling was tested at 33dph and is clearly not viable, whilst the scheme of 2 dwellings on an urban site produces the highest residual value per hectare of the 5 smaller schemes but has a land take at 50 dph. Indeed, sites above 1 dwelling are in all cases comfortably above the main land value benchmark whether urban or edge.

5.10 With the exception of Case study 1 (single dwelling), all of the Basingstoke and Tadley case studies are also viable against the upper benchmark of £1.3m/ha and the sensitivity benchmark of £1.5m/ha, with viability headroom to support a CIL.

Figure 5-2: Viability of small Basingstoke/Tadley schemes at 40% affordable housing



BE = Basingstoke Edge; BU = Basingstoke Urban

= Main Land Value Benchmark of £1m per Hectare

Implications for CIL for smaller sites

5.11 The viability testing considers the opportunities to charge CIL at different affordable housing proportions. In considering these theoretical maximum rates, it should be noted that the guidance suggests "*Charging authorities should avoid setting a charge right up to the maximum of economic viability across the vast majority of sites in their area*"[32].

5.12 The analysis indicates that, with the exception of case study 1 (single dwelling), the case study sites have the capacity to pay significant CIL at 40% affordable housing. For these four schemes the theoretical 'headroom' varies from approximately £378 per sq m to £767 per sq m.

5.13 The 1 ha tile testing considered that a CIL rate of £140/sq m may be reasonable, taking into account a generous buffer. This rate can clearly be supported by these smaller case studies in Basingstoke and Tadley, with the exception of Case study 1 (single dwelling).

[32]DCLG, 2012, Community Infrastructure Levy Guidance para 30

Figure 5-3 Summary of Basingstoke and Tadley smaller sites case studies

Case study	Residual value/ha	Benchmark land value	Theoretical maximum CIL rate
CS 1: 1 dwelling - urban	-533,333	£1,000,000	**-£590**
CS 2: 2 dwellings - urban	3,300,000	£1,000,000	**£767**
CS 3: 3 dwellings - edge	2,188,889	£1,000,000	**£457**
CS 4: 4 dwellings - edge	2,254,545	£1,000,000	**£500**
CS 5: 10 dwellings - edge	1,854,383	£1,000,000	**£378**

Medium Case Studies (case studies 6 – 11)

5.14 The medium case studies are intermediate sized schemes of between 55 and 100 dwellings and include 3 flatted schemes and a sheltered scheme, as well as mixed schemes of 55 and 100 dwellings. These schemes are indicative of the sorts of medium sized sites which are likely to be developed in Basingstoke. All are tested at 40% affordable housing.

5.15 Case study 6 (urban 55 dwelling scheme) includes an allowance of £50,000/net ha for decontamination/site clearance and Case study 7 (100 dwelling scheme) includes an allowance of £100,000 per net ha for opening up/site servicing.

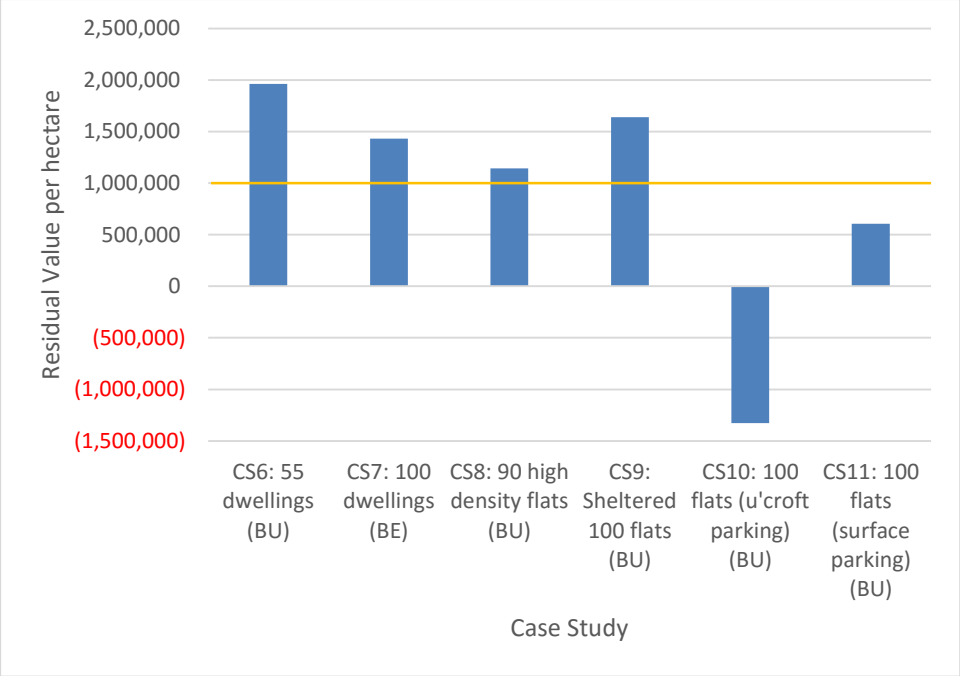
5.16 Case studies 10 and 11 are the same number and type of dwellings, with Case study 10 having undercroft car parking and Case study 11 having surface car parking. Case study 10 has a smaller land take but additional costs while Case study 11 has a greater land take to accommodate the surface parking but without the higher undercroft parking cost.

5.17 Case study 9 is sheltered accommodation. This case study has been prepared in accordance with the RHG guidance relating to values and the relatively high proportion of common/circulation space, as well as specific BCIS build costs.

5.18 Figure 5.4 below illustrates the residual value per hectare for these case studies which, without CIL, and excepting the flatted schemes with parking (case studies 10 & 11), produce residual values above main £1m/ha land value benchmark. Case study 6 (55 dwellings) and Case Study 9

(sheltered scheme) also exceed the sensitivity benchmark of £1.5m/ha and, along with Case study 7, exceed the £1.3m/ha upper benchmark.

Figure 5-4: Viability of Basingstoke and Tadley medium case studies



BU = Basingstoke Urban: BE = Basingstoke Edge

Main Land Value Benchmark of £1m

Implications for CIL for medium case studies

5.19 The viability testing has considered the opportunities to charge CIL for a range of medium sized developments. In considering these theoretical maximum rates, it should be noted that the guidance suggests "*Charging authorities should avoid setting a charge right up to the maximum of economic viability across the vast majority of sites in their area*"[33].

5.20 Some, but not all, of the medium case studies are able to support CIL using a main land value benchmark of £1m per hectare and the results are shown in figure 5.5 below. Three sites were also compared with a sensitivity benchmark of £0.7m and these results are also illustrated below. Case studies 6 - 9 are able to support a maximum theoretical CIL between £20 per sq m and £390 per sq m (bearing in mind the guidance suggests that the rate charged should not be at these theoretical maximums). Case studies 10 and 11 (100 flats with either undercroft or surface parking) are not able to support CIL.

5.21 At the sensitivity land value benchmark of £0.7m applied to case studies 7 – 9 (100 dwellings; 90 high density flats; sheltered scheme of 100 flats respectively) CIL is able to be supported at £63 - £371 per sqm.

[33]DCLG, 2012, Community Infrastructure Levy Guidance para 30

5.22 Overall it can be seen that of these medium case studies, 'standard' development in Case study 6 (55 dwellings) and Case study 7 (100 dwellings) is able to support the CIL rate of £140/sq m discussed within the 1 ha tiles. However, this rate cannot be supported by flatted schemes or sheltered accommodation.

Summary of Basingstoke and Tadley medium scheme case studies

Figure 5.5: Summary of Basingstoke and Tadley residual values and theoretical maximum CIL rates

Case study	Affordable housing	Residual value/ha	Benchmark land value	Theoretical maximum CIL rate per sq m Main Benchmark	Theoretical maximum CIL rate per sq m Sensitivity Benchmark
CS 6: 55 dwellings (BU)	40%	1,962,610	£1,000,000	**£390**	
CS 7: 100 dwellings (BE)	40%	1,430,984	(Main) £1,000,000 (Sensitivity) £700,000	**£219**	**£371**
CS 8: 90 high density flats (BU)	40%	1,144,774	(Main) £1,000,000 (Sensitivity) £700,000	**£20**	**£63**
CS 9: sheltered scheme 100 flats (BU)	40%	1,641,176	(Main) £1,000,000 (Sensitivity) £700,000	**£105**	**£154**
CS 10: 100 flats undercroft parking (BU)	40%	-1,326,546	£1,000,000	**-£413**	
CS 11: 100 flats surface parking (BU)	40%	605,701	£1,000,000	**-£105**	

Summary

5.23 The majority of case study schemes tested exceed the main land value benchmark of £1m. The schemes that are not clearly viable when the benchmark is applied are:

- The single dwelling on an urban site at 33 dph equivalent.
- The urban flatted schemes of 100 flats, either with undercroft or with surface parking.

5.24 The viability of the urban high density flatted scheme of 90 flats is weak, especially against the main land value benchmark.

5.25 The smaller case studies of 2 – 10 dwellings are the most viable and produce the highest theoretical CIL values of between £378 - £767 per sqm. The larger case studies fall below this, producing theoretical CIL values of £20 - £390 per sqm.

5.26 The potential CIL rate of £140/sq m can be supported by most of the Basingstoke and Tadley case studies, except for single dwellings, flatted schemes and sheltered accommodation. Local Plan policy CN1 provides flexibility on affordable housing where sites are not viable and so it is still likely that these types of schemes will be able to progress.

5.27 It is likely that single dwelling developments will come forward as self-build schemes, which would be exempt from CIL.

6. RESIDENTIAL VIABILITY ANALYSIS – REST OF BOROUGH SMALLER CASE STUDY SITES

Introduction

6.1 Following the discussion of the case study sites in Basingstoke and Tadley in the previous chapter, this chapter discusses the case studies in the Rest of the Borough. The table below sets out the case study sites used for testing in the Rest of the Borough.

Figure 6-1: Rest of Borough case study sites

Case Study	Type	Total Dwellings	Density (dph)	Site Size ha (net)
12	1 dwelling	1	25	0.04
13	2 dwellings	2	25	0.08
14	3 dwellings	3	25	0.12
15	4 dwellings	4	25	0.16
16	Edge of small town/ village 10 dwellings	10	34	0.29
17	55 dwellings	55	35	1.57
18	Market town urban extension 100 dwellings	100	35	2.86

6.2 Further detail about the profile of these case studies can be found in Annex 6.

6.3 The viability tests for the Rest of Borough schemes use policy compliant 40% affordable housing split 70% affordable rent and 30% intermediate. Again, it is assumed that if provision is not made on site (e.g. smaller sites) then a commuted sum to the equivalent value is provided for provision elsewhere.

6.4 Smaller case studies (numbers 12 to 16 in table 6.1 above) are assumed to be delivered within a year. The larger case studies (numbers 17 and 18 in table 6.1 above) are assumed to take more than one year to deliver.

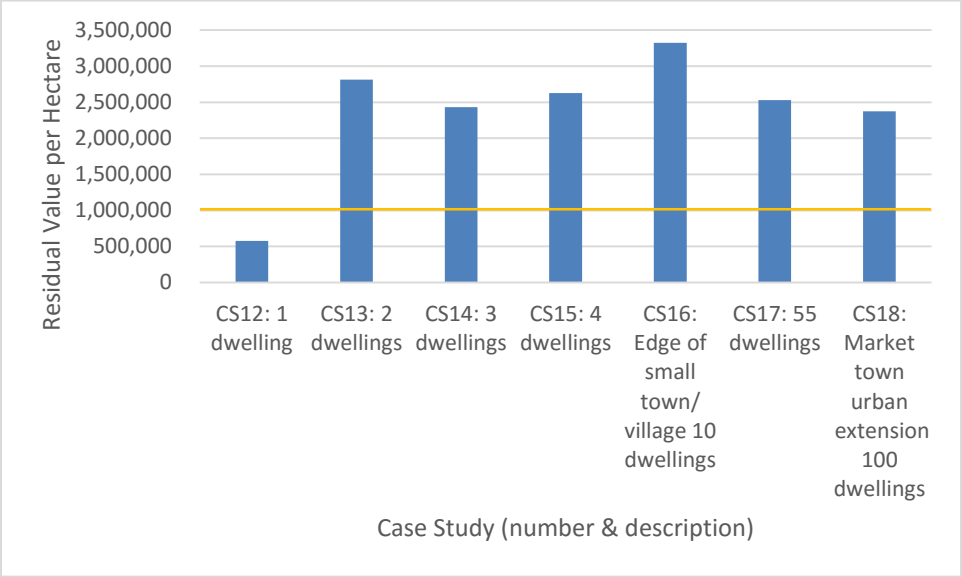
Benchmark Land Values

6.5 Residual values from the case studies are compared to the benchmark of £1m per gross hectare. If the residual land value from a scheme is above the benchmark land value, then the scheme is considered viable and able to proceed.

Rest of Borough Case Study Findings

6.6 Figure 6.2 below illustrates the residual value per hectare for the Rest of Borough study schemes. With the exception of the single dwelling (case study 12) all of the schemes in the Rest of the borough are viable, being comfortably above the main land value benchmark, with the ten dwelling schemes (case study 16) showing the strongest viability.

Figure 6-2: Rest of Borough schemes at 40% affordable housing



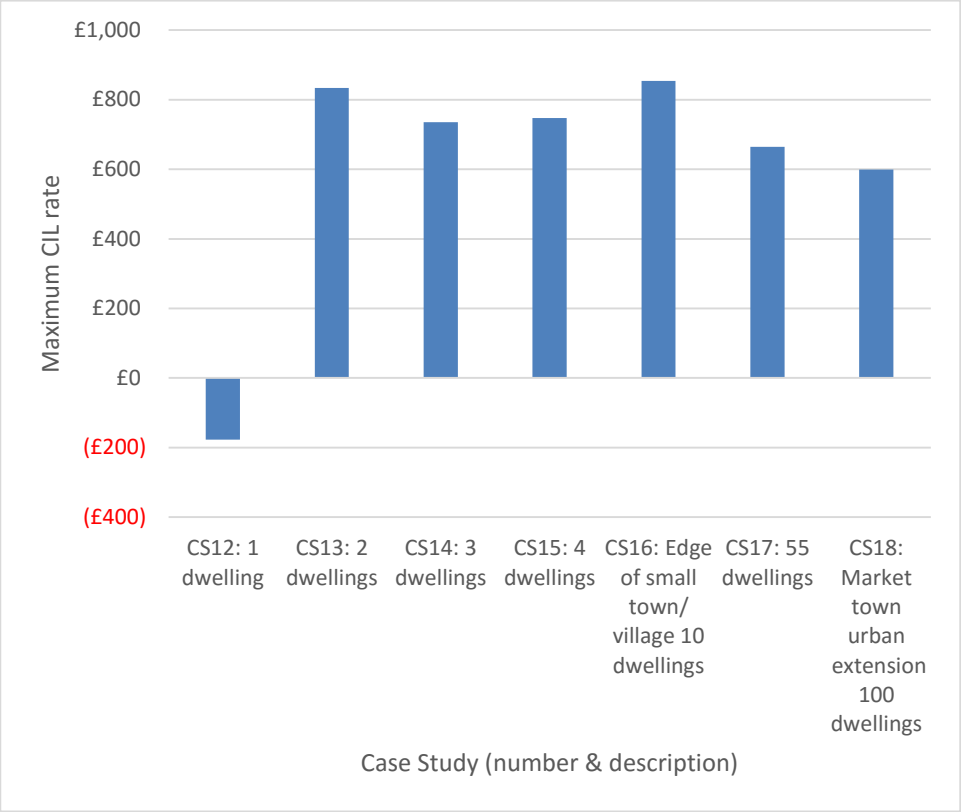
Implications for CIL for Rest of Borough sites

6.7 Figure 6.3 below illustrates the theoretical maximum CIL rate for the different Rest of Borough scheme case studies. Again, in considering these theoretical maximum rates, it should be noted that the guidance suggests "*Charging authorities should avoid setting a charge right up to the maximum of economic viability across the vast majority of sites in their area*"[34].

6.8 With the exception of the single dwelling scheme, all of the schemes tested are able to support a CIL payment, with theoretical CIL of between £599 per sq m and £854 per sq m. The larger of the Rest of borough schemes (the 100 dwelling market town extension) has a theoretical maximum CIL rate of £599 per sq m and 10 dwelling schemes has a theoretical maximum CIL rate of £854 per sq m.

[34]DCLG, 2012, Community Infrastructure Levy Guidance para 30

Figure 6-3 Potential for CIL for Rest of borough schemes



Summary

6.9 The types of schemes anticipated to come forward in the Rest of the Borough show strong viability, with the exception of the 1 dwelling scheme. There is a set of scheme types (including the smaller and larger scheme types expected to come forward) in the Rest of the borough with sufficient viability to support a maximum CIL of between £599 per sqm and £854 per sqm.

6.10 Table 6.3 below summarises the maximum theoretical CIL rates for the different Rest of Borough case studies, along with the residual value per hectare.

Figure 6-4: Summary of Rest of Borough residual values and theoretical maximum CIL rates

Case study	Residual value/ha	Benchmark land value	Theoretical maximum CIL rate
CS12: 1 dwelling	£575,000	£1,000,000	-£177
CS13: 2 dwellings	£2,812,500	£1,000,000	£833
CS14: 3 dwellings	£2,433,333	£1,000,000	£735
CS15: 4 dwellings	£2,625,000	£1,000,000	£747
CS16: Edge of small town/ village 10 dwellings	£3,324,138	£1,000,000	£854
CS17: 55 dwellings	£2,526,746	£1,000,000	£665
CS18: Market town urban extension 100 dwellings	£2,372,840	£1,000,000	£599

6.11 The 1 ha tile testing considered that a CIL rate of £200/sq m may be reasonable in the Rest of Borough value area, taking into account a generous buffer. This rate can clearly be supported by these smaller case studies, with the exception of Case study 12 (single dwelling), which is not able to support a CIL.

6.12 Again, it is likely that single dwelling developments will come forward as self-build schemes, which would be exempt from CIL.

7 STRATEGIC SITE CASE STUDIES

Introduction

7.1 Much of the housing proposed under the new Local Plan will be on strategic sites around Basingstoke. A number of the allocated sites have already come forward through the development control process and have been able to meet the policy requirement to provide 40% affordable housing. Of the remaining sites, many are planned to be large scale developments on greenfield sites and the Council has advised that the following strategic sites will provide representative typologies for the CIL viability testing:

- Manydown (SS3.10)
- Golf Course (SS3.11)
- Hounsome Fields (SS3.12)
- East of Basingstoke (SS3.9)
- Upper Cufaude Farm (SS3.8)

7.2 The strategic sites are tested at policy compliant 40% affordable housing, split 70% affordable rent 30% shared ownership.

7.3 The strategic sites will take some years to build out with revenues and costs occurring at different stages. The modeling therefore uses a discounted cash flow for the strategic sites, which takes account of the credit and debit balances as well as the time cost of money[35].

Benchmark Land Value

7.4 The strategic sites are tested against the £0.4m/gross ha benchmark land value. This benchmark takes account of the low proportion of net developable land as well as the infrastructure and servicing costs associated with strategic sites. Unlike the smaller sites which include commentary against possible higher benchmarks, there is no evidence to suggest what a sensitivity test strategic site benchmark land value would be. Therefore, we take a cautious approach to suggesting CIL rates for the strategic sites.

Site Characteristics

7.5 The new Local Plan has specific requirements for each of these sites and it is anticipated that each will require specific infrastructure. This infrastructure will be at a cost to development, either as part of the development process or through s106/278. The Council has worked with service providers to estimate the timing and costs of provision and these have been included within the viability testing. These specific costs are in addition to an allowance for 'opening-up', where £200,000 per net ha has been allowed for site servicing etc. This is in addition to the standard allowance for external works and for the residual s106/278 allowance of £1,500 per dwelling for local play etc.

[35] Using the 3.5% Treasury rate

7.6 The strategic sites will also provide greenspace and land for other uses, and the Council has provided a policy-compliant land budget for each site. All of the strategic sites have about 60% net developable area.

7.7 The timing of the housing delivery on these sites has an impact on viability. Delivery rates have been taken from the Updated Housing Land Supply Statement produced in 2015 by the Council as part of the Local Plan evidence base[36]. For some sites this will mean more than one developer providing houses at any one time.

7.8 Table 7.1 summarises the infrastructure requirements, land budgets and delivery rates for the five strategic site case studies, as provided by the Council.

[36] http://www.basingstoke.gov.uk/content/doclib/1006.pdf

Table 7.1 Strategic Site Characteristics

Site	Total dwellings	Total self-build	Density	Net site size ha	Self-build proportion of net area ha	Gross site size ha	Net to gross	Housing Delivery Yr 0 = pre-delivery preparation. Yr 1 = 1st year of delivery	Benchmark land value/gross ha	Opening up costs/net ha	Site specific infrastructure Yr 0 = pre-delivery preparation. Yr 1 = 1st year of delivery
Manydown	3,400	68	30 dph	113.33	2.27	183.56	62%	50 in yr1, 200 in yr 2, 300 in yr3, 320pa thereafter then 310	£400,000	£200,000 25% in 1st year and 25% in 2nd year. Remainder spread year 4 onwards	£58,582,000 (£17,230/dwg) • £1.5m strategic transport by 1st dwg • Remaining £4.8m strategic transport over next five years • £2.2m bus spread years 1-5 • £9.6m education in yr1, £7.6m in yr4, £7.6m in yr7 and £11.2m in yr8 Remainder in line with development
Golf Course	1,000	20	35 dph	28.57	0.57	46.95	62%	50 in yr1, 100 in yr2, 150pa thereafter then 100.	£400,000	£200,000 25% in 1st year and 25% in 2nd year. Remainder spread year 4 onwards	£11,620,000 (£11,620/dwg) • £1.3m junction by 1st dwg • £0.7m bus spread years 1-5 • £2.5m education in yr1, £2.5 • in yr2. Remainder in line with development
Hounsome Fields	750	15	35 dph	21.43	0.43	42.78	58%	50 in yr1, 70pa thereafter	£400,000	£200,000 25% in 1st year and 25% in 2nd year. Remainder spread year 4 onwards	£13,975,000 (£18,633/dwg) • £5.5m junction by 1st dwg • £0.525m bus spread years 1-5 • £1.9m education in yr1, £1.9m in yr2. Remainder in line with development

Site	**Total dwellings**	**Total self-build**	**Density**	**Net site size ha**	**Self-build proportion of net area ha**	**Gross site size ha**	**Net to gross**	**Housing Delivery Yr 0 = pre-delivery preparation. Yr 1 = 1st year of delivery**	**Benchmark land value/gross ha**	**Opening up costs/net ha**	**Site specific infrastructure Yr 0 = pre-delivery preparation. Yr 1 = 1st year of delivery**
East of Basingstoke	450	9	30 dph	15.00	0.30	26.28	59%	60 in yr1, 110pa thereafter then 60	£400,000	£200,000 25% in 1st year and 25% in 2nd year. Remainder spread year 3 onwards	£6,547,000 (£14,549/dwg) • £1m junction by 1st dwg • £0.3m bus spread years 1-5 • £2.5 education in yr1. Remainder in line with development
Upper Cufaude Farm	390	0	30 dph	13.00	0.00	22.26	60%	50 in yr1, 70pa thereafter then 60.	£400,000	£150,000 25% in 1st year and 25% in 2nd year. Remainder spread year 3 onwards	£4,557,000 (£11,684/dwg) • £2.1m education in yr1 • £0.25m bus spread years 1-5 Remainder in line with development

Self Build

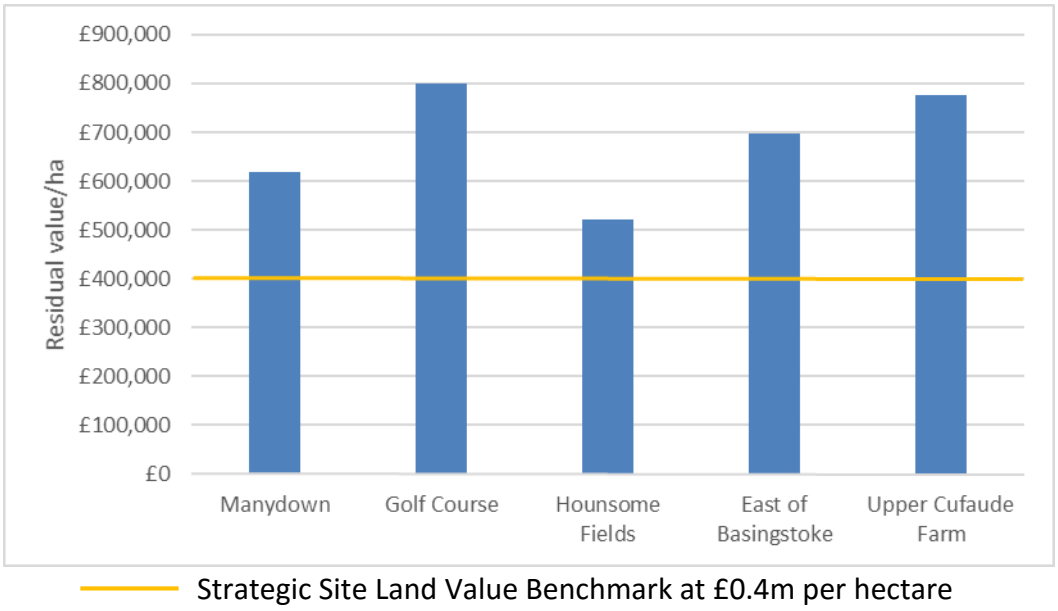
7.9 The strategic sites are expected to provide some self-build housing. For the purposes of this testing it is assumed that the density of the self-build plots will be the same as for the rest of the site (35 dph).

- In the absence of more detailed planning it is assumed that the land required for these self-build plots will be passed to a third party developer(s). Clearly the basis of these transfers will be subject to a commercial negotiation but for the purposes of this modelling we have assumed the urban sites benchmark land value of £1m/ha, which is equivalent to about £28,500 per plot to the strategic site main developer. Discussions with self-build developers elsewhere in England suggest that £28,500/plot is a conservative estimate of the value of self-build plots and we have assumed that any additional costs can be covered by additional value.
- Set against the value of the self-build plot will be the initial costs of the land and the servicing costs. For the initial costs we have assumed the same strategic greenfield benchmark land value of £400,000/ha and the £200,000/net ha opening up costs(site servicing), both of which will apply to the land used for self-build.
- It has been assumed that the self-build plots are free from any developer obligations.

Strategic Sites Viability Findings

7.10 Taking the infrastructure/s106 costs into account, all of the five strategic sites tested achieve residual values above the strategic sites benchmark of £0.4m/ha and can therefore be considered viable, with some headroom to support a CIL. The Golf Course, which has the lowest infrastructure requirement on a per dwelling basis, has the strongest viability (residual value of just under £800,000/gross ha), closely followed by Upper Cufaude Farm (£776,000/gross ha). Hounsome Fields is the least viable of the strategic sites with a residual value of £520,000/gross ha.

Figure 7.1 Strategic Sites Residual Value/gross ha



7.11 The theoretical maximum CIL that can be supported by the strategic sites varies between £54/sq m for Hounsome Fields and £178/sq m for the Golf Course and Upper Cufaude Farm.

Figure 7.2 Theoretical Maximum CIL rate for the Strategic Sites

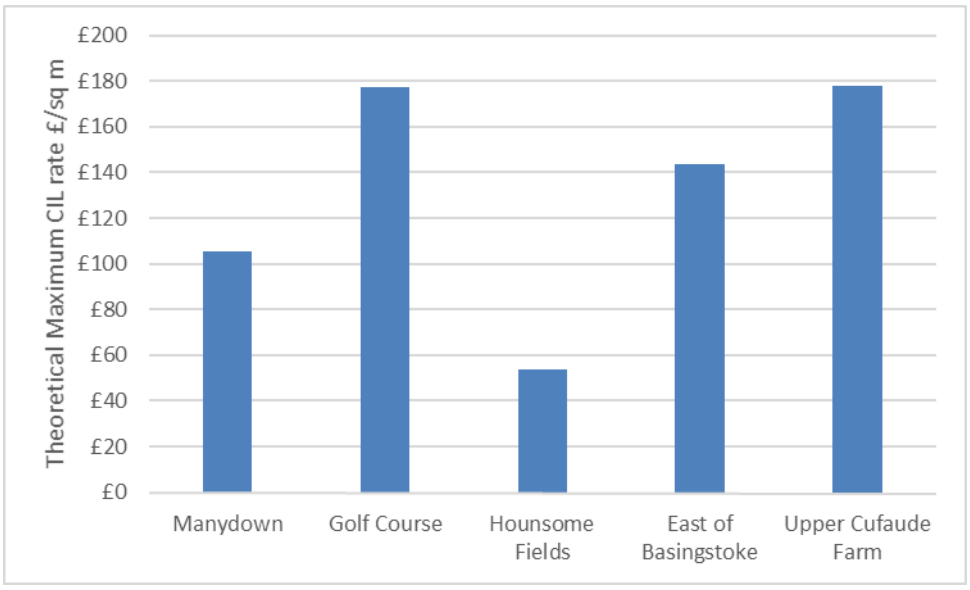


Figure 7-3: Summary of strategic site residual values and theoretical maximum CIL rates

Case study	Residual value/ha	Benchmark land value	Theoretical maximum CIL rate
Manydown	£617,581	£400,000	**£105**
Golf Course	£799,351	£400,000	**£178**
Hounsome Fields	£520,332	£400,000	**£54**
East of Basingstoke	£697,466	£400,000	**£144**
Upper Cufaude Farm	£775,802	£400,000	**£178**

Golf Course Benchmark Land Value

7.12 As part of the discussions in the 2015 development industry workshop, developers have argued that the Golf Course should be tested against a higher benchmark land value because it has a higher existing use value. Although the strategic site benchmark is considerably in excess of the Golf Course existing use value[37] we have also tested the Golf Course against the £700,000/ha intermediate land value benchmark and the £1,000,000/ha standard urban sites benchmark.

- Against the £0.7m/ha benchmark the site remains viable and able to support a theoretical maximum CIL of £44/sq m
- Against the £1.0m/ha benchmark the site is not viable and is unable to support a CIL. However, the £1.0m/ha benchmark is appropriate for sites with a high net to gross developable area, unlike the Golf Course, which has 62% net developable area. If the benchmark is applied to the residual value per *net* developable area, then the site remains viable and able to support a theoretical maximum CIL of £139/sq m.

Implications for CIL Rates

7.13 It is reasonable to take a cautious approach to setting a CIL rate for the strategic sites as they are important for the delivery of the Local Plan and it is possible that further costs may legitimately be borne by these sites as plans progress. As discussed above the increases in house prices may have raised landowner expectations but there is no clear evidence about what a sensitivity benchmark may be. Based on the analysis above and taking into account a significant 'buffer' it seems reasonable to consider CIL rates for the strategic sites as follows:

- Hounsome Fields £30/sq m. This represents a buffer of 44% against the theoretical maximum rate for this site.
- Manydown £60/sq m. This represents a buffer of 43% against the theoretical maximum rate for this site.
- Other Strategic sites £80/sq m. This represents a buffer of 44% for East of Basingstoke and higher buffers for the Golf Course and Upper Cufaude Farm (c.55%).

[37] A 2015 independent valuation of the Golf Course has been provided by the developers on a confidential basis.

7.14 These buffers of c.44% are substantially above the 30% buffer often seen as part of CIL charge setting, and reflect the importance of these sites, the potential changes in site costs and the possible land value expectations.

7.15 The potential CIL rate of £80 /sq m for the Golf Course also represents a buffer of 43% against the £1.0m/*net* ha benchmark.

8 RESIDENTIAL VIABILITY CONCLUSIONS

Introduction

8.1 The 2014 Draft Charging Schedule (DCS) proposed residential CIL rates as follows:

Development Type	DCS proposed CIL rate
Manydown	£0/sq m
Other strategic sites	£65/sq m
Other locations in the Basingstoke and Tadley value area	£70/ sq m
Rest of Borough	£150/sq m
Care homes/sheltered housing/extra care	£0/sq m

8.2 Since that time the key changes have been in terms of values and costs. In particular, market house prices have risen in the Borough, as they have elsewhere. The value of affordable housing has also increased compared to the testing undertaken in 2013, partly due to increased rents but also the capitalisation – despite some current concerns about the value of affordable housing following the 2015 budget and the Housing and Planning Bill. The value of shared ownership has also increased as the sold component has increased in value with market housing. Adjustments to some dwelling sizes and dwelling mix have meant that the built floor area has also increased slightly, which provides more revenue per ha of land. Against this, build costs have also increased significantly although finance rates have fallen, reflecting the very low cost of borrowing. Marketing costs have fallen slightly in the strong market. For very small sites (single dwellings) much higher build costs are now used reflecting national concerns about the costs faced by these types of development.

8.3 More locally there has been considerably more work to estimate the direct and land costs of policy compliant development on strategic sites. This provides more detail for the testing of development on these types of locations.

8.4 The net effect of these changes is that development is more viable in Basingstoke and Deane than it was when originally tested in 2013.

8.5 The viability headroom from which CIL (or other planning obligations) are drawn is the difference between the scheme residual value and the land value. The main benchmark land values used in the testing have remained the same as in 2013, despite these other changes noted above. The viability evidence used to support the Local Plan through examination in 2015-16 relied upon these benchmarks and it would make little sense to discard them at this stage. However, the increases in net values of residential development will have fuelled landowner's expectations of land values and it is prudent to take this pressure into account when considering CIL rates.

Implications for Residential CIL Rates

8.6 The testing of 1 ha tiles suggested that a Basingstoke and Tadley residential CIL rate of £140/sq m and a Rest of Borough residential CIL rate of £200/sq m could comfortably be supported. The case study testing then confirmed that these rates could be supported by most development, with notable exceptions being:

- Single dwelling developments, which are unable to support any CIL in Basingstoke and Tadley, or in the Rest of Borough
- Flatted schemes in Basingstoke and Tadley, where of the three schemes tested, one was marginal, one was unviable and one was able to support a lower CIL
- Sheltered accommodation in Basingstoke and Tadley, which is able to support a lower CIL
- The strategic sites tested, which were able to support a variety of different lower CIL rates. The site with the least ability to support a CIL is Hounsome Fields (because of the higher infrastructure costs) although it is understood that this site may come forward before CIL is introduced.

8.7 If the Council wish to continue using the rates proposed in the Draft Charging Schedule then with some adjustment these rates remain within the development viability reported here. However, rates can be increased in line with the strengthened viability, taking into consideration the likely upward pressure on land value expectations. This would use the main £140/sq m for Basingstoke and Tadley and £200/sq m for the Rest of Borough, with a zero rate for single dwellings, wholly flatted schemes and sheltered accommodation; and £30/sq m for Hounsome Fields, £60/sq m for Manydown and £80/sq m for the other strategic sites. All of these rates include a buffer to take account of variations in values and costs, and to ensure development is not jeopardised.

8.8 It should be noted that proposed national policy changes that will broaden the definition of affordable homes to include starter homes (80% of market value is proposed) will further strengthen the viability of development and provide additional value to the landowner.

8.9 These potential new rates are summarised in the table below.

Potential new rates	**Proposed CIL rate/sq m**	**Notes**
Hounsome Fields strategic site	£30	New rate
Manydown strategic site	£60	New rate
Other strategic sites	£80	New rate
Care homes/sheltered housing/extra care	£0	New rate
Single dwellings	£0	New rate
Wholly flatted schemes	£0	New rate
Other development in the Basingstoke and Tadley value area	£140	As DCS
Other development in the Rest of Borough	£200	New rate

8.10 A separate, low rate of CIL could be charged for sheltered housing, if required.

8.11 Regard might also be given to neighbouring CIL rates, although this should be undertaken with caution as planning policies (especially affordable housing) as well as local values will have an impact; and not all these rates have been through examination:

- The highest neighbouring rates are in Wokingham and are between £300-£365/sq m
- Many of the other rates are c.£100 to £180/sq m
- There are zones in most neighbouring authorities that are under £90/sqm

8.12 In this context a Basingstoke and Tadley rate of £140/sq m would be in the range of neighbouring area rates, albeit at the top end of the rates for lower value areas in each district. A Rest of Borough rate of £200/sq m would also be in the range of neighbouring area rates, including the rates for higher value areas in each district.

Monitoring and review

8.13 The analysis in this report has used current values and costs, as promoted in the guidance. But we and the Council are aware that both can change over time. It is important that the Council keeps values and costs under review. We recommend that the main build costs and market and rental values are monitored regularly (at least annually) using published sources and that the development industry is consulted on these and other changes that can affect viability (e.g. interest rates and developer returns). A sustained change in the key variables should trigger a review of CIL and/or the affordable housing policy. In any case, the Council should consider a regular review of CIL (say in 3 to 5 years' time) but noting that a review does not have to lead to a revised rate.

9. NON-RESIDENTIAL

Introduction

9.1 The non-residential viability testing covers the following uses:

- Retail
- Offices
- Industrial
- Warehouse
- Hotels
- Mixed leisure
- Care homes

9.2 These uses have been tested through the following case studies, which have been developed in discussion with Basingstoke and Deane Borough Council officers to be representative of the types of development likely to come forward under the draft Local Plan.

9.3 Values have been based on transactions listed by Co-Star Suite (lettings and investments). Where possible these have been Basingstoke and Deane specific transactions (comparison retail, office and industrial/warehouse) but for some uses data had been drawn from analogous developments in other areas (convenience retail, care homes, leisure) in order to broaden the base for the estimates used here. Build costs have been drawn from BCIS.

9.4 These uses, along with the costs and values, were discussed at the non-residential development industry workshop in 2015 and some values have been amended to reflect these discussions. Where specific alternative build costs based on recent local experience were put forward by the development industry we have modelled these as well as the BCIS build costs. BCIS costs have been updated to January 2016 where used.

9.5 It is notable that BCIS build costs have increased significantly for non-residential development and this has had some impact on viability. For example, in the 2013 viability testing the build costs for small convenience was £730/sq m, which has now risen to £1,350/sq m; and supermarkets have risen from £944/sq m to £1,722/sq m.

Retail

9.6 Retail case studies include convenience and comparison, in and out of town centre.

9.7 Basingstoke town centre has a strong retail offer and we note that Festival Place sold in December 2015 with a value per sq m of £213/sq m and a yield of 6.02%.

9.8 In the past leases to the main supermarket operators have commanded a premium with investment institutions. Although there are some small regional variations on values, they are reasonably standard across the country with investors focusing primarily on the strength of the operator covenant and security of income. As a result, it is reasonable to use a broad geographical evidence base for convenience retail.

9.9 There has been a structural change in convenience retailing in recent years with an end to the expansion of the largest format convenience retailing and more emphasis on smaller supermarket formats (as used by both discount and premium convenience operators) and greater provision of small format stores, often within the Sunday trading threshold (280 sq m display floor area), also often in existing floorspace. These changes reflect the alterations in shopping habits.

- **Town Centre Comparison Retail** - The case study is a two storey development of 800 sq m, which may be split into two or more units within Basingstoke town centre[38]. Based on discussion within the development industry workshop this retail development is tested at premium values (as seen in Festival Place in Basingstoke), at 2nd tier values (Wote Street) and at third tier values ('top of the town', London Road and Winchester Street, plus Basing View). The potential locations for development in the premium and 2nd tier locations are likely to be already built sites and so the land values used have been existing use values for lower density schemes attracting the next tier's values. So for example, the existing use of an extension to the premium tier will be the value of 2nd tier retail at a half the density of development, and so on. For the third tier town centre retail scheme, an industrial land value has been assumed based on the potential site uses.
- **Out of Centre Comparison Retail/Retail Warehouse** - The case study is a development of retail warehouse multiple units totalling 6,000 sq m over one storey, located on a new or existing retail park (such as those at Hatch Warren or Brighton Hill)[39]. These have been tested using the appropriate build costs from BCIS as well as build costs provided as part of the development industry workshop.
- **Small Convenience Retail** - A development of 300 sq m (which fits within the Sunday trading threshold[40]of maximum 280 sq m floor area for serving customers). This may be in a variety of locations including the proposed urban extensions (some of which provide for local centres)[41].
- **Supermarket** – A development of 1,100 sq m in an out of town centre location or as part of one of the urban extensions. Superstores/supermarkets are defined as shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit[42].

[38] In terms of what constitutes a retail 'centre', Basingstoke and Deane Borough Council has undertaken separate work as part of the Local Plan process identifying town centre boundaries on a functional basis, and these could be used as suitable boundaries for a charging schedule.

[39] Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering for mainly car-borne customers. This definition was suggested as part of the Wycombe CIL examination report December 2012

[40] Sunday Trading Act 1994

[41] New small convenience retail may take place in town centre locations although this is often in existing premises and therefore exempt from CIL.

[42] This definition builds upon a Competition Commission investigation into supermarkets (Supermarkets: A report on the supply of groceries from multiple stores in the United Kingdom, 2000, Competition Commission – section 4), and was also suggested as part of the Wycombe CIL examination report December 2012.

Offices

9.10 Office case studies include business park and town centre.

- **Town centre offices** – the case study is a four storey development of 2,000 sq m which may be split into two or more units. In line with the emerging Local Plan it is expected that this may take place on Basing View. These have been tested using the appropriate build costs from BCIS as well as build costs provided as part of the development industry workshop.
- **Out of Centre Offices** – the case study is a two storey development of 1,500 sq m which may be split into two or more units. In line with the emerging Local Plan it is expected that this may take place on one of the existing employment locations such as Chineham. These have been tested using the appropriate build costs from BCIS as well as build costs provided as part of the development industry workshop.

Industrial and Warehouse

9.11 We have tested two schemes which cover these types of development.

- **Smaller industrial/warehouse** – 1,600 sq m over one storey on an existing or new business park (such as Kingsland). These have been tested using the appropriate build costs from BCIS as well as build costs provided as part of the development industry workshop.
- **Larger warehouse/industrial**– 5,000 sq m over one storey on an existing or new business park (such as Kingsland).

9.12 While some forms of this development can be larger still such as logistics centres (with some local examples), Basingstoke and Deane is not a focus for this type of activity and none is planned in the emerging Local Plan.

Hotels

9.13 Nationally, there has been significant growth in the provision of budget hotels[43], with relatively few full service hotels outside the major conurbations. The most likely hotel development in Basingstoke is a budget hotel and the testing has used a budget hotel development of 70 rooms over two storeys (total 2,450 sq m), in an out of centre location (business park or Basing View). This has been tested using the appropriate build costs from BCIS as well as build costs provided as part of the development industry workshop.

Mixed Leisure

9.14 The mixed leisure case study is a 3,800 sq m development with cinema and other leisure uses, in an out of centre location.

[43] The British Hospitality Association Trends and Developments Report 2012 indicates that budget hotels are defined as a property without an extensive food and beverage operation, with limited en-suite and in-room facilities (limited availability of such items as hair dryers, toiletries, etc.), low staffing and service levels and a price markedly below that of a full service hotel.

Care Homes

9.15 There has been significant private sector investment in care homes in the past, fuelled by investment funds seeking new returns. However, there have been concerns about the occupancy rates and the ability to sustain prices.

9.16 The care home case study is a 3000, sq m 60 bedroom development in an out of centre location.

Land values for non-residential development

9.17 The approach taken for non-residential benchmark land values is based on existing use values with a premium as appropriate. This takes into account the likely location for this development and whether it is likely to have a cleared site or an existing occupied use. The available information on land values is discussed in section 3. Based on this discussion we have used industrial values for offices, industrial;/warehouse, third tier comparison shopping, leisure, care homes and budget hotels. Supermarkets are tested against £4m/ha based on the development industry workshop discussion, small convenience stores are tested against the £1m/ha lower residential benchmark and retail warehouses are tested against £2m/ha as in the 2013 testing.

9.18 For town centre retail development it is reasonable to expect that any site will be occupied by another user. Therefore the benchmark land value will be the existing use value and there will be demolition costs etc. Town centre retail viability therefore uses the costs of making the site available (EUV plus demolition and transaction costs) as the benchmark rather than any per ha equivalent.

Local Plan policy viability implications

9.19 Section 2 of this report considers the emerging Local Plan policies and their viability implications. This highlighted that non-residential development should meet BREEAM Excellent standard for water. This aims to reduce the consumption of potable water for sanitary use in new buildings from all sources through the use of water efficient components and water recycling systems.

9.20 A review of costs associated with BREEAM Excellent[44] notes that there can be significant variances, although when the standards are built in from an early part of the design process the uplift is lower. Generally, the evidence suggests an uplift in building costs is between 1.5% and 2.5% for BREEAM Excellent. Basingstoke and Deane Borough Council standards relate to sustainable water only, and no evidence has been uncovered as to what proportion of the total expected uplift in costs might be attributed to this aspect. An allowance has been made of 2% of base build costs to meet this water efficiency standard, which is a generous estimate.

9.21 Based on discussion with Basingstoke and Deane Borough Council allowances have been made in the viability testing for s106/s278 obligations that may remain post CIL. These obligations have been included as costs to development in the viability testing.

[44] Target Zero, RICS, Price of Sustainable Schools, EC Harris, BRE/Cyril Sweett, Bristol City Council

Non-residential values

9.22 Non-residential values in Basingstoke and Deane have been estimated based on lease and sale transaction data drawn from Focus Suite. Where there has been a reasonable number of local transactions (such as comparison shops, offices and offices) the estimates have been able to rely on a specific local perspective. For some uses such as supermarkets, care homes and leisure the data has had to be drawn from further afield.

Non-residential costs and values

9.23 The tables below summarise the values and costs used in the viability testing.

Figure 9-1: Non-residential values and costs

	Out of centre offices BCIS costs	Out of centre offices local costs	Town centre offices BCIS costs	Town centre offices local costs	Industrial/ warehouse units BCIS costs	Industrial/ warehouse units local costs	Warehouse/ industrial units
Floorspace sqm	1,500	1,500	2,000	2,000	1,600	1,600	5,000
Storeys	2	2	4	4	1	1	1
Site coverage	40%	40%	75%	75%	40%	40%	40%
Rent/sqm	£151	£151	£156	£156	£86	£86	£86
Yield	7.50%	7.50%	8.25%	8.25%	7.50%	7.50%	7.50%
Purchaser costs % GDV	5.80	5.80	5.80	5.80	5.80	5.80	5.80
Build costs/sqm including water efficiency	£1,439	£1,683	£1,767	£1,836	£826	£791	£702
External works % of base build costs	10%	10%	10%	10%	10%	10%	10%
Professional fees	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Sales and letting costs % of GDV	3%	3%	3%	3%	3%	3%	3%
Allowance for s106 (not covered by CIL)	£20,000	£20,000	£0	£0	£20,000	£20,000	£50,000
Finance costs	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Build and void period (months)	46	46	50	50	20	20	32
Developer return % GDV	20%	20%	20%	20%	20%	20%	20%
SDLT & agent fees/sqm (if viable)	£0	£0	£0	£0	£0	£0	£0

	Town centre comparison shops tier 1	Town centre comparison shops tier 2	Town centre comparison shops tier 3	Out of centre comparison shops BCIS costs	Out of centre comparison shops local costs	Small convenience store	Supermarket
Floorspace sqm	800	800	800	6,000	6,000	300	1,100
Storeys	2	2	2	1	1	1	1
Site coverage	80%	80%	80%	40%	40%	40%	40%
Rent/sqm	£213	£165	£130	£194	£194	£150	£175
Yield	6.02%	7.00%	8.50%	7.00%	7.00%	7.50%	5.50%
Purchaser costs % GDV	5.80	5.80	5.80	5.80	5.80	5.80	5.80
Build costs/sqm including water efficiency	£1,264	£1,264	£1,264	£842	£1,020	£1,350	£1,722
External works % of base build costs	10%	10%	10%	10%	10%	10%	10%
Professional fees	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Sales and letting costs % of GDV	3%	3%	3%	3%	3%	3%	3%
Allowance for s106 (not covered by CIL)	£0	£0	£0	£500,000	£500,000	£0	£100,000
Finance costs	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Build and void period (months)	24	24	24	26	26	6	20
Developer return % GDV	20%	20%	20%	20%	20%	20%	20%
SDLT & agent fees/sqm (if viable)	£14	£0	£0	£38	£24	£0	£0

	Budget hotel BCIS costs	Budget hotel local costs	Care home
Floorspace sqm	2,450	2,450	3,000
Storeys	3	3	2
Site coverage	50%	50%	40%
Capital value per room	£87,500	£87,500	£118,000
Purchaser costs % GDV	5.80	5.80	5.80
Build costs/sqm including water efficiency	£1,260	£1,894*	£1,670
External works % of base build costs	10%	10%	10%
Professional fees	12.00%	12.00%	12.00%
Sales and letting costs % of GDV	3%	3%	3%
Allowance for s106 (not covered by CIL)	£10,000	£10,000	£75,000
Finance costs	6.0%	6.0%	6.0%
Build and void period (months)	16	16	12
Developer return % GDV	20%	20%	20%
SDLT & agent fees/sqm (if viable)	£7	£0	£0

*The workshop discussion provided a cost per room, which we have expressed on a sq m basis

	Leisure development
Floorspace sqm	3,800
Storeys	2
Site coverage	80%
Rent/sqm	£90
Yield	8.00%
Purchaser costs % GDV	5.80
Build costs/sqm including water efficiency	£1,513
External works % of base build costs	10%
Professional fees	12.00%
Sales and letting costs % of GDV	3%
Allowance for s106 (not covered by CIL)	£20,000
Finance costs	6.0%
Build and void period (months)	12
Developer return % GDV	20%
SDLT & agent fees/sqm (if viable)	£0

Summary viability assessments

9.24 The tables below summarise the results from the detailed assessments for each non-residential development type. They provide the following information

- Net value per square metre.
- Net costs per square metre - including an allowance for land cost and s106 to deal with site specific issues (e.g. On-site highways, travel plan etc. to make development acceptable).
- Residual value per sq m (i.e. Value less costs).
- The land value benchmark for that use - presented £s per sq m of development to take into account differences in site coverage and the number of storeys for the notional developments.
- The viability headroom and maximum potential for CIL.

9.25 It is important to note that the analysis considers development that might be built for subsequent sale or rent to a commercial tenant. However, there will also be development that is undertaken for specific commercial operators, either as owners or pre-lets. In these circumstances the economics of the development relate to the profitability of the enterprise accommodated within the buildings rather than the market value of the buildings.

B Class Uses – Offices, industrial and warehouses

9.26 The viability assessments indicate that all of these B class uses produce a negative residual value, and that it makes no difference in outcome between the costs from BCIS or those provided at the workshop. There is no possibility of charging CIL. The lack of viability for B class uses is common across many areas of the country.

Figure 9-2: Offices

	Out of centre offices BCIS costs	Out of centre offices local costs	Town centre offices BCIS costs	Town centre offices local costs
Value per sq m	£1,808	£1,808	£1,698	£1,698
Costs per sq m	£2,638	£3,014	£3,147	£3,256
Residual per sq m	-£830	-£1,206	-£1,450	-£1,558
Land benchmark per sq m	£93	£93	£25	£25
Viability 'headroom' per sq m – theoretical maximum CIL	-£923	-£1,299	-£1,474	-£1,583

Table 9-3 Industrial and Warehouses

	Industrial/ warehouse units BCIS costs	Industrial/ warehouse units local costs	Warehouse/ industrial units
Value per sq m	£1,031	£1,031	£1,031
Costs per sq m	£1,378	£1,329	£1,259
Residual per sq m	-£348	-£299	-£229
Land benchmark per sq m	£185	£185	£185
Viability 'headroom' per sq m – theoretical maximum CIL	-£533	-£484	-£414

Retail uses

9.27 The viability of retail development will depend primarily on occupier demand and the type of retail being promoted. For this reason we have tested different types of retail provision.

9.28 **Supermarkets and local convenience** – convenience retailing is defined as the provision of everyday essential items, including food, drinks, newspapers/magazines and confectionery; and within this larger stores provide the range required for weekly shops and smaller stores provide more of a 'top-up' function.

9.29 In 2013, convenience retail was considered sufficiently viable to support a CIL. However, this is no longer the case, mainly due to a significant increase in build costs.

Figure 9-4: Convenience retail

	Small convenience store	Supermarket
Value per sq m	£1,796	£2,857
Costs per sq m	£2,166	£3,100
Residual per sq m	-£370	-£243
Land benchmark per sq m	£250	£1,000
Viability 'headroom' per sq m – theoretical maximum CIL	-£620	-£1,243

9.30 **Town centre comparison retail** –we have tested town centre retail in three value areas and in none of them is the viability strong enough to support a CIL. The highest value location does produce a positive residual value but insufficient to meet the benchmark.

9.31 **Retail warehouse** – on the advice of the development industry retail warehouses have been tested at BCIS costs and at locally provided costs. Based on BCIS costs the development is viable and able to support a theoretical maximum CIL of just over £104. However, if the locally derived higher build costs are used then the development is not viable. A positive residual value is produced under both cost bases.

Figure 9-5: Town centre comparison retail

	Town Centre tier 1	Town Centre tier 2	Town Centre tier 3
Value per sq m	£3,177	£2,117	£1,373
Costs per sq m	£2,496	£2,237	£2,075
Residual per sq m	£681	-£121	-£702
Land benchmark per sq m	£1,326	£908	£46
Viability 'headroom' per sq m – theoretical maximum CIL	-£645	-£1,029	-£748

Tier 1 Festival Place; Tier 2 Wote Street; and Tier 3 'top of the town', London Road and Winchester Street, plus Basing View.

Figure 9-6: Out centre comparison retail/retail warehouse

	Retail Warehouse BCIS costs	Retail Warehouse local costs
Value per sq m	£2,484	£2,484
Costs per sq m	£1,881	£2,115
Residual per sq m	£604	£370
Land benchmark per sq m	£500	£500
Viability 'headroom' per sq m – theoretical maximum CIL	£104	-£130

Other Uses

9.32 The other uses tested include hotels, mixed leisure developments and care homes.

9.33 **Hotels** –budget hotels were tested. Under the BCIS costs development is viable and able to support a CIL. However, using the higher locally derived build costs suggest that it is not viable.

9.34 **Mixed leisure** – the mixed leisure scheme is not viable and is unable to support a CIL

9.35 **Care homes** – the care home case study scheme tested here is not viable and is unable to support a CIL.

Figure 9-7: Other uses

	Budget hotel BCIS costs	Budget hotel local costs	Leisure development	Care home
Value per sq m	£2,363	£2,363	£1,010	£2,231
Costs per sq m	£2,233	£3,083	£2,236	£2,730
Residual per sq m	£130	-£721	-£1,225	-£499
Land benchmark per sq m	£49	£49	£46	£93
Viability 'headroom' per sq m – theoretical maximum CIL	£80	-£770	-£1,272	-£592

Sensitivity

9.36 It is likely that costs and values will change in the future and a set of sensitivity tests have been run to determine at what point viability changes. This indicates that:

- A 10% increase in values would see the viability become stronger but the only change in viability is retail warehousing, which becomes viable even under the higher locally-derived costs.
- A 15% increase in values would further improve viability again but no other uses have become viable at this stage.
- A 20% increase in values would further improve viability again but no other uses have become viable at this stage.
- A 5% increase in costs reduces viability and only the retail warehousing with BCIS costs remains marginally viable.
- A 10% increase in costs would see all non-residential development unviable.
- A 5% decrease in costs would see viability strengthen but no other uses become viable at this stage.

Other Uses

9.37 The viability testing has been based on the development expected to come forward and discussions with the development industry. It is acknowledged that there are other uses that could arise and it is recommended that the following approach is taken:

- A2 Financial and Professional Services – treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- A3 Restaurants and Cafes – again treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- A4 Drinking Establishments - again treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- A5 Hot Food Takeaways - again treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- Selling and/or displaying motor vehicles - sales of vehicles are likely to occupy the same sorts of premises and locations as many B2 uses and therefore the viability will be covered by the assessment of the viability of B2 uses.
- Retail warehouse clubs – these retail uses are likely to be in the same type of premises as the out of town A1 retail uses and covering the same purchase or rental costs.
- Nightclubs – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs.
- Scrapyards – there may be new scrapyard/recycling uses in the future, particularly if the prices of metals and other materials rise. These are likely to occupy the same sorts of premises as many B2 uses and therefore the viability will be covered by the assessment of the viability of B2 uses.

- Taxi businesses – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs. Therefore, they are covered by this viability assessment.
- Amusement centres – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs. Therefore, they are covered by this viability assessment.

9.38 For community facilities that are ultimately paid for by the public sector such as community centres, health centres, hospitals and schools there is a relatively simple approach. The commercial values for community uses are £0 but there are build costs of around £2,400 to £2,900 per sq m[45] plus the range of other development costs; with a net negative residual value. Therefore, we recommend a £0 CIL for these uses.

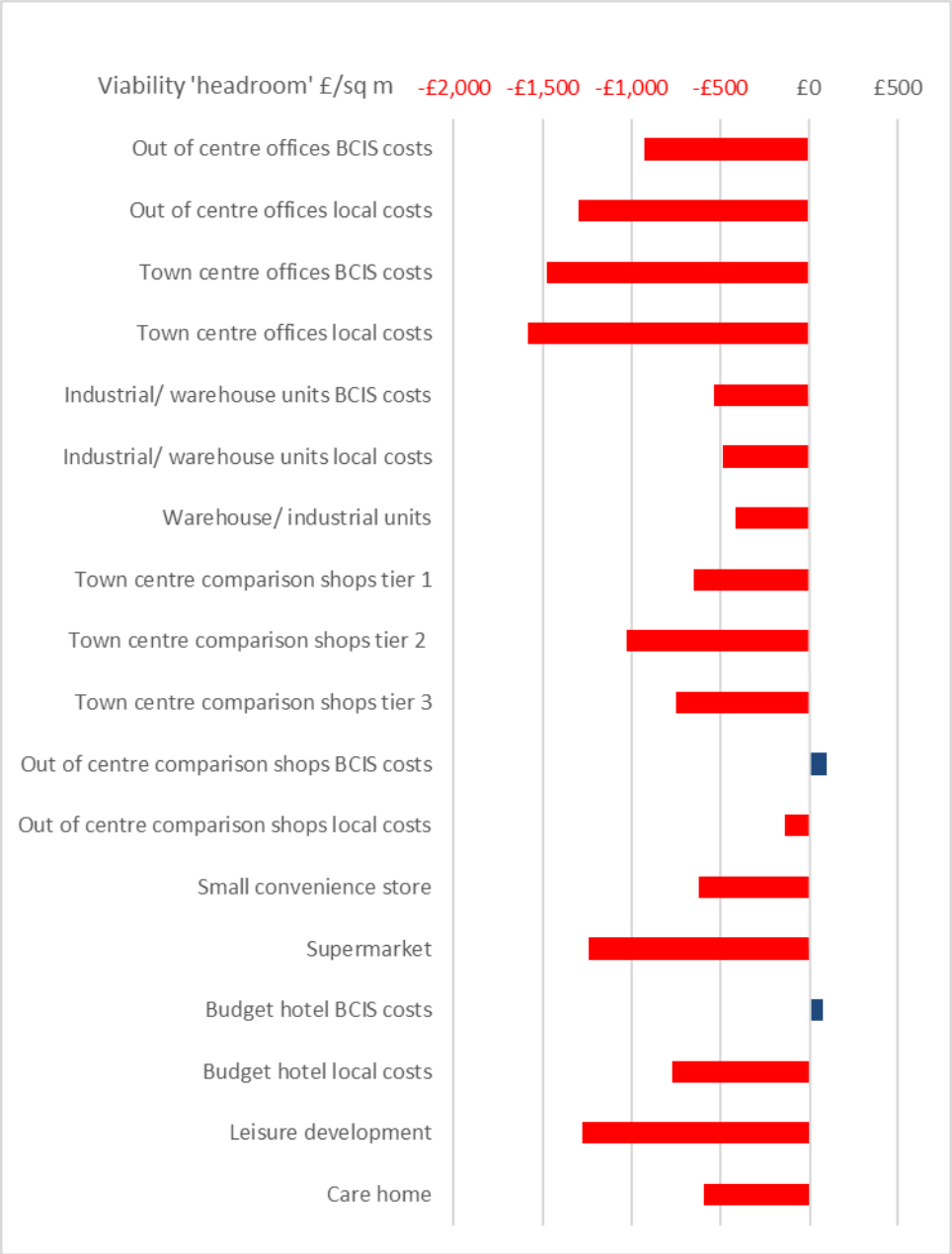
Summary and Ability to Support a CIL Charge

9.39 The graph below summarises the viability 'headroom' for each of the non-residential uses tested.

9.40 When considering the graph below it should be noted that, while the testing suggests that some types of development are not viable, developments of these types may still be brought forward for individual occupiers to meet their specific requirements.

[45] Based on BCIS September 2013 – Hospitals, Community Centres, Schools and Libraries

Figure 9-7: Non-residential viability summary – viability 'headroom' in £s per sq m



Ability to support a CIL

9.41 The decision on the level of CIL needs to be informed by this evidence but ultimately taken by Basingstoke and Deane Borough Council. In theory the amount a scheme can afford to contribute CIL is to a maximum of all of the difference between the residual value and the threshold land value after taking into account all costs. However, it is clear from the guidance that it is not appropriate to charge up to the maximum viability headroom in order to allow for

margins of error and the likelihood of different costs and values affecting different locations and sites.

9.42 The analysis above has demonstrated that of the non-residential development types considered, only out of centre retail uses and budget hotels are currently able to support a CIL based on standard BCIS build costs. If the locally derived build costs are used, then no non-residential development is able to support a CIL.

9.43 In 2013 other retail uses were able to support a CIL. However, the changes in BCIS build costs have rendered these types of development unviable currently.

9.44 Basingstoke and Deane Borough Council, in deciding on the CIL rates it wishes to set, should take into account the suggested maximum rates set out in the figure and individual appraisal tables above, along with an allowance for variations in costs and values. It would be possible to set a CIL rate of approximately £40-£50/sq m CIL (based on a 'buffer' of approximately 50%[46]) for out of centre retail uses and budget hotels although this would require that the locally-provided build costs are put aside. Alternatively, the Council may decide that the combination of the locally provided build costs and the likely limited amount of retail warehouse and budget hotel development in the short term means that the case for a CIL on these uses is not clear and therefore the rate for all non-residential development should be £0.

[46] Note that this is an arbitrary amount based on prudence rather than informed by specific requirements, although the CIL guidance is clear that some 'buffer' is required.

ANNEX 1 - LOCAL PLAN POLICY VIABILITY IMPLICATIONS

This annex is presented separately due to its size. The findings are summarised within Section 2 of the report.

ANNEX 2 - DEVELOPMENT INDUSTRY WORKSHOPS

Basingstoke and Deane Borough Council –Community Infrastructure Viability Study

Notes of the Development Industry Workshop – Monday 13th July 2015

Two workshops were held – in the morning focusing on residential development and in the afternoon on commercial land uses – this note covers the residential session.

Morning workshop – Residential

Attending

Jill Fisher Basingstoke and Deane Borough Council (JF)
Mark Lambert Basingstoke and Deane Borough Council (ML)
Alison Young Basingstoke and Deane Borough Council (AY)
Tim Davis Basingstoke and Deane Borough Council (TD)
Dominic Houston Three Dragons (DH)
Lin Cousins Three Dragons (LC)
Affinity Sutton
Aster Homes
Basingstoke & Deane Borough Council
Boyer Planning
Champion Builders
Goodall Barnard Construction
Hampshire County Council
Homes & Communities Agency
Romans
Sentinel Housing Association Ltd
Simmons and Sons
Simmons and Sons
Sovereign Housing Association Ltd
Stonewater Limited (Raglan + Jephson)
Wates Development

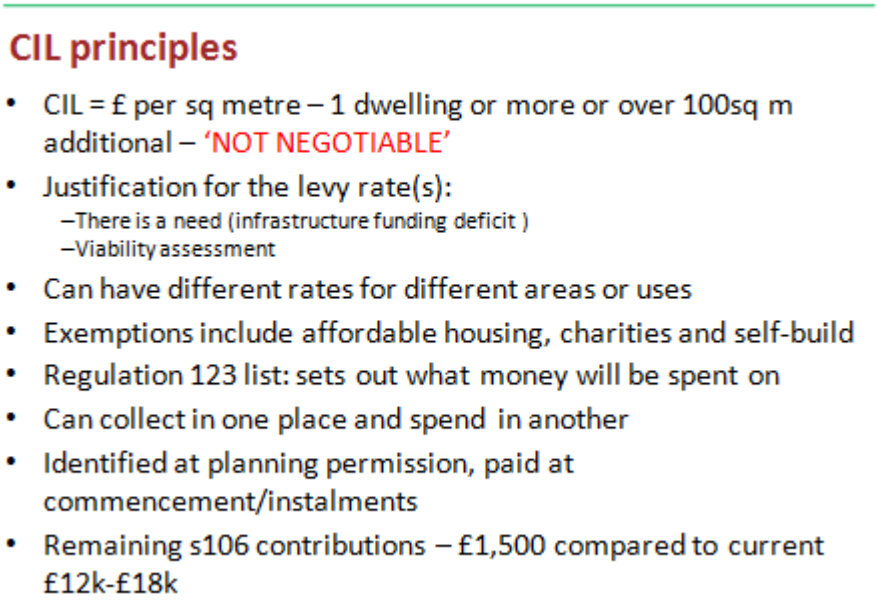
Introductions

AY welcomed everyone to the workshop and explained its purpose. She explained that a PDCS and DCS had already been published but this was a little while ago. The council has therefore decided to refresh the charging schedule and will publish a revised schedule later this year, anticipating its CIL examination early next year
DH introduced Three Dragons. He explained the presentation will show assumptions Three Dragons is intending to use and will give time for further comment.
DH explained that there would be a note of the workshop circulated in draft for further comment. The final version of the note would be included in the study report which would be published. The meeting note would identify organisations attending but not individuals. The workshop is undertaken using the Chatham House rule

i.e. views expressed at the workshop will be recorded but not attributed to a specific organisation/individual. Workshop participants agreed to this.

Background and principles

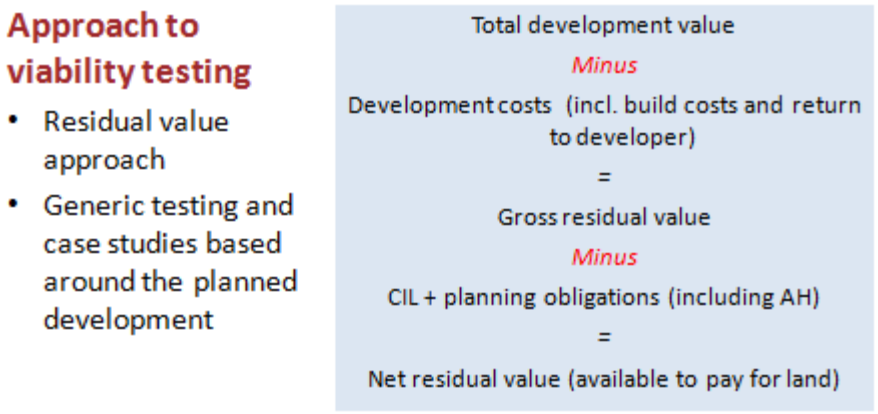
DH set out the principles underlying CIL and made reference to the slide shown below. He also explained that the viability testing will need to take into account all policies in the local plan and be consistent with the NPPF.



No questions were raised by the workshop.

Approach to viability testing

DH explained that the viability testing undertaken would use residual value approach which assessed the difference between the value of development in a scheme and its cost and this would be compared with a benchmark land value. He illustrated this using the slide shown below



Workshop agreed that approach set out is acceptable but important that assumptions are set out and there is maximum transparency.

Benchmark land values

DH set out the benchmark land values proposed for the study. He explained the role of the benchmarks and that if a scheme's residual value fell below the benchmark, it would not be considered viable. DH explained that DCLG has produced a series of land value benchmarks and for Basingstoke and Deane this is approximately £1.9m per hectare - but this is for a clean serviced site without any affordable housing, s106 or CIL contributions. Taking into account the opportunity costs for providing affordable housing, DH estimated that this roughly equates to the borough-wide figures being put forward.

Benchmark* land values

Location	Type	£/gross ha	Notes
Borough-wide	Urban/edge of urban	£1,000,000	Based on premium over EUV + review
Borough-wide	Strategic greenfield	£400,000	Based on 20 x agricultural
Accessible	Industrial/office	£482,000 - £740,000	DCLG/2013 Study

DCLG estimates that small – medium sized site land in Basingstoke & Deane is £1.9m/ha with £0 CIL/s106 and no affordable housing *(serviced clean site with lower than average build costs and reduced developer profit*).

Initial modelling suggests that 40% AH is c.£75k opportunity cost per unit – c.£1m/ha at 35dph

*Benchmark – lowest value for land – not *best* price

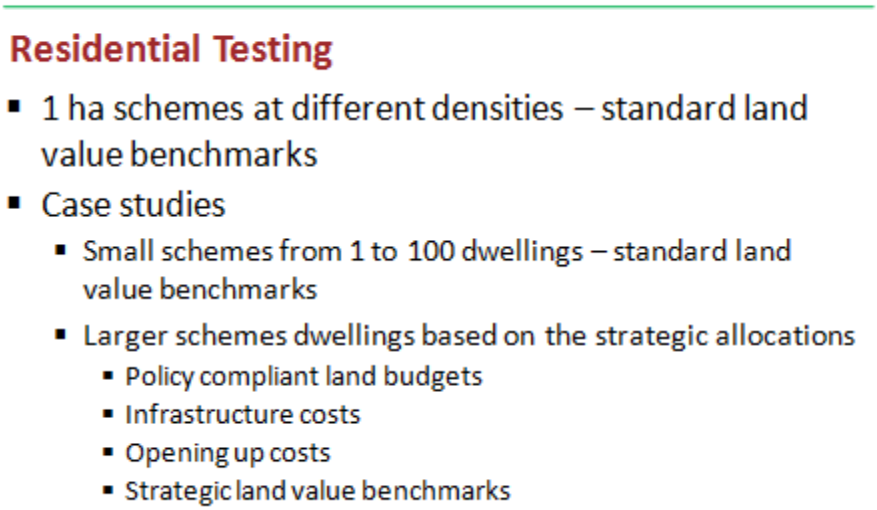
Comments from the workshop as follows:

- Golf course benchmark should reflect its current use value and should be increased to £1m as per rest of Basingstoke- agreed to have a separate discussion – Savills have prepared a EUV for the Golf Course which will be provided to the Council;
- Agriculture value is now £10k per acre – there has been a recent uplift in values so a BLV for strategic greenfield at 20 times this be higher. DH explained that the mathematical relationship set out in the slide is not an exact science and that £400,000/ha remains reasonable.

DH set out the argument that larger sites can require significant infrastructure to service them and therefore a lower benchmark is suitable.

Testing approach

DH set out the type of scheme proposed for testing. These would be a mix of notional 1 ha tiles and a series of case study sites as shown in the slide below. Testing will use a policy compliant assessment of % of sites available for development (the net to gross ratio) and assumed site opening up costs.



Comments from the workshop as follows:

- Smaller sites – in response to a question from LC re any issues methodology OK but site specific issues vary a great deal for smaller sites. DH explained that this testing cannot substitute for site specific appraisals.
- Affordable housing will take the 'hit' because CIL is non-negotiable and the AH contribution is negotiable;

Dwelling sizes and Development Mixes

DH set out the dwelling sizes to be assumed in the testing. He explained that they were based on the previous study with some adjustment (increase for larger – 4 bed dwellings). These are not consistent with the optional DCLG nationally described space standards because the council is choosing not to adopt these. DH explained that for the 35 dph mix gives a site coverage of about 3,200 sq m per hectare which is representative of recently schemes in Basingstoke.

Residential Testing – market dwelling mix

Type	20dph	30dph	35dph	45dph
1 bed flat				
2 bed flat			5%	20%
2 bed terrace	5%	10%	20%	20%
3 bed terrace		15%	10%	24%
4 bed terrace				10%
3 bed semi	10%	10%	10%	16%
4 bed semi				
3 bed detached	10%	15%	20%	
4 bed detached	40%	30%	25%	10%
5 bed detached	35%	20%	10%	

Residential Testing – dwelling sizes

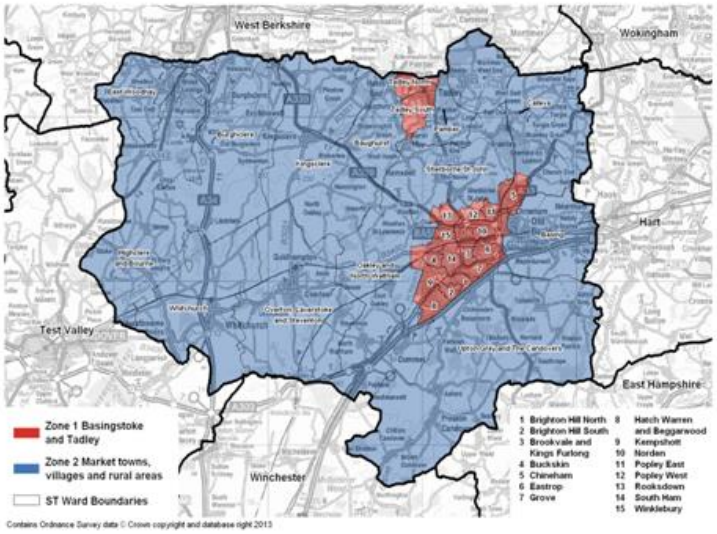
House type description	Affordable sq m	Market sq m
1 bedroom flat	45	51
2 bedroom flat	62	63
2 bedroom terrace	73	67
3 bedroom terrace	85	95
4 bedroom terrace	95	120
3 bed semi detached	85	100
4 bed semi detached	95	120
3 bed detached		100
4 bed detached		130
5 bed detached		160

Comments from the workshop as follows:

- Will be movement towards the national standards especially for AH – certainly for those which are grant funded. (DH noted that modelling will be on basis £0 grant and therefore HCA standards will not apply). JF explained that the council is not planning to adopt the nationally described space standards but this may change during the course of the plan examination. 3D may test the nationally described space standards as a sensitivity test – to be confirmed with B&DBC;
- Market houses are about the right size for this borough.
- No comments on the dwelling mixes – densities shown are right for this area and there is no point in testing a higher density mix as the market is not seeking to deliver them.

Market values and value areas

DH explained that Three Dragons had reviewed market values and the value areas in detail in 2013. Further updates of this had been undertaken for today's presentation – using Land Registry price paid data for 2014 and the first part of 2015. He showed the map of value areas and said that are proposing to continue with the same value areas and a slide of the market values proposed to be used (clarifying that these are for new build properties).



Market Values

	Detached			Semi-detached		Terrace			Flats	
	5 Bed	4 Bed	3 Bed	4 Bed	3 Bed	4 Bed	3 Bed	2 Bed	2 Bed	1 Bed
Basingstoke & Tadley	£458,000	£363,000	£310,000	£328,000	£272,000	£324,000	£266,000	£221,000	£167,000	£145,000
Rest of Borough	£536,000	£425,000	£372,000	£377,000	£313,000	£355,000	£286,000	£244,000	£192,000	£167,000
Basingstoke & Tadley	£2,865	£2,790	£3,100	£2,735	£2,720	£2,700	£2,800	£3,300	£2,650	£2,845
Rest of Borough	£3,350	£3,270	£3,720	£3,140	£3,130	£2,960	£3,010	£3,640	£3,050	£3,275

Flats ground rent at £250/dwelling capitalised at 5%

Comments from the workshop as follows:

- There will be a huge variation in zone 2 (RoB) values; DH stated that the amount of data for the Rest of the Borough is smaller than for Basingstoke, reflecting the lower volume of new builds away from the main urban area.
- 4 bed detached will sometimes include a 3rd storey but smaller dwellings are moving away from 3 storey and 3 storey dwellings are in the minority and used for specific sites e.g. as an a 'feature' at a scheme entrance;
- Developing at 2 or 3 storey properties makes a big difference in values, with less value associated with the third storey. However three story dwellings are a minority and the proportions have not changed over time. DH explained that the Land Registry price paid data will have included three story development as well as other house types and therefore the values presented will include an appropriate proportion of three storey dwelling values.
- Values generally seen to be reasonable;

- Apartment market is less popular – an over-supply at the moment so not seeking to include in current new build schemes.

Development costs

DH introduced the following slide and explained the source of the build costs as being BCIS (adjusted for this area) and are the 5 year median value with an additional 15% for external work. Other factors taken from industry norms for use in this type of study and DH explained that are not assuming any cost for zero carbon but small allowances for security and water as shown below.

Type	Cost	
Flats (1-2 storeys)	£1,355	sq m includes 15% for external works
Flats (3-5 storeys)	£1,500	sq m includes 15% for external works
Houses	£1,195	sq m includes 15% for external works
Professional fees	8%-12%	of build costs
Finance	6%	of development costs (net of inflation)
Marketing fees	3%	of GDV
Developer return	20%	of GDV
Contractor return	6%	of build costs
Residual s106/278	£1,500 tbc	Per dwelling for children's play/informal greenspace/minor local transport
Strategic infrastructure costs	£100,000 / £200,000	net ha for larger sites
Affordable Housing	40%	70% rented and 30% shared ownership (rent split 75% affordable rent and 25% social rent)
Agents and legal	1.75%	
Security	£320	Per dwelling (part q)
Water	£9	Per dwelling

Comments from the workshop as follows:

- Build costs for smaller schemes (say 4 -10 range) look about 15% light – because of higher fixed costs. However, also acknowledged that this could also be balanced by higher market value; 3D agreed to ask BCIS if there is data that could inform a differential cost on smaller sites
- Another participant indicated that the build costs for other schemes were also a bit light as costs have risen due to availability of materials;
- But other participants indicated that they felt the build costs were a reasonable figure to use and data quoted from a survey of recent large-scale developments nationally suggests that costs shown are on the high side;

- Finance costs may be a bit light at 6% and questioned why there had been a reduction from 7% in the previous study. DH responded that there had been a reduction in risk and this justified the use of 6%;
- Marketing fees have been at 4% locally – DH responded that the increasing strength of the market suggested that marketing costs are reducing;
- For flats – what allowance for circulation space? DH said 10% is added for circulation;
- Big ticket items for the strategic sites (e.g. schools) – how will you account for these and estimate they will be c£10k per plot – DH explained that these will be specifically identified and taken into account within the appropriate case studies;
- Developer return – 20% is a about the 'right territory' but a comment that a higher figure is sought (say 20-25%);
- Where developers have the choice of where to develop (because of scale and variety of land holdings) they will first look to use internal rates of return on which to base their decision about where to build and these may be above the 20%;
- Market at any one time for new homes on large-scale development is finite and only so many dwellings can be brought forward on schemes;
- Sales rate of about 1 a week per outlet for market housing generally agreed;
- How are you dealing with 'abnormal' costs? DH explained that if this involves some kind of contamination or other issue that is known about before the site is purchased e.g. scheduled monument within a site – this will be taken into account in the land value. If it is strategic infrastructure required through s106 then it will be taken into account in the case study viability assessments.

Affordable housing assumptions

DH illustrated the proposed assumptions for modelling affordable housing with the following slide.

Affordable Housing

For rental properties.

Management and maintenance	£1,000
Voids/bad debts	3.00%
Repairs reserve	£600
Capitalisation	5.75%

For shared ownership

Share size	50%
Rental charge	2.75%
Capitalisation	5.75%

Weekly rents	Social Rent	Affordable Rent	Basingstoke & Tadley	Rest of Borough
1 bed flat	£100	£128	25%	25%
2 bed flat	£120	£155	25%	15%
2 bed house	£130	£160	30%	40%
3 bed house	£150	£190	15%	15%
4 bed house	£170	£235	5%	5%

Comments from the workshop as follows:

- Testing at £0 grant is correct;
- There is a danger that this modelling approach will underestimate the value attributed to affordable housing – agreed that Three Dragons will contact on a confidential basis the RPs attending to check on values likely to be achieved;
- Use a 5% capitalisation rate as this produces a more realistic housing association payment;
- Shared ownership – 40% share size is more realistic. 2.5% cost for the rental portion should be used as some rental portions at 2.75% are not affordable to residents[47];
- The council (TD) will provide a new mix of affordable housing that should be modelled as it seems there are too many two bed properties in the proposed mix.
- It was noted that the cost of borrowing is the biggest variable, which is based on credit ratings.

Concluding comments

DH thanked participants for their contribution and re-iterated that the notes will be circulated for comment. Tim Davis added that the council has also commissioned a process for defining commuted sums in lieu of on-site affordable housing which will need to be consistent with the CIL viability assumptions. In answer to a question, AY explained that there is no programmed update of the CIL but

[47] Post meeting note – affordable housing costs and values were further explored with RPs and as a result the testing has used 2.75%.

the council will monitor market changes (including costs, values and finance costs etc.) that would signal the need for an update.

Basingstoke and Deane Borough Council –Community Infrastructure Viability Study

Notes of the Development Industry Workshop – Monday 13th July

Two workshops were held – in the morning focusing on residential development and in the afternoon on commercial land uses – the note is covers the non-residential session.

Afternoon workshop – non-residential uses

Attending

Alison Young	Basingstoke and Deane Borough Council (AY)
Dominic Houston	Three Dragons (DH)
Lin Cousins	Three Dragons (LC)

Basingstoke & Deane Borough Council

London Clancy

Hampshire County Council (Economic Development)

Champion Builders

Lamron Estates

Hollis Hockley

Woodford & Company

Baker Davidson Thomas

Introductions

AY welcomed everyone to the workshop and explained its purpose. She explained that a PDCS and DCS had already been published but this was a little while ago. The council has therefore decided to refresh the charging schedule and will publish a revised schedule later this year, anticipating its CIL examination early next year
DH introduced Three Dragons. He explained will show assumptions intending to use and will give time for further comment.
DH explained that there would be a note of the workshop circulated in draft for further comment. The final version of the note would be included in the study report which would be published. The meeting note would identify organisations attending but not individuals. The workshop is undertaken using the Chatham House rule i.e. views expressed at the workshop will be recorded but not attributed to a specific organisation/individual. Workshop participants agreed to this.

Uses for testing

DH set out the intended uses to be tested as shown in the slide below.

Non residential uses

- What are we testing?
  - Retail – in town and edge of town
  - Offices
  - Industrial/Warehouse
  - Hotels
  - Leisure
  - Care homes (Extra Care and Sheltered picked up as separate category in residential)

No comments from the workshop. List is reasonable – other uses e.g. trade counters and tyre fitters can be included in industrial use (with rent c£115 psm and yield 7%).

Petrol Filling Stations – assume retail use for the 'shop' but rest of PFS would not attract CIL.

4* hotel (full service hotels) not being tested – agreed that is reasonable and unlikely to be able to afford CIL. However this will be difficult to separate out for CIL charging purposes and the council will need to carefully define budget hotels which may be chargeable development.

Workshop did not identify any other uses for testing.

Rents and yields

DH presented proposed rents for different uses and yields as in the following slide. He commented that where possible data is specific to Basingstoke for some uses (supermarkets, care homes and leisure) there is little local evidence and needed to rely on national figures adjusted for the local market. He noted that town centre offices and retail are primarily in Basingstoke as opposed to other smaller centres in the borough; and out of centre offices, industrial and warehouse uses were in accessible locations. Other uses e.g. small convenience stores might be found across the borough. DH clarified that rents and yields are at current values and for new development. Headline rates and for retail at whole store with yields at freehold. Rents per sq m clarified (*correctly titled amended slide shown below*).

Rents and Yields

Type	Rent/sq m	Yield
Out of centre offices	£151	7.5%
Town centre offices	£156	8.25%
Industrial/warehouse units	£86	7.5%
Town centre comparison shops	£258	6.5%
Retail warehouse	£194	7%
Small convenience store	£205	6.5%
Supermarket	£175	5.5%
Leisure development	£140	7%
Care home	£118,000/bed	
Budget hotel	£96,000/room	

Comments from the workshop as follows:

- Basingstoke market will have different yields for freehold and leasehold development. In the town centre much of the development is ground lease but in other places in the borough e.g. Chineham will be freehold, with a stronger (i.e. lower) yield.
- Town centre comparison retail – will depend on the location.
    - Prime = Festival Place and the Malls. Rent of £220 psm and yield of 7%. Note that within these centres rents will vary around this figure according to specific location/footfall.
    - Second tier town centre retail – Wote Street only. Rent around 75% of prime or c £165 psm
    - Third tier town centre – including 'top of the town', London Road and Winchester Street. Rents of £130 psm and 8.5% yield. These rents will also apply to Basing View and the remaining areas of the town centre,
    - *Post meeting note – a map has been produced to illustrate the zones described above – see the end of these notes*
- Noted that there is very little room for any expansion of the town centre – next area for expansion will be Basing View or a car park site.
- 'Vision for Top of the Town' document is showing this area for improvement but some years away to influence rents etc;
- DH/LC offered that an option for testing would be to not distinguish a higher value town centre area and test overall at 8.5% yield and £130 psm rents.
- Retail warehouses – e.g. Brighton Hill – complicated again by freehold v leasehold development- rents and yields shown are acceptable;
- Small convenience stores – rent should be lower at c£150 psm and 7.5% yield;
- Supermarket – DH explained that it is not proposed to distinguish between different sizes of supermarkets. Rents and yields shown are acceptable;
- Leisure – rates shown would not be achieved for smaller schemes where picking up industrial units. Rents shown are much higher than achieved and should use £90 psm and an 8% yield.
- Care homes – DH acknowledged that limited evidence – no knowledge from the workshop.
- Budget hotel – rents are not increasing but yields gone up since previous study. Based on recent developer experience values are 5% yield and £4,500 to £5,000 rental per room. £87,500 per room is a reasonable assumption.

Benchmark land values

Comments from the workshop as follows:

- Few examples available;

- Recent sales of industrial/warehousing land at c£500,000 per acre in recent years equivalent to £1.25m per ha. Noted that this was a direct sale to a specialised operator and implied that this site for industrial development was at a higher rate than for residential use. Furthermore, understood that at these values commercial development is likely to be unviable;
- Noted that lack of development opportunities for commercial uses has pushed up land values. Rents across the area are being held back by the scale of low value premises remaining on the market – in time, these may be replaced by higher value uses with stronger rents;
- EUV/site value for retail – Very few freehold land opportunities around the borough; £2.5m to £3m per hectare put forward by DH – workshop considered £4m per ha may be more realistic (see Tesco site on Smith Industries site in Winchester Road (£18m - 8 acres or £5.5m per ha)- but market has turned down since then.

Build costs

DH presented build costs as shown below:

Non-residential Build Costs

Type	Cost/sq m
Out of centre offices	£1,495
Town centre offices	£1,739
Industrial/warehouse units	£666
Town centre comparison shops	£1,224
Retail warehouse	£811
Small convenience store	£1,350
Supermarket	£1,706
Budget hotel	£1,236
Leisure development	£1,603
Care home	£1,612

Build costs (BCIS) + external works (10%)

Comments from the workshop were that there has been a significant recent increase in build costs, as follows:

- TC offices - £1800 psm/£2,000 psm – reflecting a sharp upturn in costs of labour and material – although the examples given were from Redhill and Woking.
- Out of centre offices - £1650-£1700 psm
- Industrial - £775 psm
- TC comparison – no comments, no knowledge of recent constructions
- Retail warehousing - £1,000 psm
- Supermarket – costs shown are acceptable
- Hotel - £65k per bedroom
- Leisure – e.g. bowling alleys, cinemas – no comments, no knowledge of recent constructions

- Care home – no specific figures but may be similar to hotels – no information to suggest an alternative. Miller Homes (Viables) scheme may provide an example.

Development costs

DH presented the following proposed development costs

Non-residential other development costs

Professional fees	12% of build costs
Marketing fees	3% of GDV
Finance	6% of development cost
Developer return	20% of development cost
Purchaser costs	5.8%
Acquisition costs	Varies – c 2.0% + SDLT
Void periods	Varies
Water efficiency	2% on build costs

S106/278 on some developments

Comments from the workshop as follows:

- Void period – offices 18-24 months to let + then up to 3 years rent free
- Prof fees – can be up to 15% - because of increased requirements for different studies to support applications;
- Developer return – 20% is acceptable
- Finance costs 6% is acceptable
- Marketing fees – Instead of 3% of GDV for sales and lettings costs, may use a % of annual rental – suggest 15% + 5% legal for developer disposal costs

Concluding comments

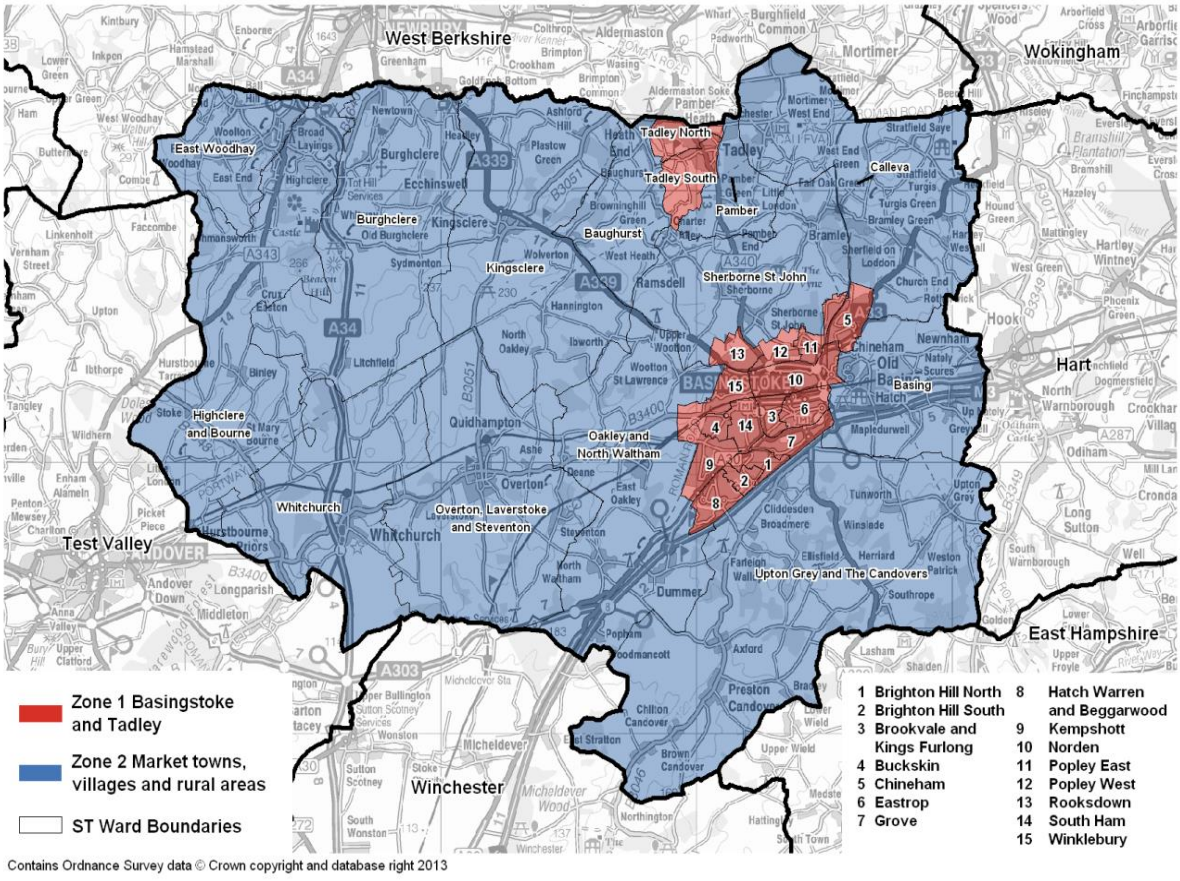
DH thanked participants for their contribution and re-iterated that the notes will be circulated for comment.

ANNEX 3 - RESIDENTIAL MODELLING ASSUMPTIONS

Market Housing

House Prices

GIA SQ M	160	130	100	120	100	120	95	67	63	51
	Detached			Semi-detached		Terrace			Flats	
	5 Bed	4 Bed	3 Bed	4 Bed	3 Bed	4 Bed	3 Bed	2 Bed	2 Bed	1 Bed
Basingstoke & Tadley	£459,000	£363,000	£310,000	£328,000	£272,000	£324,000	£266,000	£221,000	£167,000	£145,000
Rest of Borough	£536,000	£425,000	£372,000	£377,000	£313,000	£355,000	£286,000	£244,000	£192,000	£167,000
Basingstoke & Tadley	£2,870	£2,790	£3,100	£2,730	£2,720	£2,700	£2,800	£3,300	£2,650	£2,840
Rest of Borough	£3,350	£3,270	£3,720	£3,140	£3,130	£2,960	£3,010	£3,640	£3,050	£3,270



Market House dwelling mix

Type	20dph	30dph	35dph	45dph	180 dph
1 bed flat					35%

Type	20dph	30dph	35dph	45dph	180 dph
2 bed flat			4%	20%	65%
2 bed terrace	5%	10%	13%	20%	
3 bed terrace		15%	10%	24%	
4 bed terrace				10%	
3 bed semi	10%	10%	20%	16%	
4 bed semi					
3 bed detached	10%	15%	20%		
4 bed detached	40%	30%	16%	10%	
5 bed detached	35%	20%	17%		

Affordable housing

40% affordable housing. All affordable housing comprises 70% affordable rented and 30% shared ownership (i.e. 28% affordable rented, 12% shared ownership overall)

- Primary testing is rented as 70% affordable rent/ 30% shared ownership (i.e. 60% market, 28% affordable rent, 12% shared ownership overall)
- Sensitivity 25% social rent / 75% affordable rent (i.e. 60% market, 7% social rent, 21% affordable rent, 12% shared ownership overall)

Affordable housing rents

	Social rent	Affordable rent
1 bedroom flat	£100	£128
2 bedroom flat	£120	£155
2 bedroom terrace	£130	£160
3 bedroom terrace	£150	£190
4 bedroom terrace	£170	£235

Affordable housing dwelling mix

Affordable Housing Development Mix House Type	**Central Basingstoke** *Case Study 14 only – high density flatted scheme*	**Basingstoke**	**Towns/Villages /Rural**
1 bed flat	35%	35%	25%

Affordable Housing Development Mix House Type	**Central Basingstoke** *Case Study 14 only – high density flatted scheme*	**Basingstoke**	**Towns/Villages /Rural**
2 bed flat	65%	25%	15%
2 bed terrace		25%	40%
3 bed terrace		10%	15%
4 bed terrace		5%	5%

For rental properties.

Management and maintenance	£1,000
Voids/bad debts	3.00%
Repairs reserve	£600
Capitalisation	5%

For shared ownership

Share size	40%
Rental charge	2.75%
Capitalisation	5%

Dwelling sizes

House type description	**Affordable sq m**	**Market sq m**
1 bedroom sheltered flat	50	50
2 bedroom sheltered flat	75	75
1 bedroom flat	50	50
2 bedroom flat	61	61
2 bedroom terrace	70	70
3 bedroom terrace	85	95
4 bedroom terrace	97	120
3 bed semi detached	85	100
4 bed semi detached	97	120
3 bed detached		100
4 bed detached		130
5 bed detached		160

Dwelling size compliant with Nationally Described Space Standards

An allowance of 10% of floor area will be added to the 1-2 storey flats used in the 1ha tile testing for circulation and common areas. An allowance of 15% of floor area will be added to the 3-5 storey flats used in the Central Basingstoke 180dph scheme (Case Study 14).

For sheltered housing, a 30% allowance will be applied for common areas and circulation space.

Development Costs

Type	Cost	
Flats (1-2 storeys)	£1,355	sq m includes 15% for external works
Flats (3-5 storeys)	£1,500	sq m includes 15% for external works
Sheltered Flats (3-5 storeys)	£1,635	Sq m includes 15% for external works
Houses	£1,195	sq m includes 15% for external works
One-off houses	£2,035	sq m includes 15% for external works
Professional fees	8%-12%	10 units or less – 12% 11 – 50 units – 10% 51 – 100 units – 9% 101+ units – 8%
Finance	6%	of development costs (net of inflation)
Marketing fees	3%	of GDV
Marketing Fees – Sheltered	6%	of GDV
Developer return	20%	of GDV
Contractor return	6%	of build costs
Residual s106/278	£1,500	Per dwelling for children's play/informal greenspace/minor local transport
Strategic infrastructure costs	£100,000 / £200,000	net ha for larger sites
Void Costs – Sheltered scheme	£100,000	to account for void periods during longer sales period after construction
Agents and legal	1.75%	
Security	£320	Per dwelling (part Q)
Water	£9	Per dwelling

15% of all dwellings to meet enhanced accessibility standards – Part M(4) 2. This does not apply to the sheltered flats which are assumed to be constructed to these standards.

House type	Part M(4) Cat 2 costs/house type
1bf affordable	£1,662
2bf affordable	£1,629
2bt affordable	£1,967
3bt affordable	£2,687
4bt affordable	£2,687
1bf market	£1,229
2bf market	£1,196
2bt market	£1,101
3bt market	£1,387
3bs market	£1,387
3bd market	£1,386

House type	Part M(4) Cat 2 costs/house type
4bd market	£1,386
5bd market	£1,386

ANNEX 4 - BENCHMARK LAND VALUE

Land Value Benchmarks

1. The land value benchmark is an estimate of the lowest cost that a willing landowner would sell land for development. The concept of a benchmark land value attempts to balance two factors: a) land can only be worth what the highest value permissible development can afford to pay for it; and b) landowners will require some premium over the existing use value in order to incentivise a sale. Note that where development is able to pay more for land, then it is likely that transactions will be above the benchmark land value, particularly when different developers are competing for the same piece of land. Establishing suitable land value benchmarks is an important part of any viability testing and the Advice for planning practitioners[48] sets out a preferred approach in the following extract from 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…….)."

2. The exceptions referred to in the Advice for planning practitioners reflect the significant differences in the types of current use found within settlements and on greenfield land adjoining settlements. The exceptions are summarised as:

   - Larger scale sites for urban extensions on greenfield land where the uplift on current use value (agricultural land) sought by the landowner will be significantly higher than in an urban context.
   - Edge-of-settlement greenfield sites, where landowners' required returns will be more like those for sites within the settlement.

3. Advice for planning practitioners states that reference to market values can still provide a useful 'sense check' on the benchmark values that are being used for testing, but it is not recommended that these are used as the basis for the input to a model. This is an important concept and explains why the land value benchmark used to test plan policies (and CIL rates) can be **less** than the value at which land is being traded in the market. This point was highlighted in the London Mayoral CIL examiner's report[49]:

   > Finally the price paid for development land may be reduced. As with profit levels there may be cries that this is unrealistic, but a reduction in development land value is an inherent part of the CIL concept. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future. In any event in some instances it may be possible for contracts and options to be re-negotiated in the light of the changed circumstances arising from the imposition of CIL charges.

4. In addition to the guidance advocating the use of premium over existing use value (particularly the Local Housing Delivery Group, 2012), recent RICS research[50] highlights the issues with using market values to set land benchmarks – "*If market value is based on comparable evidence*

[48] Local Housing Delivery Group, 2012, Viability Testing Local Plans
[49] Report to The Mayor of London, by Keith Holland January 2012
[50] RICS, 2015, Financial Viability Appraisal in Planning Decisions: Theory and Practice

without proper adjustment to reflect policy compliant planning obligations, this introduces a circularity, which encourages developers to overpay for sites and try to recover some or all of this overpayment via reductions in planning obligations". Furthermore, there are tangible differences between the types of appraisals supporting market values and those used for area wide viability appraisals such as this CIL study. These differences further highlight the issues with using market value comparables to set benchmarks:

Appraisal Input	**Area-wide viability study**	**Developer appraisal to inform land purchase**
Sales values	Current day	Potentially inflated to take into account of market rises
Build costs	Current day full BCIS cost	Value engineered
Profit	Full target applied	Competitive and not necessarily at target level
Planning requirements	Applied in full	Potentially squeezed
Site costs	Extensive	None/limited
Development Programme	Lengthy	Short

5. Therefore, the basis for establishing the land values is a rounded view including the benchmarks established as part of the local plan process, published reports on land values, consultation with the development industry and a review of the sale price information available from land transactions.

6. Annex 1 (Transparent Viability Assumptions) to the Homes and Communities Agency guidance for its Area Wide Viability Model published in August 2010 states that in relation to the required premium above existing use value (EUV):

   "*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".* (page 9)[51]

7. Another report in 2011 undertaken for the Department for Communities and Local Government[52] suggested that a premium of 25% over existing use value was required to bring forward industrial land for redevelopment. The premium for greenfield land was said to be higher, recognising that while the existing use value base is low, the costs normally associated with realising new development on unserviced greenfield land are considerable.

[51] Homes and Communities Agency, 2010, Annex 1 (Transparent Viability Assumptions)
[52] Turner Morum, 2011, Cumulative impacts of regulations on house builders and landowners

8. For residential land, current use value is taken as industrial land for urban sites and agricultural land for strategic sites/urban extensions, with appropriate uplifts applied. Sites are taken as being suitable for development but not necessarily consented.

9. The benchmarks refer to sites suitable for development i.e. not constrained by abnormal conditions such as contamination from previous uses or archeological or topographical constraints etc. Where these abnormal constraints can reasonably be judged to form part of any due diligence we have assumed that they will feature in any negotiations about purchasing the land and the price adjusted accordingly. It is of course possible that in some circumstances the costs of dealing with the constraints is greater than any uplift in value from the new use. In these situations, it may be best that either the site remains in its existing use or that if it is strategically important, third party funding is sought to assist redevelopment.

Implications for Benchmark Land Values in Basingstoke

10. The key factors to be taken into consideration are:

- The land values used for the 2013 Local Plan and CIL Viability Study (along with the supplementary viability studies for Manydown, Golf Course and Hounsome Fields in 2014 and 2015), which were examined in 2015 as part of the Local Plan EiP.
- Published research reports on land values
- Benchmark land value discussion at the development industry workshop in 2015
- Evidence from transactions, where available.

Local Plan Viability

11. The Local Plan is currently proceeding through the latter stages of examination following public hearings in October and November 2015. The evidence base for this plan included the 2013 Local Plan and CIL Viability Study, the 2014 viability study for Manydown and the Golf Course; and the 2015 study for Hounsome Fields and the Golf Course. The discussion at the public examination and subsequent initial feedback from the inspector did not suggest any serious concerns with the benchmark land values used, which were:

- A main benchmark for urban/edge of urban sites of £1m/gross ha, based on a premium of 30% over for industrial land existing values of £740,000/ha, rounded up to £1,000,000/gross ha.
- A secondary benchmark for urban/edge of urban sites of £1.3m/gross ha, based on a 26% reduction on residential land values for Basingstoke from values given in the Valuation Office Agency 2009 Property Market Report[53].
- A greenfield strategic site benchmark of £400,000/gross ha, based on approximately 20 times agricultural values.

[53] 26% is derived from a research report from Savills in May 2013, Demand for Residential Development Land. This estimated the fall in residential land values from peak. http://www.savills.co.uk/research_articles/141285/146005-0

- An intermediate benchmark of £700,000/gross ha, to take account of medium/large sites with higher development costs. £700,000 was chosen as a mid-point between the £1m and £0.4m benchmarks.

Published research reports on land values

12. DCLG has published estimates of residential land values for policy purposes, with an estimate of £2.34m/ha[54] for residential development land in Basingstoke and Deane. Note that this value is a nominal figure for market housing development only (i.e. the cost of providing affordable housing is not included) without any s106/278 or CIL; and that the development costs are lower than the standard costs used here (e.g. the DCLG estimates use lower quartile build costs and lower developer return). The DCLG report also estimated that agricultural land in SE England was £22,000/ha and that industrial land in SE England was £1.1m/ha.

13. It is possible to adjust the DCLG residential land estimate by applying the costs of policy compliant affordable housing and s106. The costs of providing policy compliant 40% affordable housing is estimated by testing 1 ha schemes at 30 and 35 dph both with the affordable housing and then with no affordable housing. This takes into account the opportunity cost of not providing market housing as well as the specific costs of providing the affordable housing. Through this process it is estimated that the average cost is £63,000-£69,000 per affordable dwelling. The Council estimates that current typical s106 costs are £9,000/dwelling. Applying these adjustments gives an estimate of £1.15m/ha at 35 dph and £1.25m/ha at 30 dph.

14. CIL viability assessments have been undertaken in surrounding locations and these use residual value viability assessments with benchmark land value estimates. Some of these have variations by location/site typology. The table below illustrates the range of benchmarks used. When considering these benchmarks, it is important to note that land value benchmarks will be affected by different affordable housing policies, s106 requirements and house prices in the various authorities. The single high value benchmark in Waverly relates to the small sites that are anticipated to come forward.

Table 3.1 Benchmark Land Values in surrounding authorities

Location	CIL status	Date	Benchmark 1 £/ha	Benchmark 2 £/ha	Benchmark 3 £/ha	Benchmark 4 £/ha	Strategic sites benchmark £/ha
Wokingham	Adopted	2013	£1,500,000		£500,000		£300,000
Rushmoor	PDCS	2012	£1,600,000	£880,000	£600,000	£250,000	
East Hampshire	Examined	2014	£2,772,000	£2,016,000	£1,386,000	£945,000	£450,000
Winchester	Adopted	2012	£2,200,000	£1,500,000	£900,000		£450,000
Test Valley	Examined	2014	£1,700,000		£1,145,000		£350,000
West Berkshire	Adopted	2013	£2,000,000	£850,000	£750,000	£500,000	£250,000

[54] DCLG, 2015, Land estimates for policy appraisal

Location	CIL status	Date	Benchmark 1 £/ha	Benchmark 2 £/ha	Benchmark 3 £/ha	Benchmark 4 £/ha	Strategic sites benchmark £/ha
Waverley	CS submitted	2012	£2,600,000				
Bracknell Forest	Adopted	2012	£1,325,000		£900,000	£450,000	£300,000

15. Research published by Savills suggests that development land has increased in value in recent years, although this is most apparent in London[55], and that in the short term there has been little change[56]. Demand is flattening as housebuilders have enough consented land for their needs, with on average the listed housebuilders have 5.3 years' worth of land to build out at existing build rates.

16. Research published by Knight Frank in 2015[57] states that development land prices are also moderating, reflecting the increased costs of development, with a sharp rise in the cost of materials and labour in recent years. The research showed an increase in value to late 2013 followed by a fall in value of development land in 2015.

17. Colliers estimates that industrial land may be worth £1.48m/ha in 2015[58]. These values are stated to apply to sites of over 4ha in prime locations.

Development industry feedback

18. Benchmark land values were discussed during the June 2013 and July 2015 development industry workshops. In 2013 the feedback stated:

- The Borough is quite uniform in terms of land values.
- For residential development, a 'going rate' of £1.46m per ha (£0.59m per acre) for larger sites to £1.8 m- £1.98m per ha (£0.75m/£0.8m per acre) for smaller sites was put forward.
- Larger greenfield sites attract lower values for residential; development - £420,000 per gross ha (£170,000 per gross acre) was acceptable.
- For industrial land, a figure of around £740,000 per hectare (or c£300,000 per acre) was a reasonable estimate of current land values.
- Land for developments such as supermarkets may reach approximately £4.9m per ha (£2m per acre) in some cases, reflecting the ability of this sector to generate value.

19. In July 2015 the feedback stated:

[55] http://pdf.euro.savills.co.uk/uk/residential---other/market-in-minutes-development-land-september-2015.pdf
[56] http://pdf.euro.savills.co.uk/uk/residential---other/market-in-minutes-uk-residential-development-land-november-2015.pdf
[57] http://content.knightfrank.com/research/955/documents/en/developmentopportunities2015-3368.pdf
[58] http://www.colliers.com/en-gb/uk/insights/industrial-rents-map

- The golf course should have a separate benchmark to reflect its current use value.
- Agriculture value is now £10,000 per acre (£24,700/ha) which may mean that the strategic site benchmark should rise.

Evidence from transactions

20. In the 2013 Viability Study it was noted that some urban serviced sites had been sold for residential for between £1.5m and £1.8m per net ha, although this includes a site where public funding was to be used to bring forward residential development. There had also been a sale of land for a midrange size urban residential site for £0.96m per gross ha. There had been few recent industrial land sales on which to build a broad picture although there had been a land purchase in the region of £1.5m per hectare for a specific occupier (i.e. site value relates to the business activity rather than predicated upon property development values).

21. More recent local sales include a site for over 2ha was valued at £1.8m/ha but sold for over £2m/ha; and a smaller site for under 5 dwellings was sold for £1.9m/ha.

22. Information from CoStar covers 22 development land transactions/land for sale since 2008 in Basingstoke and Deane, West Berkshire, Wokingham, East Hampshire, Hart, Rushmoor, Test Valley, and Winchester. Excluding some very high value small sites (over £5m/ha) the median value was £1.1m/ha. For the sites under £5m/ha that had sold (rather than offered for sale), the median value was just under £740,000/ha.

Benchmark land value summary

23. The range of land factors considered suggests that the benchmark land values examined as part of the local plan examination remain valid. There is some recent evidence which supports them and it is clear that they have similarities with the range of benchmarks used in similar viability exercises in nearby authorities. However, there are also indications that land is transacted at higher values locally, although this does not necessarily constitute a benchmark for this type of viability exercise.

24. It is therefore proposed to maintain the existing set of benchmark land values used as part of the local plan evidence base and discussed at the development industry workshop in 2015. In recognition that the house price and build cost changes may have allowed land values to increase we also provide a higher benchmark of £1.5m as a sensitivity test. This figure is chosen as it is closer to some of the transaction evidence and the other local benchmarks, as well as forming the lower end of the land value range in the 2013 development industry workshop. However, there is no equivalent sensitivity benchmark for strategic greenfield land or any clear metric for generating one. Therefore we apply a cautious approach to CIL rates for strategic sites later on in this report. The benchmark land values used in the residential testing are therefore:

25. A main benchmark for urban/edge of urban sites of £1m/gross ha.

- A secondary benchmark for urban/edge of urban sites of £1.3m/gross ha
- A greenfield strategic site benchmark of £400,000/gross ha.

- An intermediate benchmark of £700,000/gross ha for medium/large sites with higher development costs.
- A higher sensitivity test benchmark of £1.5m/ha for urban/edge of urban sites.

26. Where non-residential developments are anticipated to be on vacant industrial or office land the benchmark is considered to be £740,000/ha. This would apply to developments on locations such as Basing View and to developments anticipated to be on new/existing employment allocations. As the assumption is that land is unoccupied there is no premium built in to provide an incentive for a sale.

27. The exception to this is for uses known to generate high values, where landowner expectations will require a premium to provide an incentive to sell. In particular, this will apply to convenience shops and out of centre comparison retail. In the absence of transaction evidence and based on experience elsewhere the testing has used the £1m/ha urban residential benchmark for small convenience shops, a benchmark land value of £2m per ha for out of centre comparison retail and £4m per ha for supermarkets, recognising that the latter two are well above the residential benchmark land value.

ANNEX 5 - 1HA RESIDUAL VALUES

Basingstoke/ Tadley – 1ha results

Area/ DPH/ SR-AR split/ %AH						RESULTS							
			%AH				Benchmark values						
Housing Market Area	DPH	Social % /Affordable %	Market %	Affordable %	**Total Mkt Sq m**	**Residual Value**	Upper Benchmark	Main Benchmark	RV less upper benchmark	RV less main benchmark	**Upper Benchmark Max CIL (£/sq m)**	**Main Benchmark Max CIL (£/sq m)**
Basingstoke & Tadley	20	0%/100%	60%	40%	**1,578.00**	**1,346,000**	1,300,000	1,000,000	46,000	346,000	**£29**	**£219**
Basingstoke & Tadley	30	0%/100%	60%	40%	**2,110.50**	**1,850,000**	1,300,000	1,000,000	550,000	850,000	**£261**	**£403**
Basingstoke & Tadley	35	0%/100%	60%	40%	**2,294.90**	**2,033,000**	1,300,000	1,000,000	733,000	1,033,000	**£319**	**£450**
Basingstoke & Tadley	45	0%/100%	60%	40%	**2,462.40**	**2,009,000**	1,300,000	1,000,000	709,000	1,009,000	**£288**	**£410**
Basingstoke & Tadley	20	25%/75%	60%	40%	**1,578.00**	**1,302,000**	1,300,000	1,000,000	2,000	302,000	**£1**	**£191**
Basingstoke & Tadley	30	25%/75%	60%	40%	**2,110.50**	**1,783,000**	1,300,000	1,000,000	483,000	783,000	**£229**	**£371**
Basingstoke & Tadley	35	25%/75%	60%	40%	**2,294.90**	**1,955,000**	1,300,000	1,000,000	655,000	955,000	**£285**	**£416**
Basingstoke & Tadley	45	25%/75%	60%	40%	**2,462.40**	**1,909,000**	1,300,000	1,000,000	609,000	909,000	**£247**	**£369**

Rest of Borough - 1 Ha results

Area/ DPH/ SR-AR split/ %AH						RESULTS							
			%AH				Benchmark values						
Housing Market Area	DPH	Social % /Affordable %	Market %	Affordable %	**Total Mkt Sq m**	**Residual Value**	Upper Benchmark	Main Benchmark	RV less upper benchmark	RV less main benchmark	**Upper Benchmark Max CIL (£/sq m)**	**Main Benchmark Max CIL (£/sq m)**
Rest of Borough	20	0%/100%	60%	40%	**1,578.00**	**1,979,000**	1,300,000	1,000,000	679,000	979,000	**£430**	**£620**
Rest of Borough	30	0%/100%	60%	40%	**2,110.50**	**2,660,000**	1,300,000	1,000,000	1,360,000	1,660,000	**£644**	**£787**
Rest of Borough	35	0%/100%	60%	40%	**2,294.90**	**2,931,000**	1,300,000	1,000,000	1,631,000	1,931,000	**£711**	**£841**
Rest of Borough	45	0%/100%	60%	40%	**2,462.40**	**2,783,000**	1,300,000	1,000,000	1,483,000	1,783,000	**£602**	**£724**
Rest of Borough	20	25%/75%	60%	40%	**1,578.00**	**1,934,000**	1,300,000	1,000,000	634,000	934,000	**£402**	**£592**
Rest of Borough	30	25%/75%	60%	40%	**2,110.50**	**2,593,000**	1,300,000	1,000,000	1,293,000	1,593,000	**£613**	**£755**
Rest of Borough	35	25%/75%	60%	40%	**2,294.90**	**2,853,000**	1,300,000	1,000,000	1,553,000	1,853,000	**£677**	**£807**
Rest of Borough	45	25%/75%	60%	40%	**2,462.40**	**2,682,000**	1,300,000	1,000,000	1,382,000	1,682,000	**£561**	**£683**

ANNEX 6 - CASE STUDY CHARACTERISTICS

Case Study	Type	Location	Total Dwellings	Density (dph)	Site Size ha (net)	Site size gross ha	Dwelling Mix	Opening up costs	Benchmark Land Value/ha	Delivery	Notes
1	Single dwelling	Basingstoke urban	1	33	0.03	0.03	4bd		£1,000,000	Yr 1	BCIS 0ne-off development costs; +5% in value
2	2 dwellings	Basingstoke urban	2	45	0.04	0.04	2x3bd		£1,000,000	Yr 1	+5% development costs, +5% in value
3	3 dwellings	Basingstoke edge	3	35	0.09	0.09	3x4bd		£1,000,000	Yr 1	+5% development costs, +5% in value
4	4 dwellings	Basingstoke edge	4	35	0.11	0.11	2x3bd, 2x4bd		£1,000,000	Yr 1	
5	10 dwellings	Basingstoke edge	10	35	0.29	0.29	35dph mix		£1,000,000	1 yr to first completion then 10pa	
6	55 dwellings	Basingstoke urban	55	45	1.22	1.22	45dph mix	£50,000 de-contamination	£1,000,000	1 yr to first completion then 35 in yr 1 and 20 in yr2	
7	Intermediate development	Basingstoke edge	100	30	3.33	3.91	35dph mix	£100,000	£1,000,000 and sensitivity £700,000	1 yr to first completion then 50pa	Gross to net adjustment to incorporate greenspace requirement
8	High density flatted scheme	Basingstoke Urban	90	180	0.50	0.50	180dph mix		£1,000,000 and sensitivity £700,000	Yr 1 build 45; Yr2 sell 45 and build 45, year 3 sell 45.	Assume in 2 x 5 story blocks of 45. 15% circulation instead of the 10% assumed for low rise flats
9	Sheltered housing scheme	Basingstoke Urban	100	125	0.80	0.80	50x1bf, 50x2bf		£1,000,000 and sensitivity £700,000		Plus 30% circulation/common areas
10	Flatted scheme	Basingstoke Urban	100	143	0.70	0.70	35x1bf and 65x2bf, in two blocks of 50.		£1,000,000	Yr 1 build 50; Yr2 sell 50 and build 50, year 3 sell 50.	3 storey flats. Undercroft car parking of 3,500 sq m

Case Study	Type	Location	Total Dwellings	Density (dph)	Site Size ha (net)	Site size gross ha	Dwelling Mix	Opening up costs	Benchmark Land Value/ha	Delivery	Notes
11	Flatted scheme	Basingstoke Urban	100	143	1.05	1.05	35x1bf and 65x2bf, in two blocks of 50.		£1,000,000	Yr 1 build 50; Yr2 sell 50 and build 50, year 3 sell 50.	3 storey flats. Surface car parking
12	Single unit	Rest of Borough	1	25	0.04	0.04	5bd		£1,000,000	Yr 1	
13	2 dwellings	Rest of Borough	2	25	0.08	0.08	1x4bd, 1x5bd		£1,000,000	Yr 1	
14	3 dwellings	Rest of Borough	3	25	0.12	0.12	3x4bd		£1,000,000	Yr 1	
15	4 dwellings	Rest of Borough	4	25	0.16	0.16	2x4bd, 2x5bd		£1,000,000	Yr 1	
16	Edge of small town/village	Rest of Borough	10	25	0.29	0.29	25dph mix		£1,000,000	1 yr to first completion then 10pa	
17	55 dwellings	Rest of Borough	55	35	1.57	1.74	35dph mix	£50,000	£1,000,000	1 yr to first completion then 35 in yr 1 and 20 in yr2	Gross to net adjustment to incorporate greenspace requirement
18	Market town urban extension	Rest of Borough	100	35	2.86	3.35	35dphmix	£100,000	£1,000,000	1 yr to first completion then 50pa	Gross to net adjustment to incorporate greenspace requirement

Case Study	Site	Total dwellings	Total self-build	Density	Net site size ha	Self-build proportion of net area ha	Gross site size ha	Net to gross	Housing Delivery (assume 1 yr to first completion)	Benchmark land value/gross ha	Opening up costs/net ha	Site specific infrastructure Yr 0 = pre-delivery preparation. Yr 1 = 1st year of delivery
19	Manydown	3,400	68	30 dph	113.33	2.27	183.56	62%	50 in yr1, 200 in yr 2, 300 in yr3, 320pa thereafter	£400,000	£200,000 25% in 1st year and 25% in 2nd year. Remainder spread year 4 onwards	£58,582,348 (£17,230/dwg) • £1.5m strategic transport by 1st dwg • Remaining £4.8m strategic transport over next five years • £2.2m bus spread years 1-5 • £9.5675m education in yr1, £7.5675m in yr4, £7.5675m in yr7 and £11,186,123 in yr8 • Remainder in line with development
20	Golf Course	1,000	20	35 dph	28.57	0.57	46.95	62%	50 in yr1, 100 in yr2, 150pa thereafter	£400,000	£200,000 25% in 1st year and 25% in 2nd year. Remainder spread year 4 onwards	£11,619,820 (£11,620/dwg) • £1.3m junction by 1st dwg • £0.7m bus spread years 1-5 • £2.5m education in yr1, £2,496,620 • in yr2. • Remainder in line with development
21	Hounsome Fields	750	15	35 dph	21.43	0.43	42.78	58%	50 in yr1, 70pa thereafter	£400,000	£200,000 25% in 1st year and 25% in 2nd year. Remainder spread year 4 onwards	£13,974,842 (£18,633/dwg) • £5.5m junction by 1st dwg • £0.525m bus spread years 1-5 • £1.875m education in yr1, £1,872,465 in yr2. • Remainder in line with development
22	East of Basingstoke	450	9	30 dph	15.00	0.30	26.28	59%	60 in yr1, 110pa thereafter then 60	£400,000	£200,000 25% in 1st year and 25% in 2nd year. Remainder spread year 3 onwards	£6,546,842 (£14,549) • £1m junction by 1st dwg • £0.3m bus spread years 1-5 • £2,456,973 education in yr1. • Remainder in line with development

Case Study	Site	Total dwellings	Total self-build	Density	Net site size ha	Self-build proportion of net area ha	Gross site size ha	Net to gross	Housing Delivery (assume 1 yr to first completion)	Benchmark land value/gross ha	Opening up costs/net ha	Site specific infrastructure Yr 0 = pre-delivery preparation. Yr 1 = 1st year of delivery
23	Upper Cufaude Farm	390	0	30 dph	13.00	0.00	22.26	60%	50 in yr1, 70pa thereafter then 60.	£400,000	£150,000 25% in 1st year and 25% in 2nd year. Remainder spread year 3 onwards	£4,556,595 (£11,684/dwg) • £2,129,376 education in yr1 • £0.25m bus spread years 1-5 • Remainder in line with development

	Manydown	Golf Course	Hounsome Fields	East of Basingstoke	Upper Cufaude Farm	Source
No. of dwellings	**3400**	**1000**	**750**	**450**	**390**	Local Plan
Strategic transport	£6,300,000	£1,300,000	£6,200,000	£1,350,000	£150,000	BDBC / Hampshire Highways
Bus	£2,200,000	£700,000	£525,000	£300,000	£250,000	BDBC / Stagecoach / Razors Farm example
Travel Plan	£1,000,000	£350,000	£300,000	£170,000	£170,000	Hampshire County Council estimate
Primary school	£17,618,623	£4,996,620	£3,747,465	£2,456,973	£2,129,376	Hampshire County Council Education Authority
Secondary school	£18,270,000	£0	£0	£0	£0	Hampshire County Council Education Authority
Open space	£7,850,000	£2,470,000	£1,850,000	£1,100,000	£960,000	BDBC
Allotments	£554,880	£163,200	£122,400	£73,440	£63,648	BDBC
Artificial turf pitch	£600,000	£0	£0	£0	£0	BDBC / FA
Playing pitches	£300,000	£171,429	£128,571	£0	£0	Sport England
Tennis / MUGA	£320,000	£182,857	£137,143	£96,429	£83,571	Sport England
Community facilities	£3,000,000	£1,285,714	£964,285	£1,000,000	£750,000	BDBC
Library	£568,845	£0	£0	£0	£0	Hampshire County Council
TOTAL	£58,582,348	£11,619,820	£13,974,864	£6,546,842	£4,556,595	
Total per dwelling	£17,230	£11,620	£18,633	£14,549	£11,684	

ANNEX 7 - CASE STUDY RESIDUAL VALUES

Case Study Ref	Type	HMA	MVA	Total dwgs	% AH	Total market sq m	Density (dph)	Net Site area (ha)	Gross Site area (ha)	Gross to net	Residual Value per toolkit	Residual Value per ha	Total Market Sq m	Market Sq m per ha	Main Benchmark	Sensitivity bench mark test	RV less main benchmark	RV less Sensitivity benchmark test	**Main Benchmark Max CIL (£/sq m)**	**Sensitivity Benchmark Max CIL (£/sq m)**
1	1 dwelling	Basingstoke urban	Basingstoke/ Tadley	1	40%	78.0	33	0.03	0.03	100%	-16,000	-533,333	78.0	2,600.00	1,000,000		-1,533,333		**-£590**	
2	2 dwellings	Basingstoke urban	Basingstoke/ Tadley	2	40%	120.0	50	0.04	0.04	100%	132,000	3,300,000	120.0	3,000.00	1,000,000		2,300,000		**£767**	
3	3 dwellings	Basingstoke edge	Basingstoke/ Tadley	3	40%	234.0	33	0.09	0.09	100%	197,000	2,188,889	234.0	2,600.00	1,000,000		1,188,889		**£457**	
4	4 dwellings	Basingstoke edge	Basingstoke/ Tadley	4	40%	276.0	36	0.11	0.11	100%	248,000	2,254,545	276.0	2,509.09	1,000,000		1,254,545		**£500**	
5	10 dwellings	Basingstoke edge	Basingstoke/ Tadley	10	40%	655.7	34	0.29	0.29	100%	537,771	1,854,383	655.7	2,261.03	1,000,000		854,383		**£378**	
6	55 dwellings	Basingstoke urban	Basingstoke/ Tadley	55	40%	3,009.6	45	1.22	1.22	100%	2,394,384	1,962,610	3,009.6	2,466.89	1,000,000		962,610		**£390**	
7	Intermediate dev 100 dwellings	Basingstoke edge	Basingstoke/ Tadley	100	40%	6,556.8	30	3.33	3.91	85%	5,592,929	1,430,984	6,556.8	1,969.01	1,000,000	700,000	430,984	730,984	**£219**	**£371**
8	90 high density flats	Basingstoke urban	Basingstoke/ Tadley	90	40%	3,553.2	180	0.50	0.50	100%	572,387	1,144,774	3,553.2	7,106.40	1,000,000	700,000	144,774	444,774	**£20**	**£63**
9	Sheltered housing 100 flats	Basingstoke urban	Basingstoke/ Tadley	100	40%	4,890.0	125	0.80	0.80	100%	21,970	27,463	4,890.0	6,112.50	1,000,000	700,000	-972,538	-672,538	**-£159**	**-£110**
10	Flatted scheme (u'croft parking) 100 flats	Basingstoke urban	Basingstoke/ Tadley	100	40%	3,948.0	143	0.70	0.70	100%	-928,582	-1,326,546	3,948.0	5,640.00	1,000,000		-2,326,546		**-£413**	
11	Flatted scheme (surface parking) 100 flats	Basingstoke urban	Basingstoke/ Tadley	100	40%	3,948.0	95	1.05	1.05	100%	635,986	605,701	3,948.0	3,760.00	1,000,000		-394,299		**-£105**	
12	1 dwelling	Rest of Borough	Rest of Borough	1	40%	96.0	25	0.04	0.04	100%	23,000	575,000	96.0	2,400.00	1,000,000		-425,000		**-£177**	
13	2 dwellings	Rest of Borough	Rest of Borough	2	40%	174.0	25	0.08	0.08	100%	225,000	2,812,500	174.0	2,175.00	1,000,000		1,812,500		**£833**	
14	3 dwellings	Rest of Borough	Rest of Borough	3	40%	234.0	25	0.12	0.12	100%	292,000	2,433,333	234.0	1,950.00	1,000,000		1,433,333		**£735**	
15	4 dwellings	Rest of Borough	Rest of Borough	4	40%	348.0	25	0.16	0.16	100%	420,000	2,625,000	348.0	2,175.00	1,000,000		1,625,000		**£747**	
16	Edge of small town/ village 10 dwellings	Rest of Borough	Rest of Borough	10	40%	789.0	34	0.29	0.29	100%	918,215	3,166,259	789.0	2,720.69	1,000,000		2,166,259		**£796**	
17	55 dwellings	Rest of Borough	Rest of Borough	55	40%	3,606.2	35	1.57	1.74	90%	4,397,995	2,526,746	3,606.2	2,296.94	1,000,000		1,526,746		**£665**	
18	Market town urban extension 100 dwellings	Rest of Borough	Rest of Borough	100	40%	6,556.8	35	2.86	3.35	85%	7,946,514	2,372,840	6,556.8	2,292.59	1,000,000		1,372,840		**£599**	

Case Study Ref	Type	HMA	MVA	Total dwgs	% AH	Density (dph)	Net Site area (ha)	Gross Site area (ha)	Gross to net	Residual Value per toolkit	Residual Value per ha	Total Market Sq m	Market Sq m per ha	DCF applied	Main Benchmark	RV less main benchmark	**Main Benchmark Max CIL (£/sq m)**
19	Manydown	Strategic site (inc 68 self build units)	Basingstoke/ Tadley	3,332	40%	29	113.33	183.56	62%	113,363,217	617,581	234,406.2	2,068.35	Yes	400,000	217,581	**£105**
20	Golf Course	Strategic site (inc 20 self build units)	Basingstoke/ Tadley	980	40%	34	28.57	46.95	61%	37,529,526	799,351	64,256.6	2,249.09	Yes	400,000	399,351	**£178**
21	Hounsome Fields	Strategic site (inc 15 self build units)	Basingstoke/ Tadley	735	40%	34	21.43	42.78	50%	22,259,788	520,332	48,192.5	2,248.83	Yes	400,000	120,332	**£54**
22	East of Basingstoke	Strategic site (inc 9 self build units)	Basingstoke/ Tadley	441	40%	29	15.00	26.28	57%	18,329,404	697,466	31,024.4	2,068.29	Yes	400,000	297,466	**£144**
23	Upper Cufaude Farm	Strategic site	Basingstoke/ Tadley	390	40%	30	13.00	22.26	58%	17,269,351	775,802	27,436.5	2,110.50	Yes	400,000	375,802	**£178**

ANNEX 8 - NON-RESIDENTIAL VIABILITY TESTS

Non-residential Viability Assessment Model

Office development of two storeys out of town (a/c multiple units) - BCIS costs

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)		£151	
Rent premium		0%	
Headline annual rent (in £s per sq m) with BREEAM premium		£ 151	
Annual rent for assesment (total) - NIA		£ 215,175	
Yield		7.50%	
(Yield times rent)		**£ 2,869,000**	
Less purchaser costs	5.80 % of yield x rent		
Gross Development Value			**£ 2,711,720**
SCHEME COSTS			
Build costs	£ 1,411 per sq m	£ 2,116,500	
Additional build costs	£ - per sq m	£ -	
Water efficiency	2.00% of base build costs	£ 42,330	
External costs	10% of base build costs	£ 211,650	
Total construction costs			***£ 2,370,480***
Professional fees	12.00% of construction costs	£ 284,458	
Sales and lettings costs	3% of GDV	£ 81,352	
S106 costs (not covered by CIL)		£ 20,000	
Total 'other costs'			***£ 385,809***
Finance costs	6.0% Interest rate		
Build period	10 Months		
Finance costs for 100% of construction and other costs		£ 137,814	
Void finance/rent free period (in months)	36 Months	£ 496,132	
Total finance costs			***£ 633,947***
Developer return	20% Scheme value		***£ 542,344***
Total scheme costs			**£ 3,932,580**
RESIDUAL VALUE			
Gross residual value			-£ 1,220,860
Less purchaser costs	0.00 % Stamp duty land tax		£ -
	2.00 % Agent/legal purchase fees		£ -
Residual value	For the scheme		-£ 1,245,277
	Equivalent per hectare		-£ 6,641,476
	Not viable		
Potential for CIL			
Benchmark land value (per hectare)			£ 740,000
Equivalent benchmark land value for site			£ 138,750
Potential for CIL for the scheme			-£ 1,384,027
Potential per sq m			NONE

Non-residential Viability Assessment Model

Office development of two storeys out of town (a/c multiple units) - local costs

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)			£151	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 151	
Annual rent for assesment (total) - NIA			£ 215,175	
Yield			7.50%	
(Yield times rent)			**£ 2,869,000**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 2,711,720**
SCHEME COSTS				
Build costs	£ 1,650	per sq m	£ 2,475,000	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 49,500	
External costs	10%	of base build costs	£ 247,500	
Total construction costs				***£ 2,772,000***
Professional fees	12.00%	of construction costs	£ 332,640	
Sales and lettings costs	3%	of GDV	£ 81,352	
S106 costs (not covered by CIL)			£ 20,000	
Total 'other costs'				***£ 433,992***
Finance costs	6.0%	Interest rate		
Build period	10	Months		
Finance costs for 100% of construction and other costs			£ 160,300	
Void finance/rent free period (in months)	36	Months	£ 577,078	
Total finance costs				***£ 737,378***
Developer return	20%	Scheme value		***£ 542,344***
Total scheme costs				**£ 4,485,714**
RESIDUAL VALUE				
Gross residual value				-£ 1,773,993
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 1,809,473
	Equivalent per hectare			-£ 9,650,525
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 740,000
Equivalent benchmark land value for site				£ 138,750
Potential for CIL for the scheme				-£ 1,948,223
Potential per sq m				NONE

Non-residential Viability Assessment Model

Office development of four storeys town centre (a/c) - BCIS costs

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)			£156	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 156	
Annual rent for assesment (total) - NIA			£ 296,400	
Yield			8.25%	
(Yield times rent)			**£ 3,592,727**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 3,395,772**
SCHEME COSTS				
Build costs	£ 1,732	per sq m	£ 3,464,000	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 69,280	
External costs	10%	of base build costs	£ 346,400	
Total construction costs				***£ 3,879,680***
Professional fees	12.00%	of construction costs	£ 465,562	
Sales and lettings costs	3%	of GDV	£ 101,873	
S106 costs (not covered by CIL)			£ -	
Total 'other costs'				***£ 567,435***
Finance costs	6.0%	Interest rate		
Build period	14	Months		
Finance costs for 100% of construction and other costs			£ 311,298	
Void finance/rent free period (in months)	36	Months	£ 800,481	
Total finance costs				***£ 1,111,779***
Developer return	20%	Scheme value		***£ 679,154***
Total scheme costs				**£ 6,238,048**
RESIDUAL VALUE				
Gross residual value				-£ 2,842,275
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 2,899,121
	Equivalent per hectare			-£ 43,486,815
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 740,000
Equivalent benchmark land value for site				£ 49,333
Potential for CIL for the scheme				-£ 2,948,454
Potential per sq m				NONE

Non-residential Viability Assessment Model

Office development of four storeys town centre (a/c) - local costs

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)			£156	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 156	
Annual rent for assesment (total) - NIA			£ 296,400	
Yield			8.25%	
(Yield times rent)			**£ 3,592,727**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 3,395,772**
SCHEME COSTS				
Build costs	£ 1,800	per sq m	£ 3,600,000	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 72,000	
External costs	10%	of base build costs	£ 360,000	
Total construction costs				***£ 4,032,000***
Professional fees	12.00%	of construction costs	£ 483,840	
Sales and lettings costs	3%	of GDV	£ 101,873	
S106 costs (not covered by CIL)			£ -	
Total 'other costs'				***£ 585,713***
Finance costs	6.0%	Interest rate		
Build period	14	Months		
Finance costs for 100% of construction and other costs			£ 323,240	
Void finance/rent free period (in months)	36	Months	£ 831,188	
Total finance costs				***£ 1,154,428***
Developer return	20%	Scheme value		***£ 679,154***
Total scheme costs				**£ 6,451,296**
RESIDUAL VALUE				
Gross residual value				-£ 3,055,523
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 3,116,634
	Equivalent per hectare			-£ 46,749,509
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 740,000
Equivalent benchmark land value for site				£ 49,333
Potential for CIL for the scheme				-£ 3,165,967
Potential per sq m				NONE

Non-residential Viability Assessment Model

Four industrial/warehouse units in a block of 1,600 sqm edge of town - BCIS

Size of unit (GIA)	1600	sq m
Ratio of GEA to GIA	100.0%	
GEA	1600	sq m
NIA as % of GIA	95%	
NIA	1520	sq m
Floors	1	
Site coverage	40%	
Site area	0.40	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)			£86	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 86	
Annual rent for assesment (total) - NIA			£ 130,842	
Yield			7.50%	
(Yield times rent)			**£ 1,744,555**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 1,648,917**
SCHEME COSTS				
Build costs	£ 810	per sq m	£ 1,296,000	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 25,920	
External costs	10%	of base build costs	£ 129,600	
Total construction costs				***£ 1,451,520***
Professional fees	12.00%	of construction costs	£ 174,182	
Sales and lettings costs	3%	of GDV	£ 49,468	
S106 costs (not covered by CIL)			£ 20,000	
Total 'other costs'				***£ 243,650***
Finance costs	6.0%	Interest rate		
Build period	8	Months		
Finance costs for 100% of construction and other costs			£ 67,807	
Void finance/rent free period (in months)	12	Months	£ 101,710	
Total finance costs				***£ 169,517***
Developer return	20%	Scheme value		***£ 329,783***
Total scheme costs				**£ 2,194,470**
RESIDUAL VALUE				
Gross residual value				-£ 545,553
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 556,464
	Equivalent per hectare			-£ 1,391,160
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 740,000
Equivalent benchmark land value for site				£ 296,000
Potential for CIL for the scheme				-£ 852,464
Potential per sq m				NONE

Non-residential Viability Assessment Model

Four industrial/warehouse units in a block of 1,600 sqm edge of town - local costs

Size of unit (GIA)	1600	sq m
Ratio of GEA to GIA	100.0%	
GEA	1600	sq m
NIA as % of GIA	95%	
NIA	1520	sq m
Floors	1	
Site coverage	40%	
Site area	0.40	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)			£86	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 86	
Annual rent for assesment (total) - NIA			£ 130,842	
Yield			7.50%	
(Yield times rent)			**£ 1,744,555**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 1,648,917**
SCHEME COSTS				
Build costs	£ 775	per sq m	£ 1,240,000	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 24,800	
External costs	10%	of base build costs	£ 124,000	
Total construction costs				***£ 1,388,800***
Professional fees	12.00%	of construction costs	£ 166,656	
Sales and lettings costs	3%	of GDV	£ 49,468	
S106 costs (not covered by CIL)			£ 20,000	
Total 'other costs'				***£ 236,124***
Finance costs	6.0%	Interest rate		
Build period	8	Months		
Finance costs for 100% of construction and other costs			£ 64,997	
Void finance/rent free period (in months)	12	Months	£ 97,495	
Total finance costs				***£ 162,492***
Developer return	20%	Scheme value		***£ 329,783***
Total scheme costs				**£ 2,117,199**
RESIDUAL VALUE				
Gross residual value				-£ 468,282
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 477,648
	Equivalent per hectare			-£ 1,194,119
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 740,000
Equivalent benchmark land value for site				£ 296,000
Potential for CIL for the scheme				-£ 773,648
Potential per sq m				NONE

Non-residential Viability Assessment Model

Warehouse/industrial unit of 5,000 sqm edge of town, accessible location

Size of unit (GIA)	5000	sq m			
Ratio of GEA to GIA	100.0%				User input cells
GEA	5000	sq m			Produced by model
NIA as % of GIA	95%				Key results
NIA	4750	sq m	GEA		*Gross external area*
Floors	1		GIA		*Gross internal area*
Site coverage	40%		NIA		*Net internal area*
Site area	1.25	Hectares			

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£86	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 86	
Annual rent for assesment (total) - NIA			£ 408,880	
Yield			7.50%	
(Yield times rent)			**£ 5,451,733**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 5,152,867**
SCHEME COSTS				
Build costs	£ 688	per sq m	£ 3,440,000	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 68,800	
External costs	10%	of base build costs	£ 344,000	
Total construction costs				***£ 3,852,800***
Professional fees	12.00%	of construction costs	£ 462,336	
Sales and lettings costs	3%	of GDV	£ 154,586	
S106 costs (not covered by CIL)			£ 50,000	
Total 'other costs'				***£ 666,922***
Finance costs	6.0%	Interest rate		
Build period	8	Months		
Finance costs for 100% of construction and other costs			£ 180,789	
Void finance/rent free period (in months)	24	Months	£ 542,367	
Total finance costs				***£ 723,156***
Developer return	20%	Scheme value		***£ 1,030,573***
Total scheme costs				**£ 6,273,451**
RESIDUAL VALUE				
Gross residual value				-£ 1,120,584
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 1,142,996
	Equivalent per hectare			-£ 914,396
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 740,000
Equivalent benchmark land value for site				£ 925,000
Potential for CIL for the scheme				-£ 2,067,996
Potential per sq m				NONE

Non-residential Viability Assessment Model

Town centre comparison retail 800 sqm Tier 1

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)		£213		
Rent premium		0%		
Headline annual rent (in £s per sq m) with BREEAM premium		£ 213		
Annual rent for assesment (total) - NIA		£ 161,880		
Yield		6.02%		
(Yield times rent)		**£ 2,689,037**		
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value			£	2,541,622
SCHEME COSTS				
Build costs	£ 1,239	per sq m	£ 991,200	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 19,824	
External costs	10%	of base build costs	£ 99,120	
Total construction costs				***£ 1,110,144***
Professional fees	12.00%	of construction costs	£ 133,217	
Sales and lettings costs	3%	of GDV	£ 76,249	
S106 costs (not covered by CIL)			£ -	
Total 'other costs'				***£ 209,466***
Finance costs	6.0%	Interest rate		
Build period	12	Months		
Finance costs for 100% of construction and other costs			£ 79,177	
Void finance/rent free period (in months)	12	Months	£ 79,177	
Total finance costs				***£ 158,353***
Developer return	20%	Scheme value		***£ 508,324***
Total scheme costs				**£ 1,986,288**
RESIDUAL VALUE				
Gross residual value				£ 555,335
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ 11,107
Residual value	For the scheme			£ 544,446
	Equivalent per hectare			£ 10,888,918
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				£ 21,215,494
Equivalent benchmark land value for site				£ 1,060,775
Potential for CIL for the scheme				-£ 516,329
Potential per sq m				NONE

Non-residential Viability Assessment Model

Town centre comparison retail 800 sqm Tier 2

Size of unit (GIA)	800	sq m			
Ratio of GEA to GIA	100.0%				User input cells
GEA	800	sq m			Produced by model
NIA as % of GIA	95%				Key results
NIA	760	sq m	GEA		*Gross external area*
Floors	2		GIA		*Gross internal area*
Site coverage	80%		NIA		*Net internal area*
Site area	0.05	Hectares			

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£165	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 165	
Annual rent for assesment (total) - NIA			£ 125,400	
Yield			7.00%	
(Yield times rent)			**£ 1,791,429**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 1,693,222**
SCHEME COSTS				
Build costs	£ 1,239	per sq m	£ 991,200	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 19,824	
External costs	10%	of base build costs	£ 99,120	
Total construction costs				***£ 1,110,144***
Professional fees	12.00%	of construction costs	£ 133,217	
Sales and lettings costs	3%	of GDV	£ 50,797	
S106 costs (not covered by CIL)			£ -	
Total 'other costs'				***£ 184,014***
Finance costs	6.0%	Interest rate		
Build period	12	Months		
Finance costs for 100% of construction and other costs			£ 77,649	
Void finance/rent free period (in months)	12	Months	£ 77,649	
Total finance costs				***£ 155,299***
Developer return	20%	Scheme value		***£ 338,644***
Total scheme costs				**£ 1,788,101**
RESIDUAL VALUE				
Gross residual value				-£ 94,880
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 96,777
	Equivalent per hectare			-£ 1,935,542
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 14,526,363
Equivalent benchmark land value for site				£ 726,318
Potential for CIL for the scheme				-£ 823,095
Potential per sq m				NONE

Non-residential Viability Assessment Model

Town centre comparison retail 800 sqm Tier 3

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)			£130	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 130	
Annual rent for assesment (total) - NIA			£ 98,800	
Yield			8.50%	
(Yield times rent)			**£ 1,162,353**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 1,098,632**

SCHEME COSTS				
Build costs	£ 1,239	per sq m	£ 991,200	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 19,824	
External costs	10%	of base build costs	£ 99,120	
Total construction costs				***£ 1,110,144***
Professional fees	12.00%	of construction costs	£ 133,217	
Sales and lettings costs	3%	of GDV	£ 32,959	
S106 costs (not covered by CIL)			£ -	
Total 'other costs'				***£ 166,176***
Finance costs	6.0%	Interest rate		
Build period	12	Months		
Finance costs for 100% of construction and other costs			£ 76,579	
Void finance/rent free period (in months)	12	Months	£ 76,579	
Total finance costs				***£ 153,158***
Developer return	20%	Scheme value		***£ 219,726***
Total scheme costs				**£ 1,649,205**

RESIDUAL VALUE			
Gross residual value			-£ 550,573
Less purchaser costs	0.00	% Stamp duty land tax	£ -
	2.00	% Agent/legal purchase fees	£ -
Residual value	For the scheme		-£ 561,584
	Equivalent per hectare		-£ 11,231,686
		Not viable	

Potential for CIL		
Benchmark land value (per hectare)	£	740,000
Equivalent benchmark land value for site	£	37,000
Potential for CIL for the scheme	-£	598,584
Potential per sq m		NONE

Non-residential Viability Assessment Model

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

Size of unit (GIA)	6000	sq m			
Ratio of GEA to GIA	100.0%				User input cells
GEA	6000	sq m			Produced by model
NIA as % of GIA	95%				Key results
NIA	5700	sq m	GEA		*Gross external area*
Floors	1		GIA		*Gross internal area*
Site coverage	40%		NIA		*Net internal area*
Site area	1.50	Hectares			

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£194	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 194	
Annual rent for assesment (total) - NIA			£ 1,103,976	
Yield			7.00%	
(Yield times rent)			**£ 15,771,086**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 14,906,508**
SCHEME COSTS				
Build costs	£825	per sq m	£ 4,950,000	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 99,000	
External costs	10%	of base build costs	£ 495,000	
Total construction costs				***£ 5,544,000***
Professional fees	12.00%	of construction costs	£ 665,280	
Sales and lettings costs	3%	of GDV	£ 447,195	
S106 costs (not covered by CIL)			£ 500,000	
Total 'other costs'				***£ 1,612,475***
Finance costs	6.0%	Interest rate		
Build period	14	Months		
Finance costs for 100% of construction and other costs			£ 500,953	
Void finance/rent free period (in months)	12	Months	£ 429,389	
Total finance costs				***£ 930,342***
Developer return	20%	Scheme value		***£ 2,981,302***
Total scheme costs				**£ 11,068,119**
RESIDUAL VALUE				
Gross residual value				£ 3,838,390
Less purchaser costs	4.00	% Stamp duty land tax		£ 153,536
	2.00	% Agent/legal purchase fees		£ 76,768
Residual value	For the scheme			£ 3,621,122
	Equivalent per hectare			£ 2,414,081
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				£ 2,000,000
Equivalent benchmark land value for site				£ 3,000,000
Potential for CIL for the scheme				£ 621,122
Potential per sq m				£ 104

Non-residential Viability Assessment Model

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

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)			£194	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 194	
Annual rent for assesment (total) - NIA			£ 1,103,976	
Yield			7.00%	
(Yield times rent)			**£ 15,771,086**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 14,906,508**
SCHEME COSTS				
Build costs	£1,000	per sq m	£ 6,000,000	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 120,000	
External costs	10%	of base build costs	£ 600,000	
Total construction costs				***£ 6,720,000***
Professional fees	12.00%	of construction costs	£ 806,400	
Sales and lettings costs	3%	of GDV	£ 447,195	
S106 costs (not covered by CIL)			£ 500,000	
Total 'other costs'				***£ 1,753,595***
Finance costs	6.0%	Interest rate		
Build period	14	Months		
Finance costs for 100% of construction and other costs			£ 593,152	
Void finance/rent free period (in months)	12	Months	£ 508,416	
Total finance costs				***£ 1,101,567***
Developer return	20%	Scheme value		***£ 2,981,302***
Total scheme costs				**£ 12,556,464**
RESIDUAL VALUE				
Gross residual value				£ 2,350,044
Less purchaser costs	4.00	% Stamp duty land tax		£ 94,002
	2.00	% Agent/legal purchase fees		£ 47,001
Residual value	For the scheme			£ 2,217,023
	Equivalent per hectare			£ 1,478,015
		Go to next stage		
Potential for CIL				
Benchmark land value (per hectare)				£ 2,000,000
Equivalent benchmark land value for site				£ 3,000,000
Potential for CIL for the scheme				-£ 782,977
Potential per sq m				NONE

Non-residential Viability Assessment Model

Small Convenience Store 300 sqm

Size of unit (GIA)	300	sq m			
Ratio of GEA to GIA	100.0%				User input cells
GEA	300	sq m			Produced by model
NIA as % of GIA	95%				Key results
NIA	285	sq m	GEA		*Gross external area*
Floors	1		GIA		*Gross internal area*
Site coverage	40%		NIA		*Net internal area*
Site area	0.08	Hectares			

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£150	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 150	
Annual rent for assesment (total) - NIA			£ 42,750	
Yield			7.50%	
(Yield times rent)			**£ 570,000**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 538,752**
SCHEME COSTS				
Build costs	£ 1,350	per sq m	£ 405,000	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 8,100	
External costs	10%	of base build costs	£ 40,500	
Total construction costs				***£ 453,600***
Professional fees	12.00%	of construction costs	£ 54,432	
Sales and lettings costs	3%	of GDV	£ 16,163	
S106 costs (not covered by CIL)			£ -	
Total 'other costs'				***£ 70,595***
Finance costs	6.0%	Interest rate		
Build period	6	Months		
Finance costs for 100% of construction and other costs			£ 15,726	
Void finance/rent free period (in months)	0	Months	£ -	
Total finance costs				***£ 15,726***
Developer return	20%	Scheme value		***£ 107,750***
Total scheme costs				**£ 647,671**
RESIDUAL VALUE				
Gross residual value				-£ 108,919
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 111,097
	Equivalent per hectare			-£ 1,481,292
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 1,000,000
Equivalent benchmark land value for site				£ 75,000
Potential for CIL for the scheme				-£ 186,097
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%				User input cells
GEA	1100	sq m			Produced by model
NIA as % of GIA	95%				Key results
NIA	1045	sq m	GEA		*Gross external area*
Floors	1		GIA		*Gross internal area*
Site coverage	40%		NIA		*Net internal area*
Site area	0.28	Hectares			

SCHEME REVENUE				
Headline annual rent (in £s per sq m)			£175	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 175	
Annual rent for assesment (total) - NIA			£ 182,875	
Yield			5.50%	
(Yield times rent)			**£ 3,325,000**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 3,142,722**
SCHEME COSTS				
Build costs	£ 1,688	per sq m	£ 1,856,800	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 37,136	
External costs	10%	of base build costs	£ 185,680	
Total construction costs				***£ 2,079,616***
Professional fees	12.00%	of construction costs	£ 249,554	
Sales and lettings costs	3%	of GDV	£ 94,282	
S106 costs (not covered by CIL)			£ 100,000	
Total 'other costs'				***£ 443,836***
Finance costs	6.0%	Interest rate		
Build period	8	Months		
Finance costs for 100% of construction and other costs			£ 100,938	
Void finance/rent free period (in months)	12	Months	£ 151,407	
Total finance costs				***£ 252,345***
Developer return	20%	Scheme value		***£ 628,544***
Total scheme costs				**£ 3,404,341**
RESIDUAL VALUE				
Gross residual value				-£ 261,619
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 266,851
	Equivalent per hectare			-£ 970,369
		Not viable		

Potential for CIL		
Benchmark land value (per hectare)	£	4,000,000
Equivalent benchmark land value for site	£	1,100,000
Potential for CIL for the scheme	-£	1,366,851
Potential per sq m		NONE

Non-residential Viability Assessment Model

70 bedroom budget hotel out of town - BCIS costs

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				
Capital value per room			£ 87,500	
Rooms			70	
Gross capital value			**£ 6,125,000**	
Less purchaser costs	5.80	% of gross capital value		
Gross Development Value				**£ 5,789,225**
SCHEME COSTS				
Build costs	£ 1,235	per sq m	£ 3,025,750	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 60,515	
External costs	10%	of base build costs	£ 302,575	
Total construction costs				***£ 3,388,840***
Professional fees	12.00%	of construction costs	£ 406,661	
Sales and lettings costs	3%	of GDV	£ 173,677	
S106 costs (not covered by CIL)			£ 10,000	
Total 'other costs'				***£ 590,338***
Finance costs	6.0%	Interest rate		
Build period	10	Months		
Finance costs for 100% of construction and other costs			£ 198,959	
Void finance/rent free period (in months)	6	Months	£ 119,375	
Total finance costs				***£ 318,334***
Developer return	20%	Scheme value		***£ 1,157,845***
Total scheme costs				**£ 5,455,357**
RESIDUAL VALUE				
Gross residual value				£ 333,868
Less purchaser costs	3.00	% Stamp duty land tax		£ 10,016
	2.00	% Agent/legal purchase fees		£ 6,677
Residual value	For the scheme			£ 317,970
	Equivalent per hectare			£ 1,946,753
		Go to next stage		

Potential for CIL	
Benchmark land value (per hectare)	£ 740,000
Equivalent benchmark land value for site	£ 120,867
Potential for CIL for the scheme	£ 197,103
Potential per sq m	£ 80

Non-residential Viability Assessment Model

70 bedroom budget hotel out of town - local costs

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				
Capital value per room			£ 87,500	
Rooms			70	
Gross capital value			**£ 6,125,000**	
Less purchaser costs	5.80	% of gross capital value		
Gross Development Value				**£ 5,789,225**
SCHEME COSTS				
Build costs	£ 1,857	per sq m	£ 4,549,650	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 90,993	
External costs	10%	of base build costs	£ 454,965	
Total construction costs				***£ 5,095,608***
Professional fees	12.00%	of construction costs	£ 611,473	
Sales and lettings costs	3%	of GDV	£ 173,677	
S106 costs (not covered by CIL)			£ 10,000	
Total 'other costs'				***£ 795,150***
Finance costs	6.0%	Interest rate		
Build period	10	Months		
Finance costs for 100% of construction and other costs			£ 294,538	
Void finance/rent free period (in months)	6	Months	£ 176,723	
Total finance costs				***£ 471,261***
Developer return	20%	Scheme value		***£ 1,157,845***
Total scheme costs				**£ 7,519,863**
RESIDUAL VALUE				
Gross residual value				-£ 1,730,638
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 1,765,251
	Equivalent per hectare			-£ 10,807,660
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 740,000
Equivalent benchmark land value for site				£ 120,867
Potential for CIL for the scheme				-£ 1,886,118
Potential per sq m				NONE

Non-residential Viability Assessment Model

Edge of centre mixed 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)			£90	
Rent premium			0%	
Headline annual rent (in £s per sq m) with BREEAM premium			£ 90	
Annual rent for assesment (total) - NIA			£ 324,900	
Yield			8.00%	
(Yield times rent)			**£ 4,061,250**	
Less purchaser costs	5.80	% of yield x rent		
Gross Development Value				**£ 3,838,611**
SCHEME COSTS				
Build costs	£ 1,483	per sq m	£ 5,635,400	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 112,708	
External costs	10%	of base build costs	£ 563,540	
Total construction costs				***£ 6,311,648***
Professional fees	12.00%	of construction costs	£ 757,398	
Sales and lettings costs	3%	of GDV	£ 115,158	
S106 costs (not covered by CIL)			£ 20,000	
Total 'other costs'				***£ 892,556***
Finance costs	6.0%	Interest rate		
Build period	12	Months		
Finance costs for 100% of construction and other costs			£ 432,252	
Void finance/rent free period (in months)	0	Months	£ -	
Total finance costs				***£ 432,252***
Developer return	20%	Scheme value		***£ 767,722***
Total scheme costs				**£ 8,404,178**
RESIDUAL VALUE				
Gross residual value				-£ 4,565,568
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 4,656,879
	Equivalent per hectare			-£ 19,607,912
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 740,000
Equivalent benchmark land value for site				£ 175,750
Potential for CIL for the scheme				-£ 4,832,629
Potential per sq m				NONE

Non-residential Viability Assessment Model

Care home 60 bedrooms

Size of unit (GIA)	3000	sq m			User input cells
Ratio of GEA to GIA	100.0%				Produced by model
GEA	3000	sq m			Key results
NIA as % of GIA	95%		GEA		*Gross external area*
NIA	2850	sq m	GIA		*Gross internal area*
Floors	2		NIA		*Net internal area*
Site coverage	40%				
Site area	0.38	Hectares			

SCHEME REVENUE				
Capital value per room			£ 118,000	
Rooms			60	
Gross capital value			**£ 7,080,000**	
Less purchaser costs	5.80	% of gross capital value		
Gross Development Value				**£ 6,691,871**
SCHEME COSTS				
Build costs	£ 1,637	per sq m	£ 4,911,000	
Additional build costs	£ -	per sq m	£ -	
Water efficiency	2.00%	of base build costs	£ 98,220	
External costs	10%	of base build costs	£ 491,100	
Total construction costs				***£ 5,500,320***
Professional fees	12.00%	of construction costs	£ 660,038	
Sales and lettings costs	3%	of GDV	£ 200,756	
S106 costs (not covered by CIL)			£ 75,000	
Total 'other costs'				***£ 935,795***
Finance costs	6.0%	Interest rate		
Build period	12	Months		
Finance costs for 100% of construction and other costs			£ 386,167	
Void finance/rent free period (in months)	0	Months	£ -	
Total finance costs				***£ 386,167***
Developer return	20%	Scheme value		***£ 1,338,374***
Total scheme costs				**£ 8,160,656**
RESIDUAL VALUE				
Gross residual value				-£ 1,468,784
Less purchaser costs	0.00	% Stamp duty land tax		£ -
	2.00	% Agent/legal purchase fees		£ -
Residual value	For the scheme			-£ 1,498,160
	Equivalent per hectare			-£ 3,995,093
		Not viable		
Potential for CIL				
Benchmark land value (per hectare)				£ 740,000
Equivalent benchmark land value for site				£ 277,500
Potential for CIL for the scheme				-£ 1,775,660
Potential per sq m				NONE