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Wareham Neighbourhood Plan Viability Study

Wareham Town Council

May 2018

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Glossary

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:
a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

Alternative use value (AUV) Where an alternative use can be readily identified as generating a higher value for a site, the value for that alternative use would take the existing use value (determined by the market) and apply an assumption that has regard to current development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.

Benchmark A comparator for the outputs or inputs into the appraisal, i.e. site value or developer's return, etc.

Building Cost Information Service (BCIS) A subscriber service set up in 1962 under the aegis of RICS to facilitate the exchange of detailed building construction costs. The service is available from an independent body to those of any discipline who are willing and able to contribute and receive data on a reciprocal basis.

Building costs indices A series of indices published by BCIS relating to the cost of building work. They are based on cost models of 'average building', which measure the changes in costs of labour, materials and plant which collectively cover the basic cost to a contractor.

Build to Rent: Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

Cash flow The movement of money by way of income, expenditure and capital receipts and payments during the course of the development. The impact of cash flow assumptions on viability assessments is an important consideration. While most viability appraisals include an interest rate on capital employed, such costs are frequently applied solely to building costs pending sale. Cash flow considerations should also take into account the costs of capital employed in relation to infrastructure costs, Section 106 and CIL requirements and land purchase costs, and should incorporate realistic assumptions on build and sales rates based upon local market conditions.

Comparable evidence A property used in the valuation process as evidence to support the valuation of another property. It may be necessary to analyse and adjust in order to put it in a suitable form to be used as evidence for comparison purposes.

Contingency – Contingencies are allowances that may sometimes be put within a development appraisal to cater for unexpected costs where it is considered likely that the site poses risks which cannot easily be quantified. For example, poor ground conditions may affect the foundations, the discovery of archaeological remains and/or contamination may only be confirmed once digging commences. Normally a contingency will be expressed as an estimated percentage of costs. They should only be used to reflect those aspects of a scheme where costs cannot be accurately estimated in advance of work starting on site. They are dependent upon the nature of the development, the procurement method and the perceived accuracy of the information obtained. A contingency should not to be used to cover the possibility of contract price increases which can be quantified at the time that the appraisal is carried out. Similarly, they should not be used to cover errors made in the construction phase – the latter is accounted for in the developer's margin that reflects risk.

Current use value Market value for the continuing existing use of the site or property assuming all hope value is excluded, including value arising from any planning permission or alternative use. This also differs from the existing use value. It is hypothetical in a market context as property generally does not transact on a CUV basis.

Deliverable: To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. Sites that are not major development, and sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (e.g. they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans). Sites with outline planning permission, permission in principle, allocated in the development plan or identified on a brownfield register should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.

Developable: To be considered developable, sites should be in a suitable location for housing development with a reasonable prospect that they will be available and could be viably developed at the point envisaged.

Development appraisal A financial appraisal of a development to calculate either:

- the residual site value (deducting all development costs, including an allowance for the developer's profit/return from the scheme's total capital value); or
- the residual development profit/return (deducting all development costs, including the site value/cost from the scheme's total capital value).

Developer's return The developer's reasonable expectation of profit reflecting development risk, having regard to the margin requirements of any investors (where relevant). It will be determined by each developer in accordance with their own business model typically in relation to either profit on value (Gross Development Value) or profit on cost (total development costs). Whilst in practice it is assessed in a variety of ways, for development viability assessment calculations, it is normally taken in relation to a percentage of GDV.

Development risk The risk associated with the implementation and completion of a development including post-construction letting and sales.

Entry-level exception site: A site that provides entry-level homes suitable for first time buyers (or equivalent, for those looking to rent), in line with paragraph 71 of this Framework.

Existing use value The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after properly marketing and where the parties had each acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause market value to differ from that needed to replace the remaining service potential at least cost. It is an accounting definition of value for business use and as such, hypothetical in a market context, as property generally does not transact on an EUV basis.

Existing use value 'plus' a premium (EUV+) The benchmark land value for the purposes of assessing the viability of development for planning purposes. The value above the EUV at which a typical willing landowner is likely to release land for development. EUV+ should be informed by comparable evidence of transactions where possible. Where transacted prices are significantly above the market norm for transactions that fully reflect planning policy conditions and constraints, they should be regarded as outliers and not used as part of EUV+. This is likely to be highest in high value urban settings but low in rural low value areas. EUV+ is not price paid and must disregard Hope Value.

Gross development value (GDV) The aggregate market value of the proposed development, assessed on the special assumption that the development is complete as at the date of valuation in the market conditions prevailing at that date. The total of likely sales proceeds from a completed development scheme, gross of any costs of sale but taken at today's values and not inflated by the prospect of changes in market prices.

Gross development cost (GDC) The cost of undertaking a development, which normally includes the following:

- land acquisition costs
- site-specific related costs
- build costs
- fees and expenses
- interest or financing costs; and
- holding costs during the development period.

Gross external area (GEA) The aggregate superficial area of a building, taking each floor into account. As per the RICS Code of Measuring Practice this includes: external walls and projections, columns, piers, chimney breasts, stairwells and lift wells, tank and plant rooms, fuel stores whether or not above main roof level (except for Scotland, where for rating purposes these are excluded), and open-side covered areas and enclosed car parking areas, but excludes: open balconies; open fire escapes, open covered ways or minor canopies; open vehicle parking areas, terraces, etc.; domestic outside WCs and coalhouses. In calculating GEA, party walls are measured to their centre line, while areas with a headroom of less than 1.5m are excluded and quoted separately.

Gross internal area (GIA) Measurement of a building on the same basis as gross external area, but excluding external wall thicknesses.

Hope value - according to the RICS (The Valuation of Development Land 1st Edition p17 (2008)) '*Hope Value is the popular term for the element of the difference between the value of the land with the benefit of the current planning consent and the value with an enhanced, assumed, consent that is reflected in the Market Value of the land'*. It is entirely speculative and, whilst recognised in the market, is not part of the EUV+ approach or Benchmark Land Value and should not be used to define land value or the return to the landowner.

Interest rate The rate of finance applied in a development appraisal. As most appraisals assume 100 per cent financing, it is usual for the interest rate to reflect the total cost of finance and funding of a project, i.e. the combination of both equity and debt in applying a single rate.

Land Value Central to the consideration of viability is the assessment of land or site value. Land or site value will be an important input into the assessment. The most appropriate way to assess land or site value will vary from case to case but it is recommended that the starting point is an understanding of the Current Use Value (CUV) and Existing Use Value (EUV) of the land or site. The Landowner's return should normally utilise Existing Use Value 'Plus' (EUV+) in a planning context.

Landowner's Return - in all cases the landowner's return should reflect extant and emerging policy requirements and planning obligations and, where applicable, any Community Infrastructure Levy charge and any other planning conditions for extant planning consents. Practitioners should normally utilise Existing Use Value Plus (EUV+) as an approach for determining the landowners' return in the planning context.

Market risk adjusted return The discount rate as varied so as to reflect the perceived risk of the development in the market.

Market value (MV) The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Net developable area versus gross site area Many viability studies that model housing schemes assume a housing and plotting density per unit area. Such an analysis is a legitimate starting point and, provided the assumptions in relation to sales revenue and build cost are correct, produces a fully serviced land value per net developable area. However, the assumption is then made that the net developable area (i.e. income generating land) equates to the area of land that is to be acquired following the grant of planning permission. In all but the smallest redevelopment schemes, the net developable area is significantly smaller than the gross area that is required to support the development, given the need to provide open space, play areas, community facility sites, public realm, land for sustainable urban drainage schemes etc. The net area can account for less than 50%, and sometimes as little as 30% on larger sites, of the site to be acquired. Failure to take account of this difference can result in flawed assumptions and inaccurate viability studies. The HCA Development Appraisal Tool used for this study produces a residual value for the gross site area.

Net/gross ratio Refers to the percentage of usable space or land. A typical net/gross ratio on an office is 85%, whereas on a large greenfield site it is around 60% as not all land can be developed (i.e. some is used as open space, for distributor roads, community uses, infrastructure etc.)

Net internal area (NIA) The usable space within a building measured to the internal finish of structural, external or party walls, but excluding toilets, lift and plant rooms, stairs and lift wells, common entrance halls, lobbies and corridors, internal structural walls and columns and car parking areas.

Non-strategic policies: Policies contained in a neighbourhood plan, or those policies in a local plan that are not strategic policies.

Previously developed land: Land which is or was occupied by a permanent structure, including the curtilage of the developed land (although it should not be assumed that the whole of the curtilage should be developed) and any associated fixed surface infrastructure. This excludes: land that is or was last occupied by agricultural or forestry buildings; land that has been developed for minerals extraction or waste disposal by landfill, where provision for restoration has been made through development management procedures; land in built-up areas such as residential gardens, parks, recreation grounds and allotments; and land that was previously developed but where the remains of the permanent structure or fixed surface structure have blended into the landscape.

Planning obligation Provided for under section 106 of the Town and Country Planning Act 1990, usually in connection with the grant of planning permission for a private development project. A benefit to the community, either generally or in a particular locality, to offset the impact of development, e.g. the provision of open space, a transport improvement or affordable housing. The term is usually applied when a developer agrees to incur some expenditure, surrender some right or grant some concession which could not be embodied in a valid planning condition.

Policy Compliant Development that meets the full requirements of all national and local planning policies. Those policy requirements should be tested at the plan-making stage to ensure that the total cumulative cost of meeting them does not render development in the area unviable.

Price Paid The amount paid for land by a developer. It should not be used as an element to assess viability in the planning process. Price paid should reflect the cost of being policy compliant, but this is often not the case. Price paid may include overpayment due to considerations of Hope Value or expectation of market increases to Gross Development Value or the assumed possibility of negotiating down developer contributions. For the purposes of viability assessment, the amount paid for any parcel of land by the developer is therefore irrelevant.

Red Book The RICS Valuation – Professional Standards 2012 (Formerly RICS Valuation Standards). The 'Red Book' contains mandatory rules, best practice guidance and related commentary for all RICS members undertaking asset valuations.

Residual Site Value or residual land value The amount remaining once the GDC of a scheme is deducted from its GDV and an appropriate return has been deducted.

Residual valuation A valuation/appraisal of land using a development appraisal.

Return (on capital) The ratio of annual net income to capital derived from analysis of a transaction and expressed as a percentage.

Rural exception sites: Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. A proportion of market homes may be allowed on the site at the local planning authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

Sales rates The rate at which residential units are sold (either by month, quarter or year).

Self-build and custom-build housing: Housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing. A legal definition, for the purpose of applying the Self-build and Custom Housebuilding Act 2015 (as amended), is contained in section 1(A1) and (A2) of that Act.

Serviced land Land where the necessary infrastructure is in place. No off-site works are required and the developer simply has to connect the development with existing infrastructure

Site Value (for financial viability assessments for scheme specific planning applications) Market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.

Site Value (for area wide financial viability assessments) Site Value (as defined above) may need to be further adjusted to reflect the emerging policy/ CIL charging level. The level of the adjustment assumes that site delivery would not be prejudiced. Where an adjustment is made, the practitioner should set out their professional opinion underlying the assumptions adopted.
These include, as a minimum, comments on the state of the market and delivery targets as at the date of assessment.

Strategic infrastructure and utility costs Many models use construction cost information provided by BCIS or other sources. While this is regarded as a legitimate starting point, care is needed in understanding what is both included and excluded from such cost indices. Cost indices rarely provide data on the costs associated with providing serviced housing parcels, i.e. Strategic infrastructure costs.

Strategic policies: Policies and site allocations which address strategic priorities in line with the requirements of Section 19 (1B-E) of the Planning and Compulsory Purchase Act 2004.

Threshold land value A term developed by the Homes and Communities Agency (HCA) being essentially a land value at or above that which it is assumed a landowner would be prepared to sell. Used by some practitioners for establishing site value. The basis is as with EUV but then adds a premium (usually 10% to 40%) as an incentive for the landowner to sell.

Viability assessments/financial viability A report including a financial appraisal to establish the profit or loss arising from a proposed development. It will usually provide an analysis of both the figures inputted and output results, together with other matters of relevance. An assessment will normally provide a judgment as to the profitability (or loss) of a development.

Yield As applied to different commercial elements of a scheme, i.e. office, retail, etc. Yield is usually calculated as a year's rental income as a percentage of the value of the property. The "yield" is the rent as a proportion of the purchase price. In determining development value, there is an inverse relationship i.e. as the yield goes up, the value goes down. To calculate development value multiply the rent by 1 divided by the yield e.g. £100,000 x 1/10% (i.e. 0.1) = £1m gross value.

Sources: MHCLG, AECOM, RICS (Financial viability in planning), LHDG (Viability testing Local Plans)

1 Introduction

1.1 Context

1.1.1 Through the Ministry of Housing, Communities & Local Government's ('MHCLG') Neighbourhood Planning Programme, AECOM has been commissioned to provide viability technical support to Wareham Town Council ('WTC'). The support is intended to inform the group's work in producing a Neighbourhood Development Plan ('NDP') and to provide evidence in support for the NDP's emerging site allocations. The viability support builds upon AECOM's previous Housing Need Assessment and masterplanning support provided to WTC.

1.1.2 The town of Wareham is located within the county of Dorset. The town is located to the West of the coastal towns of Poole and Bournemouth and North West of Swanage. Wareham is one of the largest settlements within Purbeck District Council administrative boundary, providing essential services that support the wider area.

1.1.3 The town is located in close proximity to various valuable natural assets including the Dorset AONB and West Wiltshire Downs AONB. The town is also bordered by the Wareham Common SSSI, the Wareham Meadows SSSI and the River Frome SSSI. There are also important heathland SACs close to Wareham which have a 400m exclusion zone for residential development which affects a large swathe of Northmoor Park. Much of the town is located in high flood risk areas, making the area particularly vulnerable and may restrict significant new development in particular at-risk areas. A large swathe of the surrounding area is designated Green Belt. Wareham is a highly constrained settlement where the only greenfield land with potential is designated as Green Belt. Therefore, brownfield sites within the town are prioritised for the location of new residential units.

1.1.4 The Wareham Neighbourhood Plan area is outlined on the map below.

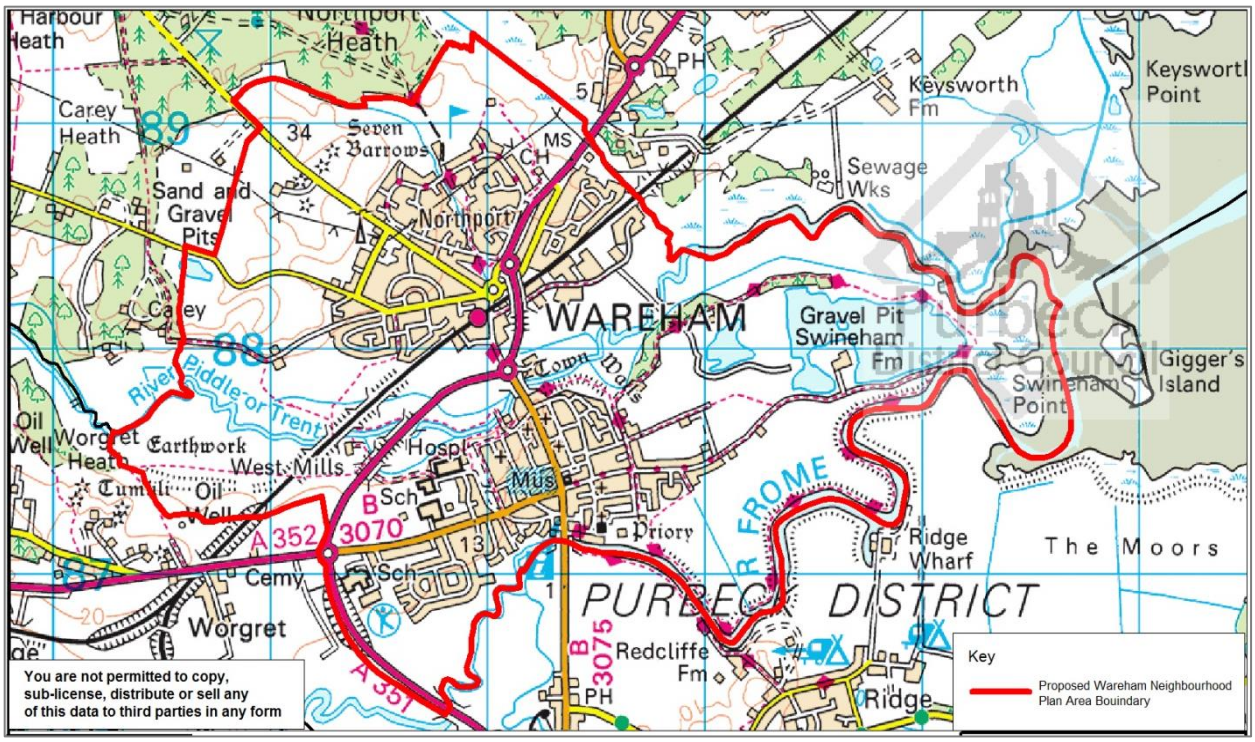


Figure 1: Wareham Neighbourhood Plan Area (*Source: Purbeck District Council)*

1.2 National Planning Policy Framework

1.2.1 This report has been published following publication of the National Planning Policy Framework (NPPF)[1] and the updated Planning Practice Guidance ('PPG') section on viability[2] (24th July 2018). The NPPF has transposed a number of Written Ministerial Statements relevant to neighbourhood planning and deliverability into the new Framework. For example, the Neighbourhood Planning: Written statement - HCWS346[3] has now been transposed into paragraph 14. The aim of paragraph 14 is to protect Neighbourhood Development Plans ('NDP') in circumstances where the adverse impacts of allowing development conflicts with an up to date neighbourhood plan and are likely to significantly and demonstrably outweigh the benefits:

> *'14. In situations where the presumption (at paragraph 11d) applies to applications involving the provision of housing, the adverse impact of allowing development that conflicts with the neighbourhood plan is likely to significantly and demonstrably outweigh the benefits, provided all of the following apply:*
>
> *a) the neighbourhood plan became part of the development plan two years or less before the date on which the decision is made;*
>
> *b) the neighbourhood plan contains policies and allocations to meet its identified housing requirement;*
>
> *c) the local planning authority has at least a three year supply of deliverable housing sites (against its five year housing supply requirement, including the appropriate buffer as set out in paragraph 73); and*
>
> *d) the local planning authority's housing delivery was at least 45% of that required9 over the previous three years.'*

1.2.2 NPPF paragraph 65 is also of relevance as it sets out that developments of 10 or more should provide 10% of units as 'affordable home ownership' products:

> *'Where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership [As part of the overall affordable housing contribution from the site], unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions should also be made where the site or proposed development:*
>
> *i. provides solely for Build to Rent homes;*
>
> *ii. provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);*
>
> *iii. is proposed to be developed by people who wish to build or commission their own homes; or*
>
> iv. *is exclusively for affordable housing, an entry level exception site or a rural exception site.'*

1.2.3 The NPPF also includes a revised definition for affordable housing within Annex 2 (see Glossary). The NPPF also emphasises the importance of viability testing at the plan making stage and provides additional guidance within the PPG which this report reflects. See the key extract below with regards to the deliverability:

NPPF reference	Extract (our *emphasis*)
2. Achieving sustainable development. The presumption in favour of sustainable development	14. In situations where the presumption (at paragraph 11d) applies to applications involving the provision of housing, the adverse impact of allowing development that conflicts with the neighbourhood plan is likely to significantly and demonstrably outweigh the benefits, provided all of the following apply8: a) the neighbourhood plan became part of the development plan two years or less before the date on which the decision is made; b) the neighbourhood plan contains policies and allocations to meet its identified housing requirement; c) the local planning authority has at least a three year supply of ***deliverable*** housing sites (against its five year housing supply requirement, including the appropriate buffer as set out in paragraph 73); and d) the local planning authority's housing delivery was at least 45% of that required9 over the previous three years.
3. Plan-making	16. Plans should: a) be prepared with the objective of contributing to the achievement of sustainable development10; b) be prepared positively, in a way that is aspirational but ***deliverable***…
3. Plan-making	29. Neighbourhood planning gives communities the power to develop a shared vision for their area.

[1] Accessed at: https://www.gov.uk/government/publications/national-planning-policy-framework--2
[2] Accessed at: https://www.gov.uk/guidance/viability
[3] Accessed at: https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-12-12/HCWS346/

Non-strategic policies	Neighbourhood plans can shape, direct and help to deliver sustainable development, by influencing local planning decisions as part of the statutory development plan. Neighbourhood plans should not promote less development than set out in the strategic policies for the area, or undermine those strategic policies.
3. Plan-making Preparing and reviewing plans	31. The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and ***take into account relevant market signals***.
3. Plan-making Development contributions	34. Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the ***deliverability*** of the plan.
3. Plan-making Examining plans	35. Local plans and spatial development strategies are examined to assess whether they have been prepared in accordance with legal and procedural requirements, and whether they are sound. Plans are 'sound' if they are: a) **Positively prepared** – providing a strategy which, as a minimum, seeks to meet the area's objectively assessed needs19; and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development; b) **Justified** – an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence; c) **Effective** – ***deliverable*** over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and d) **Consistent with national policy** – enabling the delivery of sustainable development in accordance with the policies in this Framework.
3. Plan-making Examining plans	36. These tests of soundness will be applied to non-strategic policies in a proportionate way, taking into account the extent to which they are consistent with relevant strategic policies for the area.
3. Plan-making Examining plans	37. Neighbourhood plans must meet certain 'basic conditions' and other legal requirements before they can come into force. These are tested through an independent examination before the neighbourhood plan may proceed to referendum.
4. Decision-making Planning conditions and obligations	57. Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be ***viable.*** It is up to the applicant to demonstrate whether particular circumstances justify the need for a ***viability*** assessment at the application stage. The weight to be given to a ***viability*** assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the ***viability*** evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All ***viability*** assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.
5. Delivering a sufficient supply of homes	63. Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount.
5. Delivering a sufficient supply of homes	64. Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership [As part of the overall affordable housing contribution from the site], unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions to this 10% requirement should also be made where the site or proposed development: a) provides solely for Build to Rent homes; b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students); c) is proposed to be developed by people who wish to build or commission their own homes; or d) is exclusively for affordable housing, an entry-level exception site or a rural exception site.
5. Delivering a sufficient supply of homes Identifying land for homes	67. Strategic policy-making authorities should have a clear understanding of the land available in their area through the preparation of a strategic housing land availability assessment. From this, planning policies should identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic ***viability***. Planning policies should identify a supply of: a) specific, ***deliverable*** sites for years one to five of the plan period; and b) specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 of the plan.
5. Delivering a sufficient supply of homes - Footnote 32	[32] With an appropriate buffer, as set out in paragraph 73. See glossary for definitions of ***deliverable*** and ***developable***.
5. Delivering a sufficient supply of homes Identifying land for homes	72. The supply of large numbers of new homes can often be best achieved through planning for larger scale development, such as new settlements or significant extensions to existing villages and towns, provided they are well located and designed, and supported by the necessary infrastructure and facilities. Working with the support of their communities, and with other authorities if appropriate, strategic policy-making authorities should identify suitable locations for such development where this can help to meet identified needs in a sustainable way. In doing so, they should: a) consider the opportunities presented by existing or planned investment in infrastructure, the area's economic potential and the scope for net environmental gains; b) ensure that their size and location will support a sustainable community, with sufficient access to services and employment opportunities within the development itself (without expecting an unrealistic level of self-

	containment), or in larger towns to which there is good access; c) set clear expectations for the quality of the development and how this can be maintained (such as by following Garden City principles), and ensure that a variety of homes to meet the needs of different groups in the community will be provided; d) make a realistic assessment of likely rates of delivery, given the lead-in times for large scale sites, and identify opportunities for supporting rapid implementation (such as through joint ventures or locally-led development corporations)35; and e) consider whether it is appropriate to establish Green Belt around or adjoining new developments of significant size.
5. Delivering a sufficient supply of homes - Footnote 35	[35] The delivery of large scale developments may need to extend beyond an individual plan period, and the associated infrastructure requirements may not be capable of being identified fully at the outset. Anticipated rates of delivery and infrastructure requirements should, therefore, be kept under review and reflected as policies are updated.
5. Delivering a sufficient supply of homes Maintaining supply and delivery	73. Strategic policies should include a trajectory illustrating the expected rate of housing delivery over the plan period, and all plans should consider whether it is appropriate to set out the anticipated rate of development for specific sites. Local planning authorities should identify and update annually a supply of specific ***deliverable*** sites sufficient to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies36, or against their local housing need where the strategic policies are more than five years old37. The supply of specific ***deliverable*** sites should in addition include a buffer (moved forward from later in the plan period) of: a) 5% to ensure choice and competition in the market for land; or b) 10% where the local planning authority wishes to demonstrate a five year supply of ***deliverable*** sites through an annual position statement or recently adopted plan38, to account for any fluctuations in the market during that year; or c) 20% where there has been significant under delivery of housing over the previous three years, to improve the prospect of achieving the planned supply39.
5. Delivering a sufficient supply of homes Maintaining supply and delivery	76. To help ensure that proposals for housing development are implemented in a timely manner, local planning authorities should consider imposing a planning condition providing that development must begin within a timescale shorter than the relevant default period, where this would expedite the development without threatening its ***deliverability*** or ***viability***. For major development involving the provision of housing, local planning authorities should also assess why any earlier grant of planning permission for a similar development on the same site did not start.
5. Delivering a sufficient supply of homes Rural housing	79. Planning policies and decisions should avoid the development of isolated homes in the countryside unless one or more of the following circumstances apply: a) there is an essential need for a rural worker, including those taking majority control of a farm business, to live permanently at or near their place of work in the countryside; b) the development would represent the optimal ***viable*** use of a heritage asset or would be appropriate enabling development to secure the future of heritage assets; c) the development would re-use redundant or disused buildings and enhance its immediate setting; d) the development would involve the subdivision of an existing residential dwelling; or e) the design is of exceptional quality, in that it: - is truly outstanding or innovative, reflecting the highest standards in architecture, and would help to raise standards of design more generally in rural areas; and - would significantly enhance its immediate setting, and be sensitive to the defining characteristics of the local area.
11. Making effective use of land	120. Planning policies and decisions need to reflect changes in the demand for land. They should be informed by regular reviews of both the land allocated for development in plans, and of land availability. Where the local planning authority considers there to be no reasonable prospect of an application coming forward for the use allocated in a plan: a) they should, as part of plan updates, reallocate the land for a more ***deliverable*** use that can help to address identified needs (or, if appropriate, deallocate a site which is undeveloped); and b) in the interim, prior to updating the plan, applications for alternative uses on the land should be supported, where the proposed use would contribute to meeting an unmet need for development in the area.
11. Making effective use of land	121. Local planning authorities should also take a positive approach to applications for alternative uses of land which is currently developed but not allocated for a specific purpose in plans, where this would help to meet identified development needs. In particular, they should support proposals to: a) use retail and employment land for homes in areas of high housing demand, provided this would not undermine key economic sectors or sites or the vitality and ***viability*** of town centres, and would be compatible with other policies in this Framework; and b) make more effective use of sites that provide community services such as schools and hospitals, provided this maintains or improves the quality of service provision and access to open space.
11. Making effective use of land Achieving appropriate densities	122. Planning policies and decisions should support development that makes efficient use of land, taking into account: a) the identified need for different types of housing and other forms of development, and the availability of land suitable for accommodating it; b) local market conditions and ***viability***; c) the availability and capacity of infrastructure and services – both existing and proposed – as well as their potential for further improvement and the scope to promote sustainable travel modes that limit future car use; d) the desirability of maintaining an area's prevailing character and setting (including residential gardens), or of promoting regeneration and change; and e) the importance of securing well-designed, attractive and healthy places.
11. Making effective use of land Achieving appropriate	153. In determining planning applications, local planning authorities should expect new development to: a) comply with any development plan policies on local requirements for decentralised energy supply unless it can be demonstrated by the applicant, having regard to the type of development involved and its design, that this is not feasible or ***viable***; and

densities	b) take account of landform, layout, building orientation, massing and landscaping to minimise energy consumption.

1.2.4 Further, section 7 (Ensuring the vitality of town centres) and section 16 (Conserving and enhancing the historic environment) reference deliverability and viability factors, but specifically in the context of guiding retail and heritage planning policies in the NPPF.

1.2.5 The Wareham Neighbourhood Area includes land designated as Green Belt. The steering group are exploring amending boundaries through the neighbourhood plan. The NPPF includes new policy within the 'Protecting Green Belt land' section, including further details on what constitutes 'exceptional circumstances' to amend Green Belt boundaries and the ability for neighbourhood plans to make detailed amendments to Green Belt boundaries (where the need has been established through strategic policies).

NPPF reference	Extract (our *emphasis*)
13. Protecting Green Belt land	136. Once established, Green Belt boundaries should only be altered where exceptional circumstances are fully evidenced and justified, through the preparation or updating of plans. ***Strategic policies should establish the need for any changes to Green Belt boundaries***, having regard to their intended permanence in the long term, so they can endure beyond the plan period. ***Where a need for changes to Green Belt boundaries has been established through strategic policies, detailed amendments to those boundaries may be made through non-strategic policies, including neighbourhood plans***.
13. Protecting Green Belt land	137. Before concluding that exceptional circumstances exist to justify changes to Green Belt boundaries, ***the strategic policy-making authority should be able to demonstrate that it has examined fully all other reasonable options for meeting its identified need for development***. This will be assessed through the examination of its strategic policies, which will take into account the preceding paragraph, and whether the strategy: a) makes as much use as possible of suitable ***brownfield sites and underutilised land***; b) ***optimises the density of development*** in line with the policies in chapter 11 of this Framework, including whether policies promote a significant uplift in minimum density standards in town and city centres and other locations well served by public transport; and c) has been ***informed by discussions with neighbouring authorities*** about whether they could accommodate some of the identified need for development, as demonstrated through the statement of common ground.
13. Protecting Green Belt land	138. When drawing up or reviewing Green Belt boundaries, the need to promote sustainable patterns of development should be taken into account. Strategic policy-making authorities should consider the consequences for sustainable development of channelling development towards urban areas inside the Green Belt boundary, towards towns and villages inset within the Green Belt or towards locations beyond the outer Green Belt boundary. Where it has been concluded that it is necessary to release Green Belt land for development, plans should ***give first consideration to land which has been previously-developed and/or is well-served by public transport***. They should also ***set out ways in which the impact of removing land from the Green Belt can be offset through compensatory improvements to the environmental quality and accessibility of remaining Green Belt land.***

1.2.6 As well as the amended Green Belt section, paragraph 63 of the NPPF is also noteworthy for Wareham, it states (our ***emphasis***):

63. Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). ***To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount***[28].

1.2.7 Footnote 28 clarifies that this is: *'Equivalent to the existing gross floorspace of the existing buildings. This does not apply to vacant buildings which have been abandoned.'* It is therefore necessary for the steering group to explore different options to enable brownfield land to become viable. This will involve looking at the mix of tenures and amount of affordable housing that will create a viable scheme.

1.3 Objective

1.3.1 Only a NDP that meets each of the basic conditions[4] can progress to a referendum. Plans should have regard to national policies and guidance; and be in general conformity with the strategic policies contained in the development plan of local planning authorities. The NPPF and PPG require plan makers to consider viability and deliverability. Neighbourhood plans also need to be in general conformity with the strategic policies in the corresponding Local Plan, such as affordable housing targets (unless evidence and strategy points to a different approach). Neighbourhood groups introducing: new policy requirements (that may carry costs to development over and above national and local requirements); allocating sites in an NDP; and/or bringing forward Neighbourhood Development Orders ('NDO') should consider viability. The Qualifying Body should: consider whether sites are deliverable or developable[5] during the plan period (or the timeframe stipulated for the NDO); be satisfied that their approach does not put implementation of the Development Plan at risk; and helps to facilitate development during the plan period.

1.3.2 The PPG is clear that viability must be considered when preparing statutory plans:

> *The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.*
>
> *It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers.*
>
> *Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage.*
>
> *It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant. The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan.*[6]

1.3.3 This report is concerned with development viability for proposed sites within an emerging NDP and is only one element of the NDP's wider evidence base. This document sets out the methodology used; the key assumptions made; and a high-level assessment of the proposed sites.

1.3.4 The NPPF (paragraphs 35 and 36) emphasise that a proportionate evidence base should inform plans. In addition, the PPG emphasises that viability evidence should be based on a 'proportionate assessment of viability'.

1.3.5 As such the assumptions in this study have drawn upon existing available viability evidence produced by PDC:

- About Purbeck Housing Special - New Homes for Purbeck (January 2018)
- Affordable Housing Tenure Mix Background Paper (January 2018)
- Strategic Housing Land Availability Assessment (January 2018)
- Purbeck District Partial Review of Purbeck Local Plan Part 1 and revised Community Infrastructure Levy Economic Viability Assessment (April 2016); and Viability Update & Sensitivity Testing Addendum (November 2017)
- Community Infrastructure Levy and Development Viability Assessment (February 2013) and Addendum (November 2013)

[4] The basic conditions are set out in paragraph 8(2) of Schedule 4B to the Town and Country Planning Act 1990 as applied to neighbourhood plans by section 38A of the Planning and Compulsory Purchase Act 2004.
[5] See Glossary for NPPF definitions
[6] How should plan makers and site promoters ensure that policy requirements for contributions from development are deliverable? Paragraph: 002 Reference ID: 10-002-20180724 Revision date: 24 07 2018Accessed at: https://www.gov.uk/guidance/viability

1.3.6 The above PDC documents and emerging Local Plan have identified that Wareham may have the potential to deliver approximately 200 homes via allocations in the Neighbourhood Plan.

1.3.1 Viability testing is an assessment of the financial viability of development. The study is purely concerned with whether or not the proposals for a site (and any relevant policy requirements within an emerging NDP) would render development unviable. Viability assessment outputs can be used (if necessary) to amend proposals or policies to help facilitate development and to ensure the cumulative impact of proposals and policies do not threaten the delivery of the NDP and Local Plan's vision, objectives and strategic policies.

1.3.2 The NPPF includes requirements to assess the viability and the impact on development of policies contained within plans – '*Such policies should not undermine the deliverability of the plan'* (paragraph 34). It is not a requirement of the NPPF that every site should be able to bear all of the Local Plan and neighbourhood plan requirements. However it is necessary for a site to bear the NDP policy considerations if it has been appraised, and policy drafted, to reflect site specific requirements

1.3.3 There are some types of development where viability will not be at the forefront of the developer's mind and they will proceed even if a development is 'unviable' in a conventional real estate sense. For example, an end user of an industrial or logistics building may build a new factory or depot that will help it to grow its business or improve its operational efficiency.

1.3.4 Similarly some development sites will simply not be viable even without any additional requirements imposed upon them due to the prevailing market conditions and/or site constraints. The typical site should be able to bear whatever target or requirement is set and plan makers should be able to show, with a reasonable degree of confidence, that the plan is deliverable and facilitates development. Only sites with good prospects for development should be subject to viability testing (i.e. potentially deliverable or developable[7] sites usually identified through an earlier site assessment process).

1.4 Metric or imperial

1.4.1 The property industry uses both imperial and metric data - often working out costings in metric (£/m2) and values in imperial (£/acre and £/sqft). This is confusing so, on the whole, we have used metric measurements throughout this report. The following conversion rates may assist readers.

1m	=	3.28ft (3' and 3.37")	1ft	=	0.30m
1m2	=	10.76sqft	1sqft	=	0.093m²

A useful broad rule of thumb to convert m2 to sqft is simply to add a final zero.

1.5 Site concept plans

1.5.1 **PLEASE NOTE:** All site plans accompanying this report are for illustrative purposes only and are informed by previous AECOM masterplanning analysis. They do not represent schemes that would either be endorsed by the Town Council or promoted by local landowners or developers. Their primary purpose for this study is to help inform realistic assumptions for the viability modelling exercise. Future planning applications will have to accord to with the draft NDP policies and extant PDC strategic policies, as such future schemes shall be informed by more detailed site investigations and a detailed design stage (including community engagement).

[7] See Glossary

2 Viability Testing

2.1.1 For plan making the assessment of viability is a largely high-level quantitative process based on professional judgements and development appraisals at a snapshot in time. It is not the same level of detail used for viability appraisals accompanying a planning application nor does it constitute a market valuation of a site on the basis of the rules and practice guidance set out in the RICS 'Red Book' (see Glossary).

2.1.2 Whilst viability testing in the plan making context has limitations, it can help to de-risk the planning and development process by providing an indication on whether a plan (including its policies and/or site allocations) is deliverable. 'Viability Testing in Local Plans – Advice for planning practitioners' (2012)[8] prepared by the Local Housing Delivery Group[9] (sometimes referred to as the 'Harman Guidance') defines viability as follows (p6):

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

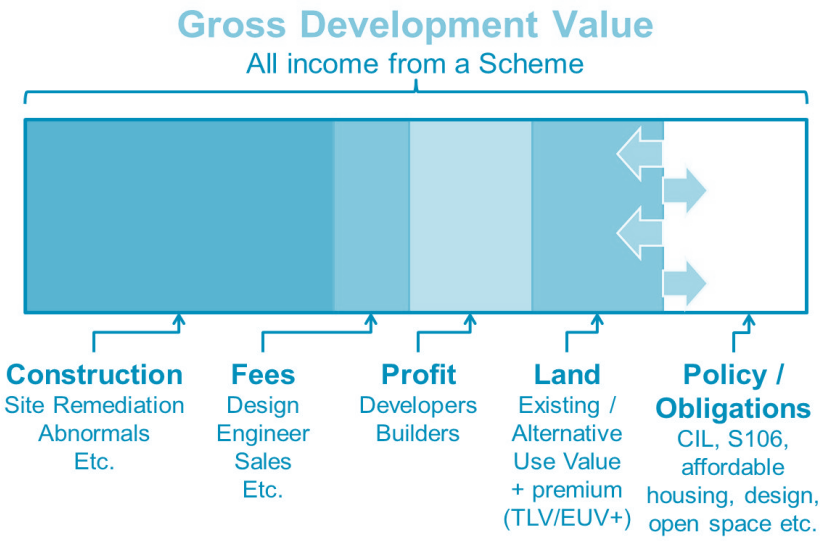
2.1.3 Put simply the process of the appraisal involves adding up all the potential income from a scheme (total sales and/or capitalised rental income from housing and/or commercial developments – including subsidy) and then subtracting all the costs associated with the creation of the product (i.e. building the houses and/or commercial property plus any associated infrastructure and external works, fees, finance costs etc.) The Residual Valuation Method (see Glossary) employed for this also incorporates a cash flow to account for the movement of money by way of income, expenditure and capital receipts and payments during the course of the development. The residual valuation method is the typical valuation method widely used by developers and is the recommended for use when testing viability at the plan making stage due to its relative simplicity (see illustration below).

Residual Valuation Method
Gross Development Value (The combined value of the complete development) **LESS** Cost of creating the asset, including a profit margin for the developer (Construction + fees + finance charges etc.) **=** **RESIDUAL VALUE** The Residual Value is compared to the Existing Use Value ('EUV') of the land to determine if the premium (uplift) above the EUV would induce the landowner to sell. This is known as the Threshold Land Value ('TLV') or Benchmark Land Value

[8] Accessed at: http://www.nhbc.co.uk/NewsandComment/Documents/filedownload,47339,en.pdf
[9] Viability Testing in Local Plans has been endorsed by the Local Government Association and forms the basis of advice given by the, MHCLG funded, Planning Advisory Service (PAS).

2.1.4 The Residual Value is the output and the theoretical top limit of what a developer could offer to pay a landowner for their site and still make a satisfactory profit margin (where the developer's return is included as a cost in the calculation). The availability and cost of land are matters at the core of viability for any development. The Residual Valuation requires the inputting of many variables and is often regarded as subjective. However, it does attempt to represent a realistic 'market' perspective (based on today's costs and values) and takes no account of the individual circumstances of any particular developer. Whilst a developer may have regard to a Residual Valuation, when assessing an offer price, they will typically undertake a more complex and detailed Development Appraisal using a Discounted Cash Flow (DCF) / Internal Rate of Return (IRR) model, either bespoke to them or an industry model (e.g. Argus).

Figure 2-1 The residual valuation method ***(source HDH Planning and Development)***



2.1.5 The bar (**Figure 2-1**) above represents all the income from a scheme – the Gross Development Value ('**GDV**'). This is set by the market (rather than by the developer or local authority) and so is, largely, fixed. The developer has relatively little control over the costs of development (construction costs, fees etc.) and whilst there is scope to build to different standards and with different levels of efficiency, the costs are largely out of the developer's direct control – they are what they are, depending on the development proposed (costs of labour and materials). The developers profit is included as a cost as developers need to be rewarded for taking on the risk of development. The level of profit is typically between 15-25% of GDV or of total costs (in all cases it should reflect the risk of the development). The more policy requirements and planning obligations loaded onto a scheme, the higher the likelihood that the land value of the site will be suppressed (as shown by the arrows below).

2.1.6 Therefore the essential balance in viability testing is whether the land value is sufficient to induce a landowner to release their land for development. The more policy requirements and planning obligations the plan asks for the less the developer can afford to pay for the land. Similarly site specific abnormal costs may impact the viability of development. The landowner will only agree to sell their land to the developer if they receive a return sufficient to release their land.

2.1.7 The return for the landowner and developer, are controversial matters and it is clear that different landowners and developers will have different views depending on their personal and corporate priorities. The Residual Value generated by the development appraisals must be compared to the Existing Use Value ('**EUV**') or an Alternative Use Value ('**AUV**') of the site. The size of the uplift or premium above the EUV/AUV must be enough to incentivise a landowner to sell. The amount of the uplift/premium over and above the EUV is central to the assessment of viability. It must be at a level to a sufficient return to the landowner so that land comes forward. This concept is known as the Existing Use Value 'Plus' a premium ('**EUV+**'), also referred to as the Threshold Land Value ('**TLV**'). Other terms to describe the landowner's return include: Benchmark Land Value ('**BLV**') or Viability Threshold. The EUV+ approach is accepted by PINS and propounded in the PPG[10].

2.1.8 The EUV+, or TLV, is the point at which a 'reasonable' landowner will be induced to sell their land. This concept is difficult since a landowner is unlikely to be entirely frank about the price that would be acceptable to them. This is one of the areas where an informed assumption has to be made. If a landowner owns a field in agricultural use they will expect a large premium above the EUV to release it for residential development as agricultural land is typically worth tens of thousands of pounds per hectare whereas as residential land it is worth hundreds of thousands of pounds per hectare.

2.1.9 The PPG makes it clear that when considering land value it should be in the context of current and emerging policies and based on today's costs and values disregarding any hope value or the price paid for the land. In other words, land value should be reduced to reflect policy requirements. Historical transactions recorded under a different policy framework or less favourable market conditions (such as a recessionary period) will be less useful as comparable market data for informing assumptions for the EUV+/landowners return.

2.1.10 The value of land relates closely to the use to which it can be put and will range considerably from site to site; however, high level studies will typically look at three main uses, being: agricultural/greenfield, residential and industrial/commercial uses. Consideration of what constitutes the EUV+ locally incorporates, wherever available, a review of pre-existing Local Authority research. If the Residual Value does not exceed the EUV, then the development is not viable. If it exceeds the EUV but does not exceed the EUV+ then it is still not viable as it would not induce the landowner to sell. However, it may be closer to being a viable scheme with amendments to policy or the development scheme itself if it is producing a large positive Residual Value. Only a Residual Value equal to or in excess of the EUV+ would represent a viable scheme (see illustration below).

Existing Use Value Plus (EUV+)	*The benchmark or threshold land value for the purposes of assessing the viability of development for planning purposes. The value above the EUV at which a reasonable and willing landowner is likely to release land for development (the 'landowner's return').*
Existing Use Value (EUV)	*The value of the land in its existing use together with the right to carry out any development for which there are extant planning consents, including realistic deemed consents, but without regard to other possible uses that require planning consent, technical consent or unrealistic permitted development.*
Current Use Value (CUV)	*The value of land in the use to which it is currently being put. It excludes any consented use including deemed consents and any element of Hope Value.*

[10] Paragraphs 7 To 9 of Report On The Examination of the Draft Mayoral Community Infrastructure Levy Charging Schedule By Keith Holland Ba (Hons) DIPTP MRTPI ARICS The Examiner Appointed By The Mayor Date: 27th January 2012

2.1.11 In practice, a wide range of considerations could influence the precise EUV and EUV+ that should apply in each case, and at the end of extensive analysis the outcome might still be contentious. One type of approach is outlined below:

- For sites previously in agricultural use, then agricultural land represents the existing use value.
- For paddock and garden land on the edge of or in a smaller settlement you should adopt a 'paddock' value.
- Where the development is on brownfield land you assume an industrial value.
- Where the site is currently in residential use you assume a residential value.

2.1.12 For greenfield sites it is incredibly difficult to get agreement from the development industry on what the premium or uplift (EUV+) above greenfield values should be. Whatever the EUV+, it will always be a simplification of the market; however in a high level study of this type general assumptions need to be made. Landowners selling a greenfield site, in the event of the grant of planning consent, usually receive over between 10-20 times the value compared with before consent was granted.

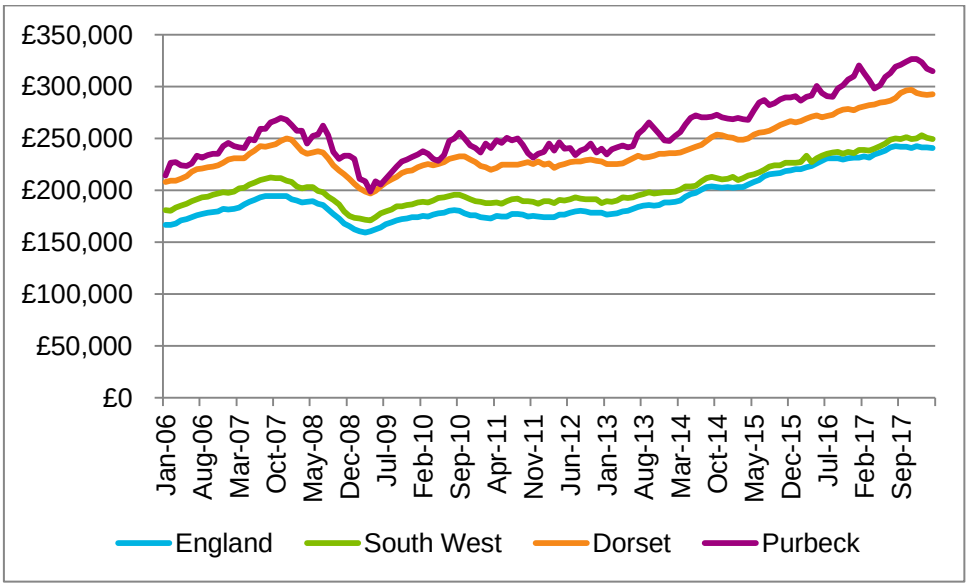
2.1.13 The high level and broad brush viability testing that is appropriate to be used to assess Local Plans and Neighbourhood Plans does have limitations. It should be noted that this study is about the economics of development. Viability brings in a wider range than just financial factors.

2.1.14 The PPG and Harman Guidance both emphasise the importance of the non-financial factors, viability is an important factor in the plan making process, but it is one of many planning considerations set down in national policy that needs to be considered as part of plan making. It is not viability at any cost.

3 Market Research

3.1.1 This study is concerned with the viability of new build residential property. Key inputs for the appraisals are the price assumptions for new development. We have reviewed new build market housing prices paid from the Land Registry from September 2013 to September 2016 and have conducted a survey of property being marketed in September 2015 and September 2016 (to highlight properties where prices paid have not yet been recorded with the Land Registry). It has also been necessary to investigate the second hand market and specialist retirement housing locally to triangulate the data to form judgements for the modelling.

3.1.2 Although development schemes have similarities, every scheme is unique, even schemes on neighbouring sites. Market conditions broadly reflect a combination of national economic circumstances and local supply and demand factors, however even within a town like Wareham there will be particular localities, and ultimately site specific factors, that generate different values and costs. For the purposes of this study we have used up to date market evidence to inform the price assumptions.



3.1.3 The RICS May 2018: UK Residential Market Survey[11], reported that activity indicators continued to weaken. New buyer enquiries fell for the eleventh month in succession, average inventory on estate agents books have hit a record low and results continue to signal significant regional variation across the country. The survey further reports that:

"…respondents were asked about the key factors driving demand for new build properties. At the national level, the main driver appears to be the lack of stock in the secondhand market. This is followed by the appeal of the Help to Buy scheme with developer incentives and the 'quality' of new homes scoring more lowly…The longer term indicators for sales prices and rents (over the next five years) continue to suggest that the former will increase at a slightly slower pace than the latter although in both cases, they point to growth of around 15% which would suggest an acceleration towards the end of this period given other readings from the survey."

[11] Accessed at: https://www.rics.org/Global/2._WEB_%20February_2018_RICS_UK_Residential_Market_Survey_tp.pdf

3.3 New Build Prices Paid

3.3.1 The Land Registry publishes data of all homes sold. There were 80 homes sold between January 2016 and December 2017 in the vicinity of Wareham (using postcode areas to narrow the search area). These transactions are summarised as follows (and included in full in Appendix A).

Table 1 New build prices paid

New build Sales 2016-18 £					
	Detached	Semi-detached	Terraced	Flats	All
Count	37	15	4	24	80
Max	642,500	375,000	358,000	425,000	642,500
Min	325,000	299,950	295,000	152,000	152,000
Mean ^	440,441	332,893	337,000	330,659	382,169
Median *	435,000	327,000	347,500	385,079	365,625

^ The mean is the total of the numbers divided by how many numbers there are

** The median is the middle value of a set of numbers (e.g. 1 2 **3** 4 5)*

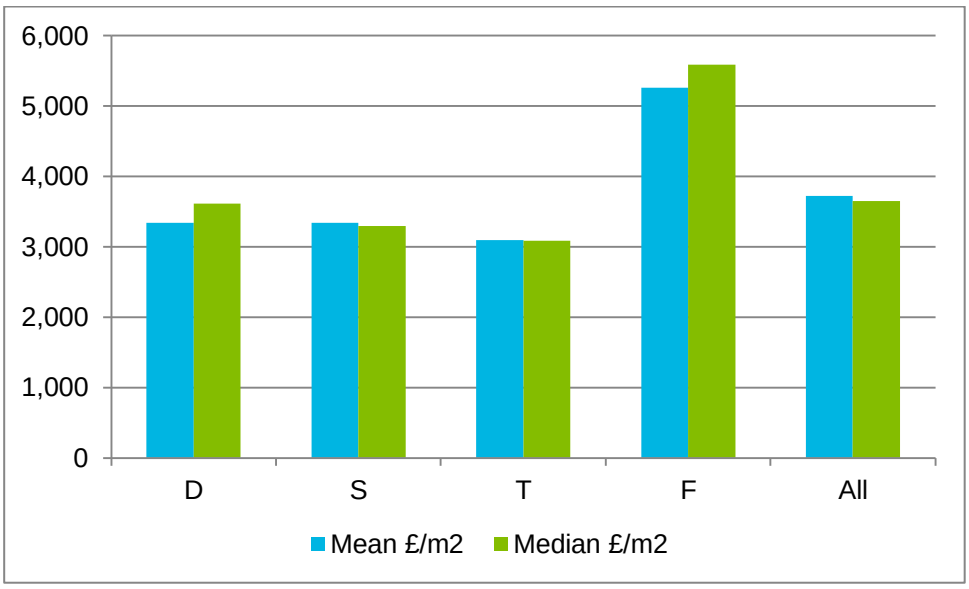
3.3.2 We have calculated the values on a pounds per square metre basis (£/m2) for each property by comparing prices paid with the total unit size (Gross Internal Area) of each unit sold, acquired from the Government's Domestic Energy Performance Certificate Register . The mean and median £/m2 prices for each broad house type are summarised below and overleaf (Table 2 Prices paid (median and mean) by typeand Figure 2 Prices Paid (median and mean) Comparison).

Table 2 Prices paid (median and mean) by type

New build Sales 2016-18 £/m2		
	Mean £/m2	**Median £/m2**
Detached	3,368	3,633
Semi-detached	3,331	3,294
Terraced	3,270	3,140
Flats	4,411	4,837
All	£3,763	£3,664

Source: Land Registry (2014-2016)

Figure 2 Prices Paid (median and mean) Comparison



3.4 New build properties for sale

3.4.1 In addition to collecting price paid data we have collected information on 40 new build properties that were being marketed in March 2018. Schemes within a 5 mile (8km) radius of the neighbourhood area were included to gather a larger sample.

3.4.2 Where available floor plans were analysed to provide accurate total floor areas, where this information was not readily available average size assumptions were used based upon the unit sizes tested in the PDC viability study (November 2017).

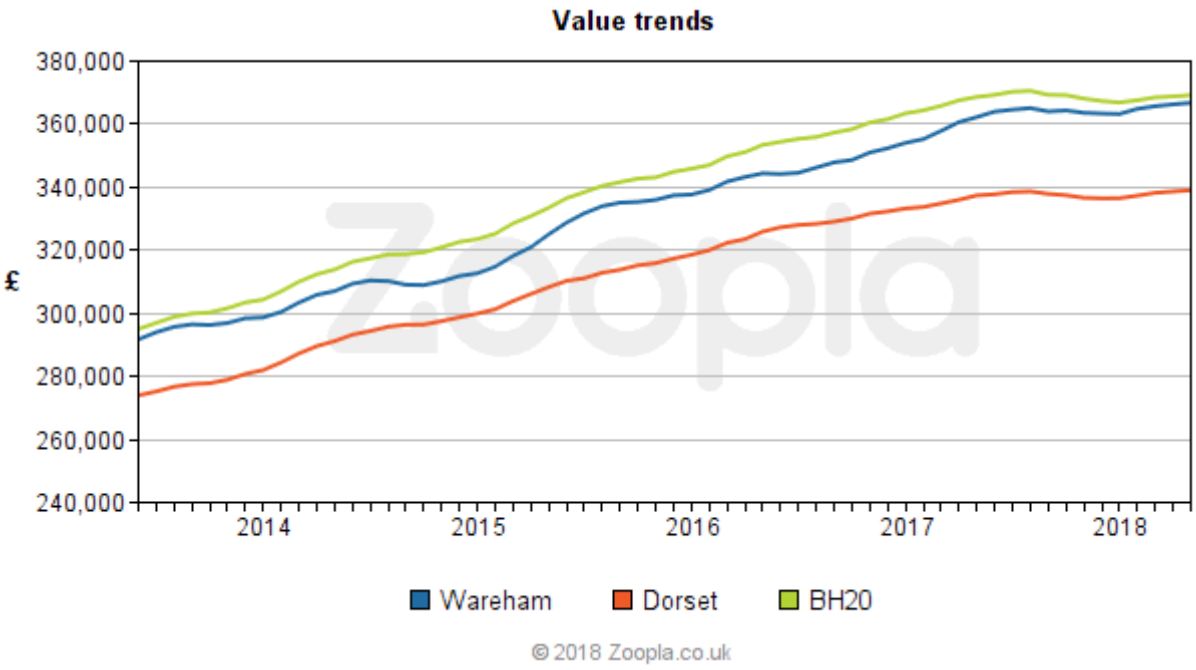
3.4.3 Asking prices varied very considerably across the wider housing market area ranging from £190,000 for a 1 bed flat in Poole to £675,000 for a 2 bed retirement flat in Poole. Values ranged from ~£1,500/m^2 to ~£8,000/m^2, with a median value of £5,148/m^2 and average value of £5,272/m^2. It should be noted that a large number of specialist premium retirement housing has resulted in the high values reported. This data is set out in full in Appendix B.

3.5 Second hand market

3.5.1 In addition to Land Registry price paid data and a survey of for sale prices, we have reviewed the second hand market using websites such as Zoopla and Rightmove (May 2018). This provides a useful benchmark and enables the collection of local marketing/sold data for Wareham, to help inform the price assumptions. Over the past 5 years the average price paid for property in Wareham has been £317,622 (source: Zoopla house prices tool) with an average value change of +£84,748 (+30.66%) over that 5 year period (based upon a sample of 1,440 sales). The current average value for property in Wareham is estimated to be £361,178. Since May 2017 Zoopla reports a +1.5% price change increase across all property types.

3.5.2 **Figure 5** shows value trends for the past 5 years for Wareham, Dorset and post code BH20 (a search area larger than the Neighbourhood Area).

Figure 3 Values trends Wareham, Dorset and BH20 (May 2018)



3.5.3 Properties for sale on the open market within Wareham and BH20 in May 2018 are summarised below (Table 3 Wareham and DE56 second hand market current asking prices April 2018). In Wareham, 33 homes were advertised for sale and in the wider post code DE56 (including Wareham) 45 homes were advertised for sale. Property prices using this snapshot ranged from £875,000 6 bed detached house for sale in Stoborough, to a 2 bed park home in Coldharbour for £120,000. There was little information available for flatted development.

Table 3 Wareham and DE56 second hand market current asking prices April 2018

Locality	Property type	1 bed	2 beds	3 beds	4 beds	5 beds
Wareham	Houses	£232,500	£262,500	£307,266	£428,000	£500,000
	No.	2	2	15	5	2
	Flat	£205,000	£240,000	-	-	-
	No.	6	1	-	-	-
BH20	Houses	£232,500	£315,619	£395,312	£477,500	£911,250
	No.	2	8	16	6	4
	Flat	£205,000	£233,333	-	-	-
	No.	6	3	-	-	-

Source: Zoopla (2018)

3.5.4 The Zoopla heat mapping tool[12] shows that Wareham's house values are lower in comparison to some neighbouring rural areas in Purbeck. This may simply be due to a number of factors such as the small sample of 10 new build properties sold in 2017 or more recent new build comparables coming forward in neighbouring rural settlements.

Figure 4 Zoopla Wareham Values Heat Map (March 2018)

3.6 Price Assumptions for Financial Appraisals

3.6.1 The preceding analysis does not reveal simple clear patterns with sharp boundaries for particular areas found in and around the neighbourhood area.

3.6.2 We have used the current asking prices from active new build developments, the general pattern of all house prices across the study area (including analysis of prices paid and the second hand market) and existing research from PDC to form a view on the price assumptions to be used in the appraisal to calculate a Gross Development Value. The prices are reflective of today's values for Wareham and comparable surrounding areas and have been informed by market values to reality check the assumptions. It is important to note at this stage these professional judgements are broad brush for the purposes of a high level study to test the sites/schemes being considered by WTC, as required by the NPPF, and to inform the emerging NDP. The values between new developments and within new

[12] Zoopla use their current value estimates to generate a colour gradient overlay. Higher value areas tend towards red, and lower value areas tend towards blue. The value scale is dynamic and relative: Red in one locality may not have the same value as red in another locality, but on any given map, red is always higher value than blue.

developments will vary considerably in reality based on location, situation, unit type and the state of the market at the point of marketing the properties.

3.6.3 The Harman Guidance advises that viability testing should use current prices; we have used the following price assumptions for this study:

Table 4 Market housing price assumptions (2017)

Type	Price £/m2	m^2	Price £/unit
1 bed flat	4400	50	220000
2 bed flat	4400	70	308000
2 bed house	3500	85	297500
3 bed house	3500	100	350000
4 house	3500	130	455000

3.6.4 Due to the lack of recent new build transactions recorded for Wareham on the Land Registry database the more recent marketing data and second hand market data has been factored into the final assumptions. The above prices broadly reflect a blend of the prices assumed for Wareham and comparable areas within ~5 miles. The price assumptions do not exceed what is being achieved in higher value areas nearby. There is no compelling evidence to diverge too far from the Wareham price assumptions contained in the PDC viability study (November 2017). Zoopla report a 0.62% value change in Wareham for the past 6 months.

3.6.5 For the purposes of affordable housing values we have drawn upon the Valuation Office Agency Local Housing Allowance rates for the Bournemouth Broad Rental Market Area (for affordable rented products) and the Homes England Statistical Data Return 2016/17 (for social rent products). In both cases it is necessary to use the rental information and convert it into values (£/m2). We have calculated the annual rent (net of management costs, voids, repairs etc.) and then capitalised the net annual rent assuming yields of 5% to 5.5%. For shared ownership products we have simply assumed a value 60% of open market values.

Table 5 Affordable Rent value range

Affordable Rent	Per Week	Per Month	Per Year
One Bedroom Rate	£123.58	£535.51	£6,426.16
Two Bedrooms Rate	£153.02	£663.09	£7,957.04
Three Bedrooms Rate	£188.79	£818.09	£9,817.08
Four Bedrooms Rate	£253.15	£1,096.98	£13,163.80

Capitalisation of AR	1 bed	2 bed	3 bed	4 bed
Assumed AR	£6,426.16	£7,957.04	£9,817.08	£13,163.80
Net Rent	£5,140.93	£6,365.63	£7,853.66	£10,531.04
Value	£102,818.56	£127,312.64	£157,073.28	£210,620.80
m2	50	74.5	93	112
£/m2	£2,056.37	£1,708.89	£1,688.96	£1,880.54

Table 6 Social Rent value range

Social Rent	Per Week	Per Month	Per Year
One Bedroom Rate	£89.88	£389.48	£4,673.76
Two Bedrooms Rate	£102.31	£443.34	£5,320.12
Three Bedrooms Rate	£116.33	£504.10	£6,049.16
Four Bedrooms Rate	£129.59	£561.56	£6,738.68

Capitalisation of SR	1 bed	2 bed	3 bed	4 bed
Assumed AR	£4,673.76	£5,320.12	£6,049.16	£6,738.68
Net Rent	£3,739.01	£4,256.10	£4,839.33	£5,390.94
Value	£67,981.96	£77,383.56	£87,987.78	£98,017.16
m2	50	74.5	93	112
£/m2	£1,359.64	£1,038.71	£946.11	£875.15

3.6.6 Based upon the above analysis the below price assumptions have been applied in the modelling:

Table 7 Affordable housing price assumptions

Type	Price £/m2	m^2	Price £/unit
1 bed flat – 1 social rent	1000	50	50000
2 bed flat – social rent	1000	70	70000
2 bed house – social rent	1000	79	79000
3 bed house – social rent	1000	93	93000
4 bed house – social rent	1000	112	112000
1 bed flat – affordable rent	1800	50	90000
2 bed flat – affordable rent	1800	70	126000
2 bed house – affordable rent	1800	79	142200
3 bed house – affordable rent	1800	93	167400
4 bed house – affordable rent	1800	112	201600
1 bed flat – shared ownership	2640	50	132000
2 bed flat – shared ownership	2640	70	184800
2 bed house – shared ownership	2100	79	165900
3 bed house – shared ownership	2100	93	195300
4 bed house – shared ownership	2100	112	235200

4 Modelling Assumptions

4.1.1 This chapter considers the main assumptions required to produce financial appraisals for the modelled sites.

4.2 Policy costs

4.2.1 We have reviewed the WTC NDP Pre-Submission Draft (21st March 2018) to assess whether any of the merging policies and allocations carry additional costs over and above the building regulations and extant PDC requirements and obligations:

NDP Policy	Policy Cost
H2 Housing Mix	The housing mix policy will not result in increased costs.
H4 West of Westminster Road	SANG costs of £900/unit. Masterplan costs assumed as part of professional fees.
H5 Westminster Road Industrial Estate Regeneration	SANG costs of £900/unit. Masterplan costs assumed as part of professional fees.
H6 Johns Road Regeneration	No additional costs.
H8 Hospital and Health Centre site	No additional costs.
H10 General Infill Policy	No additional costs.
H11 Parking Space	Parking standards are reflected in the net to gross developable area and density assumptions (to allow sufficient space for parking)
PC1 Key Pedestrian and Cycling Routes	Figure 25 of the draft plan shows key routes in close proximity to the site allocations. CIL/s106 assumptions built into modelling.
LDP2 Design of Development outside the Conservation Area	Good design will not result in additional costs.
LDP4 Design of Westminster Road New Urban Extension	Good design will not result in additional costs.

4.3 Construction costs

4.3.1 The PDC Viability Study (2017) assumed construction costs of between £1,098/m^2 to £1,305/m^2 for residential. Figures have been drawn from the Building Cost Information Service (BCIS) median costs for new build rebased to Purbeck (see **Appendix C**). An additional 15% net to gross assumption is made for flats to account for common areas. For cleared sites the estate housing figures are used.

Table 8 BCIS median build costs summary

	BCIS New Build £/m2
Flats (apartments)	1,325 - 1,384
Estate Housing (2-3 storey)	1,165 – 1,196
Cafes	2,360 - 2,696

4.4 External costs

4.4.1 In addition to the BCIS £/m^2 build cost figures (which cover the costs of the foundations up to the roof), allowance needs to be made for a range of site costs (footpaths, landscaping and other external costs). Many of these external items will depend on individual site circumstances and can only be accurately estimated following a more detailed scheme design and assessment of each site (including ground investigations). This is not practical within this study unless estimates are readily available for site specific issues or abnormals. As like the PDC Viability Assessment, the modelling assumes 10% of construction costs for external works.

4.5 Site preparation

4.5.1 The PDC Viability Assessment assumes costs of either £4,300/unit or £23,000/unit depending on scheme size.

4.6 Contingency

4.6.1 The PDC Viability Assessment assumes a generic average of 5% contingency (see Glossary). This is to account for risk relating to a specific scheme and will vary from site to site.

4.7 Professional Fees

4.7.1 The PDC Viability Assessment assumed professional fees of 10% of costs. This has been adopted in the modelling.

4.8 S106 Contributions/CIL

4.8.1 The PDC Viability Assessment states a contribution of £3,000/unit for site specific mitigation costs and £100/m2 will be required. This is adopted in the modelling.

4.9 VAT

4.9.1 For simplicity it has been assumed throughout, that either Value Added Tax (VAT) does not arise, or that it can be recovered in full. Costs in this report are deemed net of VAT as all VAT on new build is recoverable including for site clearance and demolition if let as part of the development contract.

4.10 Interest rate

4.10.1 Our appraisals assume 6.5% per annum for debit balances (the cost of borrowing money from the lender). This may seem high given the very low base rate figure (0.5% April 2018), but this reflects the banks' view of risk for housing developers. The Development Appraisal Tool utilises a simple cash flow to calculate interest. We accept that is a simplification however, due to the high level and broad brush nature of this analysis, we believe that it is appropriate.

4.11 Voids

4.11.1 On a scheme comprising mainly of individual houses one would normally assume only a nominal void period (the time that elapses before income is accrued by the developer) as the housing would not be progressed if there was no demand. In the case of apartments in blocks this flexibility is reduced. Whilst these may provide scope for early marketing, the ability to tailor construction pace to market demand is more limited. For the purpose of the present study a three month void period is assumed for all residential.

4.12 Phasing and timetable

4.12.1 Each dwelling is assumed to be built over a nine month period. The phasing programme for an individual site will reflect market take-up and would, in practice, be carefully estimated taking into account the site characteristics and, in particular, the size and the expected level of market demand. The modelled assumptions reflect site size and development type.

4.12.2 Average sales rate for each site of between 2 and 4 per month, depending on the size of the development and location, with the first sales taking place 6 months after a start on site.

4.12.3 It is assumed a maximum delivery rate of 30-50 market units per year per outlet[13]. On smaller sites slower rates are assumed to reflect the nature of the developer likely to bring smaller sites forward.

4.12.4 We believe that these are conservative assumptions and do, properly, reflect current practice. This is the appropriate assumption to be in line with the PPG and Harman Guidance.

4.13 Site holding costs and receipts

4.13.1 Each site is assumed to proceed immediately and so, other than interest on the site cost during construction, there is no allowance for holding costs, or indeed income, arising from ownership of the site.

4.14 Site purchase costs

4.14.1 Site purchase costs are set at 3.50% for surveyor's fees and legal fees of 0.75%. Stamp Duty Land Tax is calculated at the prevailing rates (as at May 2018).

4.15 Sales and marketing costs

4.15.1 Agents' fees and marketing fees are assumed to be a blended rate of 3% and legal fees of £750/unit. Disposal costs of affordable housing can be reduced significantly in the real world depending on the type of product so in fact the marketing and disposal of the affordable element is probably less expensive than this in reality. This is not represented in the modelling but is one contributing factor to the lower developer's return assumption for affordable housing.

4.16 Developer's profit

4.16.1 An allowance needs to be made for developers' profit / return and to reflect the risk of development. We have considered the RICS's 'Financial Viability in Planning' (August 2012)[14], the Harman Guidance Viability Testing Local Plans, Advice for planning practitioners (June 2012), and referred to the HCA's Economic Appraisal Tool. None of these documents are prescriptive, but they do set out some different approaches.

4.16.2 The Harman Guidance says:

Return on development and overhead
The viability assessment will require assumptions to be made about the average level of developer overhead and profit (before interest and tax).
The level of overhead will differ according to the size of developer and the nature and scale of the development. A 'normal' level of developer's profit margin, adjusted for development risk,

[13] A large site would typically involve multiple developers who would be active at any one time. The precise number of active sales outlets at any one time could vary, but would typically start with a few for big sites (especially when creating a new 'place') and increase over time to a steady state. How many active outlets exist on one site will vary depending on:

- The location, nature and scale of the site, as well as its layout and phasing approach. This will influence how many separate housebuilders could be on site at any one time;
- The scale of demand within the wider housing market, General economic conditions such as job security and job mobility, and general consumer confidence about buying/moving, as well as mortgage availability;
- The business strategy and physical capacity of the homebuilder, Each housebuilder would build out units at a rate that fits their business plan, and short/long term approach to their strategic land portfolios; and
- The type and variety of products, pricing, and extent of competition from other properties for sale both within the site itself and wider geographic area.

Some of the larger national builders can even operate more than one outlet off a single site, and running these as entirely separate construction and sales outlets under different brands or aimed at different market segments.

[14] Accessed at: http://www.rics.org/Documents/Financial%20viability%20in%20planning.pdf

can be determined from market evidence and having regard to the profit requirements of the providers of development finance. The return on capital employed (ROCE) is a measure of the level of profit relative to level of capital required to deliver a project, including build costs, land purchase, infrastructure, etc.
Appraisal methodologies frequently apply a standard assumed developer margin based upon either a percentage of Gross Development Value (GDV) or a percentage of development cost. The great majority of housing developers base their business models on a return expressed as a percentage of anticipated gross development value, together with an assessment of anticipated return on capital employed. Schemes with high upfront capital costs generally require a higher gross margin in order to improve the return on capital employed. Conversely, small scale schemes with low infrastructure and servicing costs provide a better return on capital employed and are generally lower risk investments. Accordingly, lower gross margins may be acceptable.
This sort of modelling – with residential developer margin expressed as a percentage of GDV – should be the default methodology, with alternative modelling techniques used as the exception. Such an exception might be, for example, a complex mixed use development with only small scale specialist housing such as affordable rent, sheltered housing or student accommodation.

4.16.3 At the Shinfield appeal[15] (January 2013) the inspector considered this specifically saying:

Developer's profit
43. The parties were agreed that costs [i.e. developer profit] should be assessed at 25% of costs or 20% of gross development value (GDV). The parties disagreed in respect of the profit required in respect of the affordable housing element of the development with the Council suggesting that the figure for this should be reduced to 6%. This does not greatly affect the appellants' costs, as the affordable housing element is 2%, but it does impact rather more upon the Council's calculations.

44. The appellants supported their calculations by providing letters and emails from six national housebuilders who set out their net profit margin targets for residential developments. The figures ranged from a minimum of 17% to 28%, with the usual target being in the range 20-25%. Those that differentiated between market and affordable housing in their correspondence did not set different profit margins. Due to the level and nature of the supporting evidence, I give great weight [to] it. I conclude that the national housebuilders' figures are to be preferred and that a figure of 20% of GDV, which is at the lower end of the range, is reasonable.

4.16.4 Broadly there are four different approaches that could be taken:

- To set a different rate of return on each site to reflect the risk associated with the development of that site. This would result in a lower rate on the smaller and simpler sites – such as the greenfield sites, and a higher rate on the brownfield sites.
- To set a rate for the different types of unit produced – say 20% for market housing and 6% for affordable housing, as suggested by the HCA.
- To set the rate relative to costs and thus reflect risks of development.
- To set the rate relative to the development's Gross Development Value (as normally preferred by developers).

[15] APP/X0360/A/12/2179141 (Land at The Manor, Shinfield, Reading RG2 9BX)

4.16.5 In deciding which option to adopt, it is important to note that we are not trying to re-create any particular developer's business model. Different developers will always adopt different models and have different approaches to risk. The PDC Viability Assessment adopted an overall profit level based on 20% of GDV for market housing and 6% for affordable housing - the modelling uses the same approach.

4.17 Landowner's return (EUV+)

4.17.1 In order to assess development viability, it is necessary to analyse Existing Use Values (EUV) i.e. the value of the land in its current use before planning consent is granted, for example, as agricultural land. Alternative Use Values (AUV) refers to any other potential use for the site that doesn't require planning permission. For example, a greenfield site may have an alternative use as a pony paddock.

4.17.2 For the purpose of the study, it is necessary to take a comparatively simplistic approach to determining the EUV/AUV. In practice, a wide range of considerations could influence the precise value that should apply in each case, and at the end of extensive analysis the outcome might still be contentious. For sites previously in agricultural use, then agricultural land represents the existing use value. The focus of this study is predominantly brownfield sites, as such industrial land values are likely to make up the majority of sites tested.

4.17.3 The results from appraisals are compared with the EUV set out above in order to form a view about the sites' viability. This is a controversial part of the viability process and the area of conflicting guidance between the Harman Guidance and the RICS Guidance. In the context of this report it is important to note that it does not automatically follow that, if the Residual Value produces a surplus over the EUV, the site is viable. The land market is more complex than this, the landowner and developer must receive a sufficient return in reward for taking on risk. The PPG includes a definition of land value as follows:

Land Value

To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called 'existing use value plus' (EUV+).

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

Paragraph: 013 Reference ID: 10-013-20180724 Revision date: 24 07 2018

4.17.1 It is clear that for land to be released for development, the Plus/uplift/premium over the EUV needs to be sufficiently large to provide an incentive to the landowner to release the site and cover any other appropriate costs required to bring the site forward for development. It is therefore appropriate and an important part of this assessment to have regard to the market value of land.

4.17.2 The reality of the market is that each and every landowner has different requirements and different needs and will judge whether or not to sell by their own criteria. We therefore have to consider how large such an 'uplift' or 'premium' (above EUV) should be to broadly provide a return to incentivise the landowner to release their land for development. The assumptions must be a generalisation as in practice the size of the uplift will vary from case to case depending on how many landowners are involved, each landowner's attitude and their degree of involvement in the current property market, the location of the site and so on. Nationally it is typical that a 20-30% increase about the EUV for industrial/residential land would be sufficient to induce a landowner to sell their site. A 20-30% uplift above the greenfield EUV will not be sufficient to induce a landowner to sell.

4.17.3 The approach adopted aligns with the Harman Guidance and Planning Advisory Service (PAS) advice and has been subject to scrutiny at examination hearings. The EUV+ approach was endorsed by the Planning Inspector who approved the London Mayoral CIL Charging Schedule in January 2012[16] and continues to be accepted by the Inspectorate for the purposes of plan making.

4.17.4 PDC has commissioned a number of well researched viability studies that have variously supported: the PDC Community Infrastructure Levy ('CIL'); previous Local Plan reviews; and the most recent January 2018 Local Plan consultation. The CIL viability study (February 2013) and Addendum (November 2013) assumed a 'going rate' land value of £500,000/gross hectare. The PINS Report on the Examination of the Draft Purbeck District Council Community Infrastructure Levy Charging Schedule (January 2014) commented on the landowners return assumptions from 2013. In it the Inspector states:

'22. The Council's expectation of landowners' return was discussed at length at the Hearing. A range of £150,000 to £250,000 per gross acre (£375,000 - £625,000 per gross hectare) was cited by one of the representatives of the house building industry as being a typical minimum expectation. This range is somewhat higher than the findings of the DCLG Cumulative Impacts Study, which states that landowners typically expect figures of circa £100,000 to £150,000 per gross acre (£247,000 - £370,500 per gross hectare). Although this study does not have the status of Government policy, the research behind these figures was not challenged and there is no reason to assume that the study is flawed.'

4.17.5 The PDC Viability Study Addendum (November 2017) tests a range of Benchmark Land Values (EUV+) from £250,000/ha to £1,500,000/ha. The original viability study (April 2016)[17] set out a commentary on the likely level of return a typical landowner in PDC would require in order to release their land for development:

'We consider that there are likely to be few scenarios in Purbeck where a land value of less than approximately £250,000/Ha would be sufficient to secure site release…The more relevant main benchmarks relevant except in the highest value town centre and residential or commercial redevelopment scenarios are likely to be at £500,000/Ha and £750,000/Ha. The lower of these applied to the developable (net) site area in our review reasonably represents a land owner return in large scale greenfield development scenarios where the developer bears all costs of bring the site forward and developing it (so there is no value of works or other costs accounted for as in a serviced land value). In the range £500,000 to £750,000/Ha, but treated at the higher end of this range for this assessment purpose, we consider that former industrial / commercial land and sites such as smaller greenfield releases, potentially including paddocks and garden land and so forth with development prospects) should be available for re-use whilst also offering an incentive to landowners to sell. All in all, viability test 4 at £750,000/Ha is considered a key indicator for sites coming forward with a reasonable prospect of viability across a range of scenarios that look set to continue to be relevant to the Local Plan delivery.'

[16] Paragraphs 7 to 9 of Report On The Examination Of The Draft Mayoral Community Infrastructure Levy Charging Schedule by Keith Holland BA (Hons) DipTP MRTPI ARICS an Examiner appointed by the Mayor Date: 27th January 2012

[17] Paragraphs 3.2.60 to 3.2.64 – Accessed at: https://www.dorsetforyou.gov.uk/article/425319

4.17.6 These figures reflect a very considerable uplift for a landowner selling a greenfield site with consent for development. In the event of the grant of planning consent they would receive over twenty times the value compared with before consent was granted (based on agricultural land values).

4.17.7 Wareham does not have the highest house values for Dorset but its location, connectivity and services make it an attractive area for house buyers and developers. It is important to appreciate that assumptions on EUV+ can only be broad approximations, subject to a wide margin of uncertainty. We take account of this uncertainty in drawing conclusions and recommendations from our analysis and the appraisals.

4.17.8 In addition to this local evidence, the Department for Communities and Local Government (now MHCLG) published *Land value estimates for policy appraisal* (December 2015)[18]. This states that estimated value of a typical residential site in PDC is £ £2,980,000/hectare (on the basis of post permission residential land value estimates). The regional weighted average for the South West was £ £2,000,000[19]. The valuations have been undertaken using a truncated residual valuation model. The purpose of these values is to use in appraising public sector land projects from a social perspective, in line with HM Treasury Green Book principles. The values assume nil Affordable Housing provision, CIL or s106/s278. This means that they should not be seen as estimates of market values. The figures provided are appropriate to a single, hypothetical site and should not be taken as appropriate for all sites in the locality. However, this data is useful for benchmarking purposes.

4.17.9 The estimated average industrial land values by region, per hectare in the South West is £ £430,000/hectare. A typical agricultural site in the South West is shown to be £21,000/hectare. The value estimates for industrial land can be used as a proxy alternative use value for developments on brownfield land. These are provided for hypothetical sites in England assuming:

- A typical urban, brownfield location, with nearby uses likely to include later, modern residential developments;
- All services are assumed available to the edge of the site;
- Use is restricted to industrial/warehouse and full planning consent is in place;
- There are no abnormal site constraints or contamination and/or remediation issues;
- Any liability for the Community Infrastructure Levy, even where it was Planning Policy as at 1 January 2014, has been excluded.

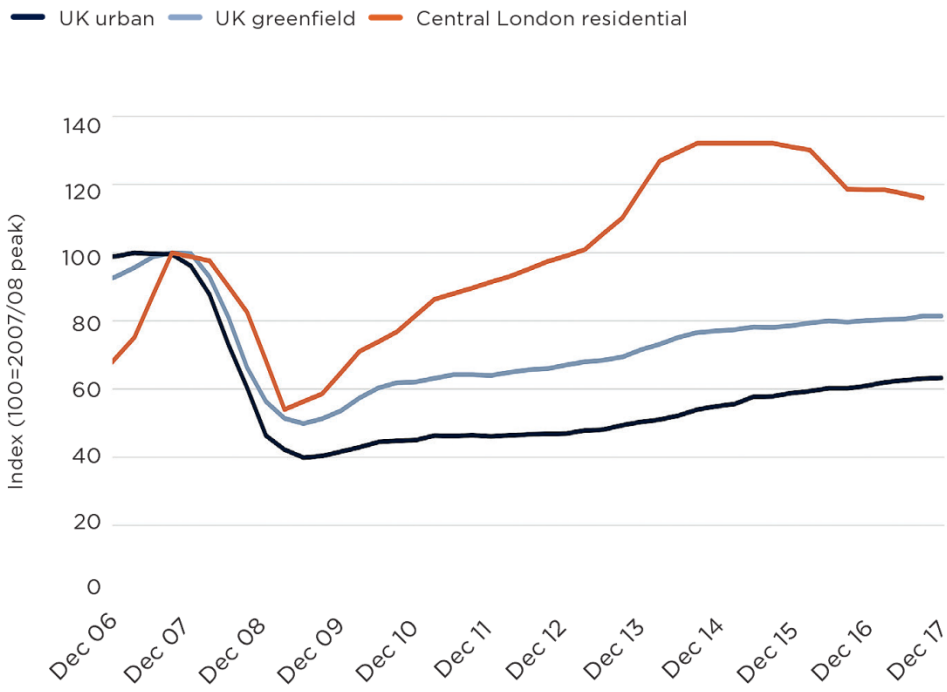
[18] Accessed at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488041/Land_values_2015.pdf
[19] They are weighted by net additions to the housing stock by local authority. DCLG, 2014, Net supply of housing, see: https://www.gov.uk/government/statistical-data-sets/live-tableson-net-supply-of-housing

4.17.10 Savills, in Market in Minutes - UK residential development land (January 2018)[20], reported that nationally:

'…greenfield land values remain relatively flat. Values rose 0.1% in the last quarter of 2017, taking annual growth to 1.7% – in line with 2016 growth of 1.8%. The land market therefore remains benign, with land value growth remaining below house price growth on average…Across the UK, urban development land values increased by 0.5% in Q4 2017, with annual growth of 4.0%, more than double the growth in greenfield land values…Urban land value growth continues to outperform greenfield land, albeit from a lower base…To maintain relatively benign land market conditions with additional developers, more consents will be needed.'

4.17.11 Savills produced a land value growth chart plotting land value growth for the UK since the 2007/08 peak (Figure 5 Savills land value growth since 2007/08 peakbelow).

Figure 5 Savills land value growth since 2007/08 peak



Source Savills Research

4.17.12 On the basis of the evidence available it is considered that £500,000 per net hectare for greenfield sites; and £750,000 per net hectare for brownfield/industrial sites is a reasonable assumption for EUV+ for Wareham.

4.17.13 Site H4 is considered as a greenfield site, whereas the remaining three sites are considered as brownfield. This has implications for the EUV and EUV+ assumptions and the potential site clearance and remediation costs that are fed into the modelling. For brownfield sites it is assumed that they will be less costly to open up, being close to existing infrastructure, but they will carry demolition and remediation costs. The EUV assumptions for this study use a proxy land value based upon the most applicable use (and excluding any premium).

4.17.14 The residual values produced by the HCA Development Appraisal Toolkit (deployed for the modelling in this study) are on the basis of the gross site. The models assumes the developer is required to purchase all of the land including land that would be required for public open space, SUDs, social infrastructure etc. The appraisal results display the residual values on a gross site basis, per gross hectare basis and per net hectare basis (the net developable area).

[20] Accessed at: http://pdf.euro.savills.co.uk/uk/market-in-minute-reports/uk-residential-development-land-january-2018.pdf

5 Site assumptions

5.1 Housing types and tenures

5.1.1 Extant PDC Affordable Housing policy expects developments that result in a net increase of 10 or more dwellings will be required to provide at least 50% in settlement extensions at Wareham; and at least 40% elsewhere. The current affordable housing policy does not stipulate what type of rent levels (affordable rented or social rented) should be offered. The Council is considering introducing a policy which encourages 10% of the affordable homes provided on eligible development sites to be social rented. The emerging NDP encourages smaller dwellings with 1, 2 or 3 bedrooms; at least 10% of any open market provision should be made as flats or apartments that are suitable for elderly residents with limited mobility or who may require a degree of care (on schemes of 11 or more units); and on sites of 11 or more dwellings or which have a combined gross internal floorspace of more than 1,000 m^2 40% affordable housing will be sought. The inclusion of other affordable routes to affordable home ownership can comprise up to 40% of the total affordable housing requirement, if a local need for such tenures can be evidenced.

5.1.2 The Local Plan review consultation tested an affordable homes tenure option of: 10% Social Rented Housing; 67% Affordable Rented Housing; and 23% Intermediate Housing to Rent or Purchase (Based on PDC Affordable Housing Tenure Mix Paper (January 2018).

5.1.3 Dwelling mix assumptions are based on Eastern Dorset SHMA 2015 Purbeck District Summary & Draft NDP policy H2:

<u>Market Housing</u>

5% 1-beds, 50% 2-beds, 40% 3-beds, 5% 4-beds

<u>Affordable Housing</u>

35% 1-beds, 40% 2-beds, 20% 3-beds, 5% 4-beds

6 Modelled sites

6.1.1 The sites subject to viability testing in this study are as follows:

- H4 Land West of Westminster Road
- H5 Westminster Road Industrial Estate
- H6 Johns Road
- H8 Former Hospital and Health Centre Site

6.1.2 This section details the broad assumptions used to test the Sites H4, H5, H6 and H8. The capacity analysis IS on the basis of net housing densities/developable areas (see Table 9 AECOM developable area and density).

Table 9 AECOM developable area and density assumptions

Area	Gross to net ratio standards	Net Housing Density
Up to 0.4 ha	90%	30
0.4 ha to 2 ha	80%	30
2 ha to 10 ha	75%	30
Over 10 ha	50%	30

6.1.3 A density of 30 dwellings per hectare has been applied to all sites to establish an indicative number of units that may be feasible.

Table 10 Provisional capacity assumptions @ 30 dwellings per hectare

Site Reference	Gross Site Area (Ha)	Gross to net ratio	Net Developable Area (NDA)	Indicative Units
H4 Land West of Westminster Road	2.44ha	75%	1.83ha	~70*
H5 Westminster Road Industrial Estate	3.15ha	75%	2.36ha	~90*
H6 Johns Road	0.69ha	80%	0.55ha	17
H8 Former Hospital and Health Centre Site	0.87ha	80%	0.7ha	21

6.1.4 Each site is discussed individually in the following pages demonstrating the rationale for the assumptions applied to the modelling (as summarised in **Error! Reference source not found.**)

H4 Land west of Westminster Road

Figure 6 H4 Land West of Westminster Road

6.1.5 Site H4 is greenfield land located to the west of Westminster Road. The land is in multiple ownerships, but treated as one parcel of land for the purposes of the modelling. The gross site area is 2.44 gross hectares. Development of the site is subject to the revision of the Green Belt boundary in the revised Local Plan. Vehicular access would be from Bere Road with only emergency access onto Carey Road. The steering group would like to see the trees adjoining Carey Road retained. An area of Suitable Alternative Natural Greenspace (SANG) would be provided in accordance with the Dorset Heathlands Planning Framework. AECOM has provided an illustrative masterplan (Figure 7 AECOM Illustrative masterplan) for H4 and adjoining site H5. This process demonstrated that ~70 units would be achievable for the greenfield portion.

Figure 7 AECOM Illustrative masterplan

H5 Westminster Road Industrial Estate

Figure 8 Site 2: Westminster Road, Wareham

6.1.6 Site 2 is located at Westminster Road and comprises an employment estate developed in the 1960's. A major employer operating from the estate is closing and the site is currently being advertised (as at May 2018). The steering group would like to explore redevelopment of the site for a residential use. The gross site area measures approximately 3.15 hectares and is within the existing built up area. Development at this brownfield site should be mindful of the Sites of Nature Conservation Interest located in close proximity to the site. The areas immediately surrounding the site are residential housing areas. Residential development is subject to the removal of the employment land safeguarding policy in the revised Local Plan. The main vehicular access should be from Bere Road. If allocated it is likely the site could be developed on a phased basis in accordance with a masterplan including site H4, to be agreed by the Local Planning Authority in consultation with the Town Council. An area of SANG should be provided. For the purposes of the modelling we have assumed ~90 units for this parcel (reflecting the high-level findings of the previous Site Assessment report).

Figure 9 Revised sites for viability assessment

H6 Johns Road

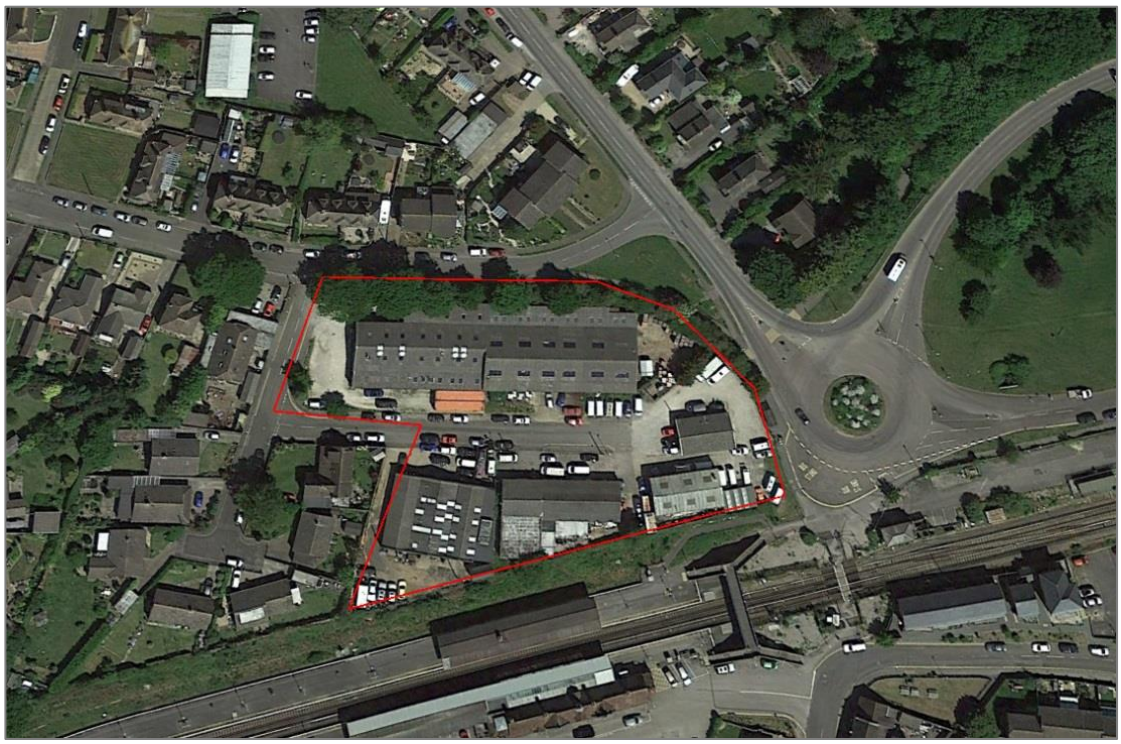
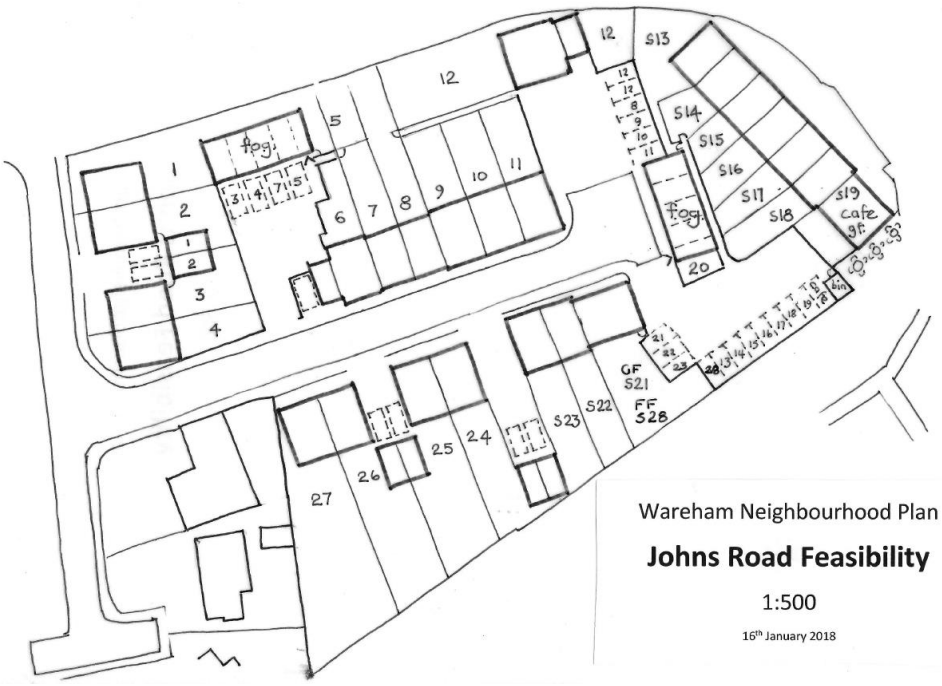


Figure 10: Site 3: Land West of Westminster Road, Wareham

6.1.7 Site 1 at Johns Road is a brownfield site currently operating as an industrial site. The site is located in close proximity to Wareham railway station, providing connections to surrounding areas. The gross site area measures approximately 0.69 hectares and is connected to the existing built up area. A major fire in two of the units has created an opportunity to rethink the future of the area. The steering group cannot formally allocate this area for residential development until the employment land safeguarding policy is removed in the revised Local Plan. Whilst the indicative unit numbers for Johns Road were 17 units, feasibility layouts prepared by the working group demonstrate that a higher density scheme would be feasible at 28 units (in compliance with the parking standards in the emerging NDP) – see below.

Figure 11 Concept Layout



H8 Former Hospital and Health Centre site

Figure 12: Site 4: Former Hospital Site, Wareham

6.1.8 The proposed relocation of the health and ambulance facilities to the site of the Middle School buildings creates an opportunity to redevelop the hospital and health centre site for housing purposes. This site is 0.87 hectares and backs onto mature trees along the northern boundary which form an important feature in the local landscape (a feature the steering group are seeking to retain). This draft NDP states that the site lends itself for flatted and terraced housing and would be permitted for ~40 units.

Assumptions summary

6.1.9 Based upon the preceding analysis, the below table is a summary of the main assumptions that have been fed into the viability modelling.

Table 11 Modelling and site assumptions summary sheet

Input	Value / Cost
Sales values per square metre	Market Flat £4,400 Market House £3,500 Social Rent £1,000 (based on HCA 2016/17 SDR) Affordable Rent £1,800 (based on LHA VOA) Intermediate Flat £2,640 (60% of market value) Intermediate House £2,100 (60% of market value)
Site mix	Dwelling mix principles - for building up assumptions *based on Eastern Dorset SHMA 2015 Purbeck District Summary & Draft NDP policy H2* Market Housing 5% 1-beds, 50% 2-beds, 40% 3-beds, 5% 4-beds Affordable Housing 35% 1-beds, 40% 2-beds, 20% 3-beds, 5% 4-beds
Unit sizes	Market units: 1 bed flat 50 2 bed flat 70 2 bed house 85 3 bed house 100 4 house 130 Affordable units: 1 bed flat 50 2 bed flat 70 2 bed house 79 3 bed house 93 4 bed house 112
Build costs	Houses £1,166 Flats £1,379 Café £2,360
External Costs	10% of build costs
Professional fees	10% of build costs
Contingency	5% of build costs
Over extras	Site preparation and survey costs £23,000/unit (excluding Site H5 – see overleaf) Sustainable Design 2%of costs Suitable Alternative Natural Greenspace £900/unit Strategic Access Management and Monitoring £242/unit (Flats) / £355/unit (Houses)
Site purchase costs (based on residual land value)	Agents fees 1.50% Arrangement fee 2% Legal fees 0.75% SDLT at HMRC rate
Marketing/Sales fees	3% of Gross Development Value £750/unit (legal fees on sale)
Developer's profit	20% of Gross Development Value of Market Units 6% of Gross Development Value of Affordable Units
Finance costs	6.5% per annum
Phasing and timetable	Typically 30-50 units per year (per outlet e.g. ~30 units = 12-18 months; and ~200 units = 36 months)

	Average sales rate of between 2 and 4 per month First sales 6 months after start
S106/CIL	£3,000 per unit / £100 per m^2
Affordable housing scenarios	40% of all units to be affordable
Affordable housing tenure	Based on PDC Affordable Housing Tenure Mix Paper (January 2018): 10% Social Rented Housing 67% Affordable Rented Housing 23% Intermediate Housing to Rent or Purchase
EUV+	£250,000/gross hectare (minimum land value threshold) £500,000/net hectare (greenfield) £750,000/net hectare (brownfield/Industrial)

6.1.10 *For Site H5 the assumption of £4,500/unit for site preparation costs (as applied in the PDC Viability Study) is unlikely to be realistic based on the age and condition of the Industrial estate and the potential for contamination and demolition costs. The PDC viability study applies a higher £23,000/unit costs for strategic scale development (reflecting the need to clear and service large sites etc.) Applying this assumption for the site remediation, demolition and servicing costs for site H5 would result in a cost of ~£2,829,000 (on the basis of ~123 units). If H4 and H5 were considered together (total of ~201 units) the allocation-wide site preparation cost would be ~£4,623,000.

6.1.11 In order to benchmark these two figures we have consulted the Homes England (formerly the Homes & Communities Agency) *'Guidance on dereliction, demolition and remediation costs'* (March 2015)[21] and drawn upon the knowledge of AECOM chartered surveyors who specialise in development cost plans. Based upon the Homes England guidance (principally Figures 2 and 5), the site would be classified as having 'Moderate potential' (Site category B) for contamination, in an area with 'Negligible to low water risk site characteristics' (being further than 250m from any groundwater source protection zones). The proposal for residential use would be classified as 'High Sensitivity'. The demolition costs are assumed on the basis of a 'Complex' 'Industrial' previous use; and with 'Complex' 'Low range determining factors'. In these cases the following broad costs are estimated:

- Remediation costs (mid-range of £255-640k/ha) - £447,500

  <u>Dereliction & demolition costs</u>
- Removal of redundant services - £30,000
- Site clearance (based on 4.51ha and £15/m^2) - £676,500
- Demolitions (GEA of all buildings on H5 ~14,690m^2 - £470,080
- Site investigation - £40,000
- **Total = ~£1,800,000**[22]

6.1.12 The costs for servicing Site H5 are assumed to be £20,000/unit (£2,460,000 for 123 units). Bringing the total site preparation and servicing costs of H5 to £4,260,000 (excluding professional fees, contingency and external costs which are the same for all sites and built into the modelling - see Table 11).

6.1.13 Site preparation and servicing for Sites H4, H6 and H8 are assumed to be the higher PDC viability study figure of £23,000/unit.

[21] Accessed at: https://www.gov.uk/government/publications/guidance-on-dereliction-demolition-and-remediation-costs
[22] Accounting for inflation since March 2015 and regional weighting

7 Conclusion

7.1.1 This chapter presents the results of residual appraisal (the detailed appraisal summary sheets are provided in **Appendix D** to this report). Development appraisals for the modelled sites have utilised the HCA's Development Appraisal Tool, a spread sheet-based financial analysis package publicly available online[23]. The HCA Development Appraisal Tool generates a gross residual value for the whole site and also a gross per hectare residual value. It does not automatically generate a residual value on the basis of the net developable area on a per hectare basis.

7.1.2 The appraisals use the residual valuation approach – that is, they are designed to assess the value of the land after taking into account the costs of development, the likely income from sales and/or rents and an appropriate amount of developers' profit. The payment would represent the sum paid in a single tranche on the acquisition of a site. In order for the proposed development to be described as viable, it is necessary for this value to exceed the EUV+.

Appraisal results

7.1.3 The development appraisal model incorporates build costs, abnormal costs (where applicable), and infrastructure costs and financial assumptions for the scheme. The results are summarised in this section deploying Red, Amber, Green scoring:

- **Green Viable** – where the Residual Value per net hectare exceeds the indicative EUV+ (Threshold /Benchmark) per hectare (i.e. a sufficient uplift or premium to provide a competitive return for the landowner to incentivise them to release their land).
- **Amber Marginal/Unviable** – where the appraisal produces a positive Residual Value above the EUV but not above the EUV+ per net hectare. These sites should still be considered unviable when measured against the benchmark/threshold – however depending on the nature of the site and the owner it may come forward with some amendments to the scheme if it is close to the EUV+.
- **Red Unviable** – where the Residual Value does not exceed the EUV or EUV+. These sites should not be considered deliverable and the Qualifying Body should consider carefully if the site can be considered developable during the entire plan period.

7.1.4 Plan-wide viability testing is not an exact science. The process is based on high level modelling and assumptions and development costs and assumptions. The process adopted by many developers is similar, hence the use of contingency sums, external site cost allowances, the competitive return assumptions for the developer (20% of GDV) and the generally cautious approach e.g. 5% contingency. The landowner's return of £500,000 – 750,000/net ha is appropriate based on the available evidence.

7.1.5 Whilst a scheme may be shown as viable, a change in construction costs or drop in prices could make the scheme unviable. Tenure balancing, densification and/or lower policy requirements could potentially be used to provide an additional viability cushion. It is our view that the NDP can be adjudged to be deliverable in the plan making context on the basis of the results. The results are shown on the basis of the gross site residual value (the maximum that could theoretically be paid to the landowner); gross hectare basis (a figure generated by the HCA tool); and a per net hectare basis (for the purposes of testing it against the EUV+ and comparison between sites).

[23] Accessed at: https://www.gov.uk/government/publications/development-appraisal-tool

Table 12 Modelling results @ 40% affordable housing

Site	EUV Per Hectare	EUV+ (Per Net Developable Hectare)	Gross Site Residual Value	Per Gross Ha Residual Value	Per Net Developable Ha Residual Value
H4 Land West of Westminster Road	*£400,000*	*£500,000*	£2,158,578	£ 884,663	£ 1,179,550
H5 Westminster Road Industrial Estate – 40%	*£600,000*	*£750,000*	£1,008,348	£320,110	£427,266
H5 Westminster Road Industrial Estate – 30%	*£600,000*	*£750,000*	£1,688,796	£536,126	£715,591
H6 Johns Road	*£600,000*	*£750,000*	£852,936	£1,236,139	£1,550,792
H8 Former Hospital and Health Centre	*£600,000*	*£750,000*	£1,237,090	£1,421,943	£1,767,271

Summary and recommendations

7.1.6 The modelling adopts a conservative approach to the assumptions, for example, in some cases the external costs may be cheaper following detailed design and investigations attached to future planning applications.

7.1.7 Site H4 (~70 units) is shown to be viable and fully policy compliant at the EUV+ of £400,000/net ha.

7.1.8 Site H5 (~90 units) is found to be unviable at 40% affordable housing. However, a positive residual value in excess of £400,000 is shown. The demolition, remediation and servicing costs are the largest costs on this site. The high net to gross ratio is also on the proviso of a comprehensive masterplan with H4. The modelling results indicate that the site is likely to be developable over the plan period, though some flexibility on obligations/affordable housing may be necessary. When tested at 30% affordable housing the site is shown to be very nearly viable. Small tweaks to the tenure mix would make the site viable at 30%.

7.1.9 Site H5 would benefit from a flexible policy approach in order to bring forward a phased regeneration of the site. The modelling indicates that an affordable housing level of around 30% would yield a viable scheme. As discussed, the methodology employed for this plan making viability study is high-level. In addition, the Steering Group should investigate additional sources of finance to help bring H5. For example, use of the neighbourhood portion of CIL, capital funding from PDC, alternative (non-traditional) delivery models[24] etc. There would be some value in utilising flexible allocations for the harder sites in order to help de-risk them via the planning process. For the former industrial sites there are a number approaches that could be adopted: (1) increase the sites density and housing numbers; (2) provide more shared ownership over affordable rented products; and/or simply allow lower affordable housing contributions.

7.1.10 Site H6 and H8 both produce residual values in excess of the EUV+ with the largest viability 'cushions' should prices and values change

7.1.11 The appraisal results show that all sites can be considered developable over the plan period with all of them producing positive residual values above the EUV.

7.1.12 The Town Council should consider the contents of this report and decide whether the allocations should be amended either to make them more flexible or precise. In all cases adjustments to the affordable housing requirements, density and tenure balance could help to improve the viability of the sites. However, in general an affordable housing target of 40% would appear to be deliverable for H4, H6 and H8.

7.1.13 In conclusion, if allocated the sites can help to facilitate development through economic cycles expected over the course of the plan period. In cooperation with PDC, the Town Council should now discuss instances where it would be acceptable to accept lower levels of affordable housing where it

[24] Public Private Joint Ventures, Community Land Trust or partnerships with bodies such as Homes England.

would act as enabling development to bring forward long term regeneration sites and help to facilitate development through economic cycles.

7.1.14 The residual values within this report do not constitute market values for land and should not be considered as such. Each site has its own specific constraints that are likely to inform the final prices paid for land in Wareham.

7.1.15 For the purposes of plan making the information produced by the modelling should help to frame discussions between landowners/developers, PDC and the Town Council, with regards to the applications that will be forthcoming.

Appendix A Land Registry Prices Paid 2016 – 2018

Price paid	Deed date	Property type	Number	Street	Locality	Town	Post code	EPC Total Area (m2)	£/m2
295000	30/08/2017	T	11	JUBILEE ROAD		SWANAGE	BH19 2SE	78	3782
330000	21/08/2017	S	1	CASTLEMAIN GARDENS	UPTON	POOLE	BH16 5FE	102	3235
337000	21/08/2017	S	4	CASTLEMAIN GARDENS	UPTON	POOLE	BH16 5FE	102	3304
200000	04/08/2017	F	5	CASTLEMAIN GARDENS	UPTON	POOLE	BH16 5FE	72	2778
200000	02/08/2017	F	6	CASTLEMAIN GARDENS	UPTON	POOLE	BH16 5FE	66	3030
425000	09/06/2017	D	6	BAGGS LANE		WAREHAM	BH20 4FJ	116	3664
425000	26/05/2017	D	3	BAGGS LANE		WAREHAM	BH20 4FJ	116	3664
540000	25/05/2017	D	1	BAGGS LANE		WAREHAM	BH20 4FJ	153	3529
425000	17/05/2017	D	2	BAGGS LANE		WAREHAM	BH20 4FJ	116	3664
565000	03/05/2017	D	47	WORGRET ROAD		WAREHAM	BH20 4PH	177	3192
300000	28/04/2017	F	10 FLEUR DE LIS	POUND LANE		WAREHAM	BH20 4FN	55	5455
485000	28/04/2017	D	3	WESTERMAN WAY		WAREHAM	BH20 4FL	136	3566
500000	28/04/2017	D	53	WORGRET ROAD		WAREHAM	BH20 4PH	160	3125
365000	20/04/2017	D	5	WESTERMAN WAY		WAREHAM	BH20 4FL	98	3724
435000	12/04/2017	D	51	WORGRET ROAD		WAREHAM	BH20 4PH	135	3222
325000	07/04/2017	D	4	BAGGS LANE		WAREHAM	BH20 4FJ	88	3693
425000	31/03/2017	D	7	BAGGS LANE		WAREHAM	BH20 4FJ	116	3664
160000	28/02/2017	F	21 FLEUR DE LIS	POUND LANE		WAREHAM	BH20 4FN	44	3636
325000	28/02/2017	S	3	HUTCHINS LANE		WAREHAM	BH20 4FF	109	2982
325000	28/02/2017	S	5	HUTCHINS LANE		WAREHAM	BH20 4FF	108	3009
366250	15/02/2017	F	17 FLEUR DE LIS	POUND LANE		WAREHAM	BH20 4FN	64	5723
480000	31/01/2017	D	5	BAGGS LANE		WAREHAM	BH20 4FJ	129	3721

490000	31/01/2017	D	57	WORGRET ROAD		WAREHAM	BH20 4PH	159	3082
560000	31/01/2017	D	55	WORGRET ROAD		WAREHAM	BH20 4PH	177	3164
350000	22/12/2016	S	7	HUTCHINS LANE		WAREHAM	BH20 4FF	108	3241
332500	19/12/2016	S	8	HUTCHINS LANE		WAREHAM	BH20 4FF	108	3079
325000	16/12/2016	S	10	HUTCHINS LANE		WAREHAM	BH20 4FF	166	1958
360000	16/12/2016	D	8	BAGGS LANE		WAREHAM	BH20 4FJ	98	3673
490000	16/12/2016	D	1	WESTERMAN WAY		WAREHAM	BH20 4FL	129	3798
315000	15/12/2016	F	6 FLEUR DE LIS	POUND LANE		WAREHAM	BH20 4FN	63	5000
460000	24/11/2016	D	1	HUTCHINS LANE		WAREHAM	BH20 4FF	128	3594
375000	22/11/2016	S	9	HUTCHINS LANE		WAREHAM	BH20 4FF	116	3233
495000	09/11/2016	D	14	HUTCHINS LANE		WAREHAM	BH20 4FF	160	3094
309950	14/10/2016	S	2	HUTCHINS LANE		WAREHAM	BH20 4FF	79	3923
350000	07/10/2016	D	11	BAGGS LANE		WAREHAM	BH20 4FJ	88	3977
360000	30/09/2016	S	6	HUTCHINS LANE		WAREHAM	BH20 4FF	108	3333
359000	28/09/2016	S	4	HUTCHINS LANE		WAREHAM	BH20 4FF	109	3294
430000	28/09/2016	D	26	HUTCHINS LANE		WAREHAM	BH20 4FF		
327000	23/09/2016	S	9	BAGGS LANE		WAREHAM	BH20 4FJ	84	3893
162500	01/09/2016	F	10B	STATION ROAD		SWANAGE	BH19 1AE	95	1711
349950	26/08/2016	D	26	BAGGS LANE		WAREHAM	BH20 4FJ	88	3977
350000	26/08/2016	D	28	BAGGS LANE		WAREHAM	BH20 4FJ	88	3977
420000	29/07/2016	D	24	HUTCHINS LANE		WAREHAM	BH20 4FF		
349950	30/06/2016	D	32	BAGGS LANE		WAREHAM	BH20 4FJ	88	3977
465000	30/06/2016	D	30	BAGGS LANE		WAREHAM	BH20 4FJ	128	3633
349950	28/06/2016	D	34	BAGGS LANE		WAREHAM	BH20 4FJ	88	3977
472000	31/05/2016	D	22	HUTCHINS LANE		WAREHAM	BH20 4FF	159	2969
152000	27/05/2016	F	Flat 2 SHERWOOD COURT, 2	CLIFF AVENUE		SWANAGE	BH19 1LX	52	2923

470000	20/05/2016	D	3	PRIDE PLACE		WAREHAM	BH20 4FH	135	3481
472000	20/05/2016	D	20	HUTCHINS LANE		WAREHAM	BH20 4FF	159	2969
425000	13/05/2016	F	20 FLEUR DE LIS	POUND LANE		WAREHAM	BH20 4FN	73	5822
355000	29/04/2016	D	DICKENS COTTAGE, 1A	MARSH LANE	UPTON	POOLE	BH16 5NH	104	3413
399950	29/04/2016	D	13	BAGGS LANE		WAREHAM	BH20 4FJ	116	3448
299950	31/03/2016	S	42	WESTERMAN WAY		WAREHAM	BH20 4FL	79	3797
450000	31/03/2016	D	16	HUTCHINS LANE		WAREHAM	BH20 4FF	129	3488
167500	30/03/2016	F	3 ALROSE VILLA, 2	HIGHCLIFFE ROAD		SWANAGE	BH19 1LW	31	5403
465000	30/03/2016	D	18	HUTCHINS LANE		WAREHAM	BH20 4FF	140	3321
565000	04/03/2016	D	FLOWER MEADOW HOUSE	HAYCRAFTS LANE		SWANAGE	BH19 3EB	150	3767
350000	29/02/2016	D	36	WESTERMAN WAY		WAREHAM	BH20 4FL	95	3684
320000	26/02/2016	S	43	WESTERMAN WAY		WAREHAM	BH20 4FL	82	3902
345000	22/02/2016	T	27	WESTERMAN WAY		WAREHAM	BH20 4FL	108	3194
348196	22/02/2016	F	16 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	84	4145
348196	22/02/2016	F	18 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	67	5197
348196	22/02/2016	F	20 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	67	5197
358000	22/02/2016	T	25	WESTERMAN WAY		WAREHAM	BH20 4FL	116	3086
403907	22/02/2016	F	1 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	95	4252
403907	22/02/2016	F	11 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	81	4987
403907	22/02/2016	F	12 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	96	4207
403907	22/02/2016	F	17 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	82	4926
403907	22/02/2016	F	19 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	81	4987
403907	22/02/2016	F	2 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	99	4080
403907	22/02/2016	F	21 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	84	4808
403907	22/02/2016	F	3 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	119	3394
403907	22/02/2016	F	4 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	83	4866

403907	22/02/2016	F	6 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	93	4343
403907	22/02/2016	F	7 SHORE HOUSE	SHORE ROAD		SWANAGE	BH19 1LD	81	4987
340000	12/02/2016	D	45	WESTERMAN WAY		WAREHAM	BH20 4FL	88	3864
642500	08/02/2016	D	SEAFORTH	KINGSTON LANE	WORTH MATRAVERS	SWANAGE	BH19 3LE	166	3870
318000	29/01/2016	S	15	BAGGS LANE		WAREHAM	BH20 4FJ	84	3786
350000	29/01/2016	T	23	WESTERMAN WAY		WAREHAM	BH20 4FL	116	3017

Appendix B New Build Market Survey (March 2018)

Source	Developer	Scheme	Type of development	Town	Town / Post code	Type of Development	Beds	m2*	Price £	£/m2
Smart New Homes	Sovereign Living		Terraced House	Ferndown	BH22	Terraced	3	90	134,000	1488.9
Prime Location		The Quadrant	Detatched	Poole	BH16	Detached	3	*100*	299,950	2999.5
Zoopla		St. John's Hill	Flat	Wareham	BH20	Flat	2	*70*	210,000	3000.0
Smart New Homes	Inland Homes	Carters Quay	Flat	Poole	BH15 4BA	Flat	2	*70*	230,000	3285.7
Smart New Homes	Inland Homes	Carters Quay	Flat	Poole	BH15 4BA	Flat	2	*70*	255,000	3642.9
Inland Homes	Inland Homes	Carters Quay	Flat	Poole	BH15 4BA	Flat	2	*70*	255,000	3642.9
Zoopla		St Martin's Lane	Flat	Wareham	BH20 4HF	Flat	2	*70*	255,000	3642.9
Smart New Homes	Inland Homes	Carters Quay	Flat	Poole	BH15 4BA	Flat	2	*70*	258,000	3685.7
Smart New Homes	Inland Homes	Carters Quay	Flat	Poole	BH15 4BA	Flat	1	*50*	190,000	3800.0
Right Move	Renaissance Homes	Fleur-de-Lis	Flat	Wareham	BH20	Flat	1	*50*	190,000	3800.0
Smart New Homes	Inland Homes	Carters Quay	Flat	Poole	BH15 4BA	Flat	2	*70*	270,000	3857.1
Right Move	Renaissance Homes	Fleur-de-Lis	Flat	Wareham	BH20	Flat	1	*50*	195,000	3900.0
Prime Location	Whitelock Group	Lower Parkstone	Flat	Poole	BH14	Flat	2	*70*	290,000	4142.9
Zoopla		River Mews	Flat	Wareham	BH20	Flat	2	44.17	200,000	4528.0
Prime Location			Semi-Detatched	Poole	BH12	Semi-D	3	64.88	294,950	4546.1
Prime Location			Semi-Detatched	Poole	BH12	Semi-D	3	64.88	295,000	4546.9
Prime Location	Whitelock Group	Lower Parkstone	Flat	Poole	BH14	Flat	2	61.15	280,000	4578.9
Right Move	Renaissance Homes	Fleur-de-Lis	Flat	Wareham	BH20	Flat	1	*50*	235,000	4700.0
Right Move	Renaissance Homes	Fleur-de-Lis	Flat	Wareham	BH20	Flat	1	*50*	235,000	4700.0
Right Move	Renaissance Homes	Fleur-de-Lis	Flat	Wareham	BH20	Flat	1	*50*	255,000	5100.0
Smart New Homes	McCarthy & Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	2	73.12	380,000	5196.9
Smart New Homes	McCarthy and Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	1	51.56	275,000	5333.6
Smart New Homes	McCarhthy and Stone	Azeleas Lifestyle Living	Flat	Poole	BH13	Flat	2	117	625,000	5341.9

Smart New Homes	McCarhthy and Stone	Azeleas Lifestyle Living	Flat	Poole	BH13	Flat	2	109.1	595,000	5453.7
Prime Location	Majestic Property and Estates	Altitude Max	Flat	Poole	BH15	Flat	3	108.7	599,950	5519.3
Zoopla		River Mews	Semi-D	Wareham	BH20 4FP	Semi-D	2	44.22	250,000	5653.6
Right Move	Renaissance Homes	Fleur-de-Lis	Flat	Wareham	BH20	Flat	2	*70*	400,000	5714.3
Smart New Homes	McCarthy & Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	2	64.7	395,000	6105.1
Smart New Homes	McCarhthy and Stone	Azeleas Lifestyle Living	Flat	Poole	BH13	Flat	2	100.8	675,000	6696.4
Smart New Homes	McCarhthy and Stone	Azeleas Lifestyle Living	Flat	Poole	BH13	Flat	2	100.8	675,000	6696.4
Zoopla		St. John's Hill	Semi-D	Wareham	BH20 4FP	Semi-D	1	30.4	215,000	7072.4
Smart New Homes	McCarthy & Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	2	61.5	450,000	7317.1
Smart New Homes	McCarthy & Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	2	61.5	450,000	7317.1
Smart New Homes	McCarthy & Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	2	61.5	460,000	7479.7
Smart New Homes	McCarthy & Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	2	61.5	460,000	7479.7
Smart New Homes	McCarthy & Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	2	61.5	465,000	7561.0
Smart New Homes	McCarthy & Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	2	61.5	475,000	7723.6
Smart New Homes	McCarthy & Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	2	61.5	475,000	7723.6
Smart New Homes	McCarthy & Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	2	61.5	485,000	7886.2
Smart New Homes	McCarthy & Stone	Waterman House	Flat	Broadstone	BH18 8AG	Flat	2	61.5	495,000	8048.8

*Italics = proxy floor area

Appendix C BCIS Construction Costs

BCIS RICS

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.
Last updated: 26-May-2018 12:20
› Rebased to Purbeck (101; sample 7)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
515. Cafes, snack bars, coffee bars, milk bars (15)	2,696	1,541	2,101	2,360	2,721	4,758	5
810. Housing, mixed developments (15)	1,248	597	1,080	1,219	1,384	2,844	1193
810.1 Estate housing							
Generally (15)	1,227	596	1,050	1,190	1,351	4,141	1806
Single storey (15)	1,375	700	1,178	1,319	1,557	4,141	294
2-storey (15)	1,193	596	1,039	1,166	1,305	2,353	1372
3-storey (15)	1,214	772	980	1,165	1,368	2,480	136
4-storey or above (15)	2,400	1,300	-	2,194	-	3,909	4
810.11 Estate housing detached (15)	1,568	932	1,205	1,390	1,626	4,141	20
810.12 Estate housing semi detached							
Generally (15)	1,222	612	1,057	1,192	1,344	2,296	424
Single storey (15)	1,399	855	1,203	1,372	1,554	2,296	76
2-storey (15)	1,188	612	1,051	1,160	1,312	2,096	328
3-storey (15)	1,115	829	929	1,061	1,205	1,791	20
810.13 Estate housing terraced							
Generally (15)	1,249	596	1,050	1,196	1,391	3,909	386
Single storey (15)	1,377	944	1,158	1,309	1,595	2,034	45
2-storey (15)	1,223	596	1,047	1,189	1,355	2,353	281
3-storey (15)	1,228	788	980	1,138	1,320	2,480	59
4-storey or above (5)	3,909	-	-	-	-	-	1
816. Flats (apartments)							
Generally (15)	1,451	719	1,214	1,384	1,637	4,902	961
1-2 storey (15)	1,377	842	1,173	1,325	1,520	2,604	236
3-5 storey (15)	1,432	719	1,207	1,379	1,633	2,816	640
6+ storey (15)	1,809	1,064	1,475	1,760	1,920	4,902	82

Appendix D Modelling Summary Sheets

Site Address	H4 Land West of Westminster Road	Date of appraisal	02/04/2018	Press for 4 page detail
Site Reference	40% Affordable Housing	Net Residential Site Area	1.83	
File Source		Author & Organisation	David Carlisle, AECOM	
Scheme Description	Greenfield development	Registered Provider (whe	0	

CAPITAL VALUE OF OPEN MARKET HOUSING			**£13,960,500**	£ 3,563 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency		**£5,026,368**	£ 1,283 psqm	
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£8,934,132**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£3,415,600**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£3,415,600**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency		**£2,740,072**	£ 1,343 psqm	
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£675,528**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs		£0		
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£17,376,100**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME		**£7,766,440**		
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£9,609,660**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME		**£0**		
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£17,376,100**	
TOTAL BUILD COSTS		**£7,766,440**		
TOTAL CONTRIBUTION TO SCHEME COSTS				**£9,609,660**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£1,610,000	23,000	9.3%	659,836
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
SANG		£63,000	900	0.4%	25,820
SAMM		£24,187	346	0.1%	9,913
Plot specific external works		£750,000	10,714	4.3%	307,377
Over extra - sustainable design		£140,000	2,000	0.8%	57,377
Over extra -		£0			
		£2,587,187		14.9%	1,060,323
Other site costs					
Fees and certification	10.0%	£739,661	10,567	4.3%	303,140
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£3,326,848**	47,526		
Statutory 106 costs		**£520,853**	7,441		
Total Marketing Costs		**£451,065**			
Total Direct Costs			**£12,065,206**		

Finance and acquisition costs			
Land Payment	£2,158,578	50,199 per OM home	884,663 per hectare
Arrangement Fee	£0	0.0% of interest	
Misc Fees (Surveyors etc)	£0	0.00% of scheme value	
Agents Fees	£75,550		
Legal Fees	£16,189		
Stamp Duty	£97,429		
Total Interest Paid	£14,472		
Total Finance and Acquisition Costs		**£2,362,218**	
Total Operating Profit		**£2,948,676**	

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

TOTAL COST	**£17,376,100**	
Surplus/(Deficit) at completion 3/11/2021		**(£)**
Present Value of Surplus (Deficit) at 2/4/2018		**(£)**

Scheme Investment MIRR **19.8%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value	12.4%	Peak Cash Requirement	-£5,006,228

AECOM Imagine it. Delivered.

Site Address	H5 Westminster Road Industrial Estate	Date of appraisal	02/04/2018	Press for 4 page detail
Site Reference	40% Affordable Housing	Net Residential Site Area	2.36	
File Source		Author & Organisation	David Carlisle, AECOM	
Scheme Description	Redevelopment of Industrial Site for Residential Use	Registered Provider (whe	0	

CAPITAL VALUE OF OPEN MARKET HOUSING			**£17,502,000**	£ 3,565 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency		**£6,307,916**	£ 1,285 psqm	
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£11,194,084**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£4,684,300**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£4,684,300**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency		**£3,683,924**	£ 1,335 psqm	
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£1,000,376**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs		£0		
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£22,186,300**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME		**£9,991,840**		
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£12,194,460**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME		**£0**		
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£22,186,300**	
TOTAL BUILD COSTS		**£9,991,840**		
TOTAL CONTRIBUTION TO SCHEME COSTS				**£12,194,460**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Servicing		£1,800,000	20,000	8.1%	571,429
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
SANG		£110,700	1,230	0.5%	35,143
SAMM		£38,128	424	0.2%	12,104
Plot specific external works		£1,000,000	11,111	4.5%	317,460
Over extra - sustainable design		£250,000	2,778	1.1%	79,365
Over extra - demolition and remediation		£1,800,000	20,000	8.1%	571,429
		£4,998,828		22.5%	1,586,930
Other site costs					
Fees and certification	10.0%	£951,604	10,573	4.3%	302,096
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£5,950,432**	66,116		
Statutory 106 costs		**£652,941**	7,255		
Total Marketing Costs		**£565,560**			
Total Direct Costs			**£17,160,773**		

Finance and acquisition costs			
Land Payment	£1,008,348	18,673 per OM home	320,110 per hectare
Arrangement Fee	£0	0.0% of interest	
Misc Fees (Surveyors etc)	£0	0.00% of scheme value	
Agents Fees	£35,292		
Legal Fees	£7,563		
Stamp Duty	£39,917		
Total Interest Paid	£223,498		
Total Finance and Acquisition Costs		**£1,314,617**	
Total Operating Profit		**£3,710,910**	

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

TOTAL COST	**£22,186,300**	
Surplus/(Deficit) at completion 3/11/2021		**(£)**
Present Value of Surplus (Deficit) at 2/4/2018		**(£)**

Scheme Investment MIRR **24.4%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value	4.5%	Peak Cash Requirement	-£4,266,933

Site Address	H5 Westminster Road Industrial Estate	Date of appraisal	02/04/2018
Site Reference	30% Affordable Housing	Net Residential Site Area	2.36
File Source		Author & Organisation	David Carlisle, AECOM
Scheme Description	Redevelopment of Industrial Site for Residential Use	Registered Provider (whe	0

CAPITAL VALUE OF OPEN MARKET HOUSING			**£20,463,000**	£ 3,562 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency		**£7,366,683**	£ 1,282 psqm	
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£13,096,317**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£3,418,600**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£3,418,600**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency		**£2,768,759**	£ 1,335 psqm	
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£649,841**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs		£0		
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£23,881,600**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME		**£10,135,441**		
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£13,746,159**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME		**£0**		
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£23,881,600**	
TOTAL BUILD COSTS		**£10,135,441**		
TOTAL CONTRIBUTION TO SCHEME COSTS				**£13,746,159**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Servicing		£1,800,000	20,000	7.5%	571,429
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
SANG		£110,700	1,230	0.5%	35,143
SAMM		£38,128	424	0.2%	12,104
Plot specific external works		£1,000,000	11,111	4.2%	317,460
Over extra - sustainable design		£250,000	2,778	1.0%	79,365
Over extra - demolition and remediation		£1,800,000	20,000	7.5%	571,429
		£4,998,828		20.9%	1,586,930
Other site costs					
Fees and certification	10.0%	£965,280	10,725	4.0%	306,438
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£5,964,108**	66,268		
Statutory 106 costs		**£763,412**	8,482		
Total Marketing Costs		**£661,140**			
Total Direct Costs			**£17,524,101**		

Finance and acquisition costs			
Land Payment	£1,688,796	26,806 per OM home	536,126 per hectare
Arrangement Fee	£0	0.0% of interest	
Misc Fees (Surveyors etc)	£0	0.00% of scheme value	
Agents Fees	£59,108		
Legal Fees	£12,666		
Stamp Duty	£73,940		
Total Interest Paid	£272,174		
Total Finance and Acquisition Costs		**£2,106,684**	
Total Operating Profit		**£4,250,815**	

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

TOTAL COST	**£23,881,600**	
Surplus/(Deficit) at completion 3/11/2021		**£0**
Present Value of Surplus (Deficit) at 2/4/2018		**£0**

Scheme Investment MIRR **23.8%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value	7.1%	Peak Cash Requirement	-£5,076,941

AECOM Imagine it. Delivered.

Site Address	H6 Johns Road	Date of appraisal	02/04/2018	Press for 4 page detail
Site Reference	40% Affordable Housing	Net Residential Site Area	0.55	
File Source		Author & Organisation	David Carlisle, AECOM	
Scheme Description	Redevelopment of Industrial Site for Residential Use	Registered Provider (whe	0	

CAPITAL VALUE OF OPEN MARKET HOUSING			**£5,547,000**	£ 3,560 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency		**£1,994,576**	£ 1,280 psqm	
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£3,552,424**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£1,340,600**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£1,340,600**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency		**£1,090,896**	£ 1,377 psqm	
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£249,704**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs		£0		
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£6,887,600**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME		**£3,085,472**		
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£3,802,128**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME		**£0**		
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£6,887,600**	
TOTAL BUILD COSTS		**£3,085,472**		
TOTAL CONTRIBUTION TO SCHEME COSTS				**£3,802,128**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£644,000	23,000	9.4%	933,333
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
SANG		£25,200	900	0.4%	36,522
SAMM		£8,697	311	0.1%	12,604
Plot specific external works		£295,000	10,536	4.3%	427,536
Over extra - sustainable design		£70,000	2,500	1.0%	101,449
Over extra -		£0			
		£1,042,897		15.1%	1,511,445
Other site costs					
Fees and certification	10.0%	£293,854	10,495	4.3%	425,876
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£1,336,751**	47,741		
Statutory 106 costs		**£206,824**	7,387		
Total Marketing Costs		**£179,160**			
Total Direct Costs			**£4,808,207**		

Finance and acquisition costs				
Land Payment	£852,936	50,173	per OM home	1,236,139 per hectare
Arrangement Fee	£0	0.0%	of interest	
Misc Fees (Surveyors etc)	£0	0.00%	of scheme value	
Agents Fees	£29,853			
Legal Fees	£6,397			
Stamp Duty	£32,147			
Total Interest Paid	-£13,677			
Total Finance and Acquisition Costs		**£907,656**		
Total Operating Profit		**£1,171,737**		

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

TOTAL COST	**£6,887,600**	
Surplus/(Deficit) at completion 3/11/2021		**(£)**
Present Value of Surplus (Deficit) at 2/4/2018		**(£)**

Scheme Investment MIRR **18.2%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value 12.4% Peak Cash Requirement -£2,310,993

AECOM Imagine it. Delivered.

Site Address	H8 Former Hospital and Health Centre Site	Date of appraisal	02/04/2018	Press for 4 page detail
Site Reference	40% Affordable Housing	Net Residential Site Area	0.7	
File Source		Author & Organisation	David Carlisle, AECOM	
Scheme Description	Redevelopment of Industrial Site for Residential Use	Registered Provider (whe	0	

CAPITAL VALUE OF OPEN MARKET HOUSING			**£7,808,000**	£ 3,561 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency		**£2,808,483**	£ 1,281 psqm	
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£4,999,517**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£2,029,200**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£2,029,200**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency		**£1,619,752**	£ 1,352 psqm	
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£409,448**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs		£0		
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£9,837,200**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME		**£4,428,235**		
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£5,408,965**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME		**£0**		
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£9,837,200**	
TOTAL BUILD COSTS		**£4,428,235**		
TOTAL CONTRIBUTION TO SCHEME COSTS				**£5,408,965**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£920,000	23,000	9.4%	1,057,471
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
SANG		£36,000	900	0.4%	41,379
SAMM		£12,392	310	0.1%	14,244
Plot specific external works		£425,000	10,625	4.3%	488,506
Over extra - sustainable design		£70,000	1,750	0.7%	80,460
Over extra -		£0			
		£1,463,392		14.9%	1,682,060
Other site costs					
Fees and certification	10.0%	£421,737	10,543	4.3%	484,755
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£1,885,129**	47,128		
Statutory 106 costs		**£291,294**	7,282		
Total Marketing Costs		**£252,240**			
Total Direct Costs			**£6,856,898**		

Finance and acquisition costs				
Land Payment	£1,237,090	51,545	per OM home	1,421,943 per hectare
Arrangement Fee	£0	0.0%	of interest	
Misc Fees (Surveyors etc)	£0	0.00%	of scheme value	
Agents Fees	£43,298			
Legal Fees	£9,278			
Stamp Duty	£51,355			
Total Interest Paid	-£14,876			
Total Finance and Acquisition Costs		**£1,326,146**		
Total Operating Profit		**£1,654,157**		

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

TOTAL COST	**£9,837,201**	
Surplus/(Deficit) at completion 3/11/2021		**(£1)**
Present Value of Surplus (Deficit) at 2/4/2018		**(£)**

Scheme Investment MIRR **18.4%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value 12.6% Peak Cash Requirement -£3,142,882