Gedling Borough Council

Community Infrastructure Levy

Viability Assessment

January 2015

CONTENTS

1.0 Introduction

This document forms part of the evidence base to inform Gedling Borough Council's Draft Charging Schedule as required by Regulation 15 of the CIL Regulations April 2010 (as amended in 2011). One of the key elements of charge setting for CIL purposes is the assessment of the viability of development across a charging area. Regulation 14 requires that an authority strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential effects that imposing the levy may have upon the economic viability of development.

This report therefore seeks to examine the viability of development across the Borough for differing property types to inform the development of the Council's draft CIL charging schedule in viability terms. This document supersedes the previous version (August 2012) issued with the Preliminary Draft charging Schedule. It has taken into account the latest CIL guidance issued by the Department for communities and Local Government in December 2012.

2.0 Legislative context

The legislation governing the Community Infrastructure Levy is enshrined in the Planning Act 2008 (Part 11, Sec 105-225), the CIL Regulations April 2010 and CIL Amendment Regulations April 2011. The primary statutory guidance into the practicalities of establishing a CIL system is contained in the CIL Guidance April 2013 as amended by CIL (Amendment) Regulations 2014.

The initial stage of preparing a charging schedule focuses on determining the CIL rates.
When a charging authority submits its draft charging schedule to the CIL examination, it must provide evidence on economic viability and infrastructure planning (as background documentation for the CIL examination). Charging authorities are required to demonstrate that they have:

- Complied with the requirements under Part 11 of the Act, in particular sec 211(2) and (4) and regulations 13 and 14 governing setting rates. Regulation 14 requires that a charging authority, in setting CIL rates, '*must aim to strike what appears to the charging authority to be an appropriate balance between*' the desirability of funding infrastructure from CIL and '*the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area*'; and
- *Used appropriate available evidence to inform the draft charging schedule*' (sec 212(4)(b)). It is recognised that the available data is unlikely to be fully comprehensive or exhaustive. Charging authorities need to demonstrate that their proposed CIL rate or rates are informed by 'appropriate available' evidence and consistent with that evidence across their area as a whole.

Charging authorities can rely largely on existing published data to prepare the evidence on viability to inform their charging schedule, but they may also want to ensure that their proposed CIL rate (or rates) takes account of recent changes in land values over the last 12 months before they publish a charging schedule (for example by supplementing published data with limited sampling information from recent market transactions), particularly if land values have been significantly falling or rising. The best guarantee that a CIL is set at an appropriate level for practical purposes is a thorough understanding of the local property market and the nature of the sites that are likely to come forward for development. This helps to ensure that any viability assessment is properly grounded in local realities.

A Charging Authority's proposed CIL rate should appear reasonable given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence, for example, if the evidence pointed to setting a charge right at the margins of viability. Charging Authorities should avoid setting a charge right up to the margin of economic viability across the vast majority of sites in their area - 'there is some room for pragmatism'.

3.0 Methodology

There a number of key stages to the CIL Viability Assessment which are set out below.

3.1 Evidence Base

The following studies form the main evidence.

Land and Valuation Study – an area wide evidence base of land and property values for every category of development which has informed the identification of sub market boundaries within Gedling. This study has been prepared by heb a firm of local agents active in the Nottinghamshire property market and is included at Appendix 1

Construction Cost Study – an area wide evidence base of construction costs for each category of development relevant to the Gedling area. This study has been prepared by Gleeds cost consultants and is included at Appendix 2

3.2 Charging Zone Formation

The sub markets identified through the Land and Valuation Study above are then used to form potential CIL charging zones.

3.3 Viability Appraisal

Development viability appraisals are then undertaken for every category of development in the identified charging zones using the residual appraisal model to determine the margin available in each category for CIL contributions.

3.4 Maximum CIL Rates

The final step is the tabulation of the viability appraisals to illustrate the maximum rates of CIL that may be levied without threatening the economic viability of the development.

3.5 Appraisal Model

The appraisal model is illustrated by the diagram opposite. In essence this is a relatively straightforward equation where the value of a completed development is equal to the costs that are incurred in bringing that development forward.

The completed development value is assessed according to the sales values of the various elements of the scheme. These values are determined by reference to the property market conditions at that particular time. In residential development appraisals the proportion and mix of affordable housing applied to the scheme will also need to be factored into the model.

Completed Development Value
equals
Fixed Development Costs Construction + Fees + Finance+ Developer's Profit
plus
Variable Development Costs Land + Planning Contributions (inc S106 and CIL)

The fixed elements on the cost side of the equation are the construction costs, fees, interest and developer's profit. The interest rate will be set by the lending organisation and developer's profit is normally a minimum percentage return on gross development value. Whilst fixed costs can alter over the period of a development but there are common industry standards which are adopted which provide some degree of certainty. The variable cost elements are the cost of land and the amount of developer contributions CIL and planning obligations) sought by the local authority.

Economic viability for the purposes of CIL calculations is assessed according to an industry standard Residual Valuation Model. The model firstly calculates development value and then subtracts the land value and the fixed development costs to determine the margin available for policy based contributions (S.106, CIL etc). In determining the amount available for CIL it is important to establish a realistic land value i.e. one that reflects the reasonable contribution expectations of a local authority but which provides sufficient return to persuade landowners to release sites for development.

3.6 Land Value

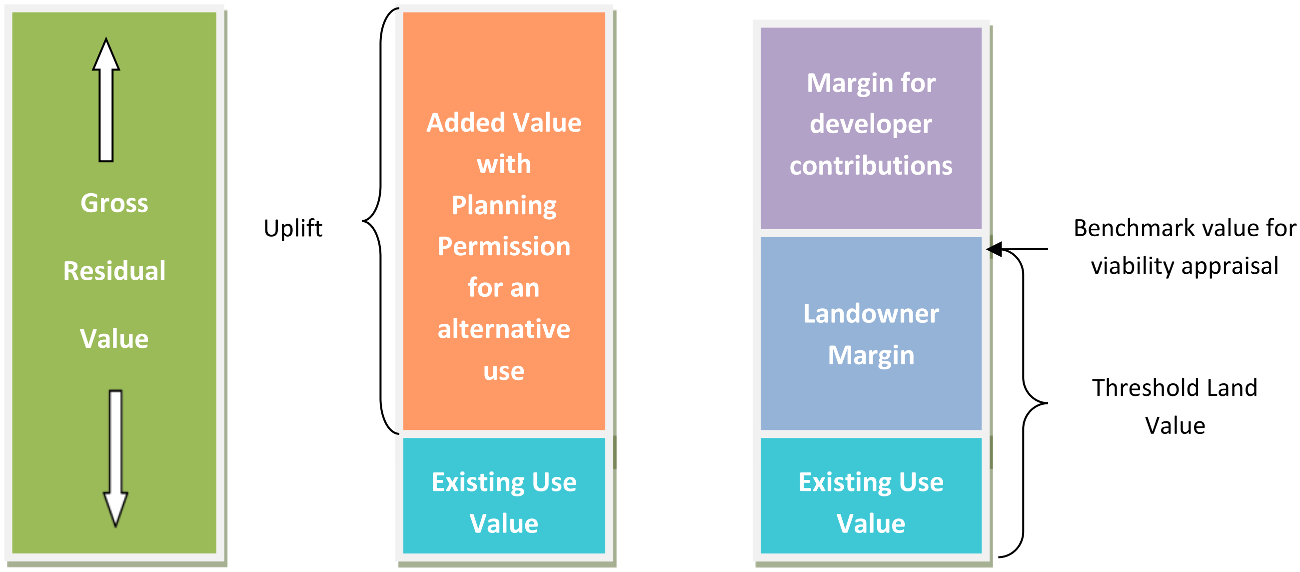
The land value which an owner is prepared to accept will be dependent on a number of factors including the owners tax position, whether there is a need to sell, the price paid originally etc. It follows that different owners could expect a different figure for the same piece of land. The approach to assessing the land element of the gross residual value is therefore the key to the robustness of any viability appraisal. There is no single method of establishing threshold land values for the purpose of viability assessment for CIL but the NPPF and emerging best practice guidance does provide a clear steer on the appropriate approach.

The first step is to establish gross residual value this is value of the completed development minus both the fixed and variable development costs outlined above.

The assessment of land value is further complicated by the fact that the gross residual value of the land is made up of its existing use value (EUV) and the added value (or uplift) which results from the grant of planning permission for an alternative use (after deducting a reasonable allowance for costs including profit). It is clear that the purchaser will not pay over the whole of the residual value to the land owner but there will be a threshold value below which the land owner will not sell. The purchaser will want to retain a proportion of the uplift in value to cover the local authority's expectation of contributions towards infrastructure and affordable housing.

3.7 Land Value Benchmarking

The diagram below illustrates the principles involved in establishing a robust benchmark for land value. The EUV will generally be assessed by reference to comparable sales evidence for the type of land being assessed (e.g. agricultural value for greenfield sites or industrial value for a brownfield site). The appropriate benchmark value will therefore lie somewhere between the EUV and the Gross Residual Value with planning consent. This can vary considerably depending on the category of development being assessed.



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

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

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

"To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable"

The NPPF recognises that, in assessing viability, unless a realistic return is allowed to a landowner to incentivise release of land, development sites are not going to be released and growth will be stifled. The Local Housing Delivery Group guidance 'Viability Testing Local Plans' states :-

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

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

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

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

We have given careful consideration to how the Threshold Land Value (i.e. the premium over existing use value) should be established.

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

We believe that the uplift in value resulting from planning permission should effectively be shared between the landowner (as a reasonable return to incentivise the release of land) and the Local Authority (as a margin to enable infrastructure and affordable housing contributions). The % share of the uplift will vary dependent on the particular approach of each Authority but based on our experience the landowner will expect a minimum of 50% of the uplift in order for sites to be released. Generally, if a landowner believes the Local Authority is gaining greater benefit than he is, he is unlikely to release the site and will wait for a change in planning policy. We therefore consider that a 50:50 split is a reasonable benchmark and will generate base land values that are fair to both landowners and the Local Authority.

The Wokingham Appeal Decision (APP/X0360/A/12/2179141) in January 2013 has provided clear support for this approach to establishing a 'reasonable return the landowner' under the requirements of the NPPF. The case revolved around the level of affordable housing and developer contributions that could be reasonably required and in turn the decision hinged on the land value allowed to the applicant as a 'reasonable return' to incentivise release of the site. The Inspector held that the appropriate approach to establishing the benchmark or threshold land value would be to split the uplift in value resulting from planning permission for the Alternative Use - 50:50 between landowner and the community.

The Threshold Land Value is established as follows:

Existing Use Value + % Share Of Uplift from Planning Permission = Threshold Land Value

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

Worked Examples – a) Fixed percentage over EUV **versus** b) EUV + percentage share in uplift with planning permission

A landowner owns a 1 Hectare field at the edge of a settlement. The land is proposed to be allocated for residential development. Agricultural value is £20,000 per Ha. Residential land is being sold in this area for £1,000,000 per Ha. For the purposes of CIL viability assessment what should this Greenfield site be valued at?

a) Using a fixed percentage over EUV the land would be valued at £24,000 (£20,000 + 20%)
b) Using EUV + percentage share of uplift in value the land would be valued at £510,000 (£20,000 + 50% of the uplift between£20,000 and £1,000,000) – realising a market return for the landowner but reserving a substantial proportion of the uplift for infrastructure contribution i.e. £490,000).

3.8 Existing Use Land Value Benchmarks

In order to represent the likely range of benchmark scenarios that might emerge in the plan period for the appraisal alternative threshold land value scenarios are tested. A greenfield scenario represents the best case for developer contributions as it results in the highest uplift in value resulting from planning permission. The greenfield existing use is based on agricultural value. The median brownfield position recognises that existing commercial sites will have an established value. The existing use value is based on a low value brownfield use (industrial).

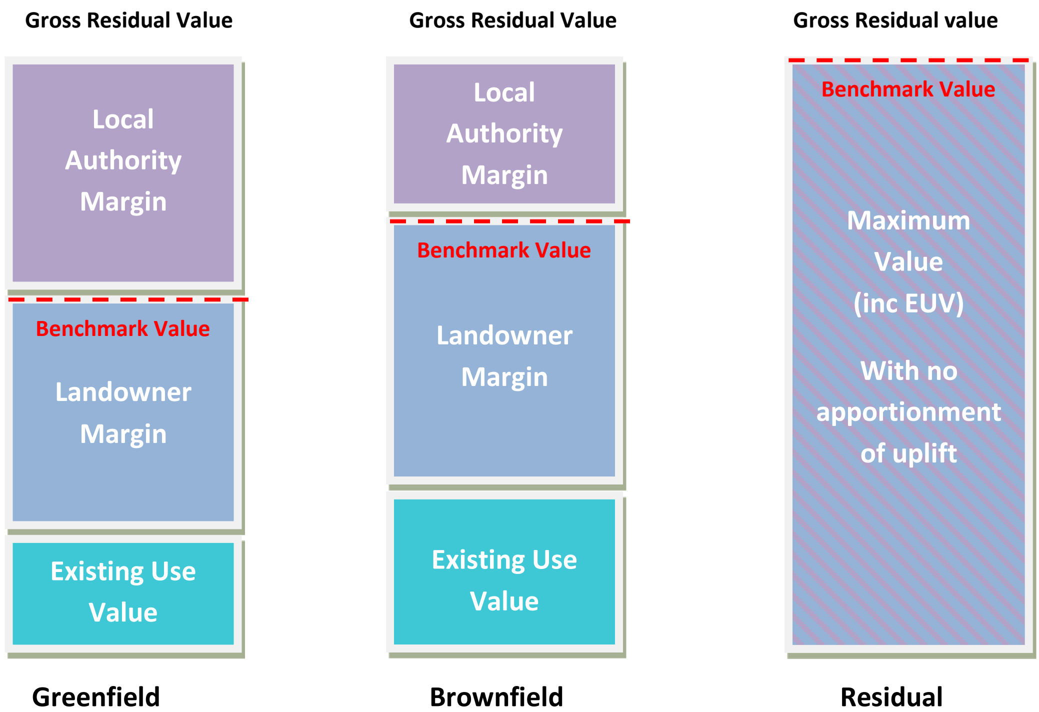
The viability testing firstly assesses the gross residual value (the maximum potential value of land based on total development value less development cost with no allowance for affordable housing, CIL, sec 106 contributions or planning policy cost impacts). This is then used to apportion the share of the potential uplift in value to the greenfield and brownfield benchmarks. This is considered to represent a reasonable scope of land value scenarios in that change from a high value use (e.g. retail) to a low value use (e.g. industrial) is unlikely.
In CIL appraisal work, as a reality check, the viability appraisals are also undertaken based on market comparable evidence of actual land transactions in the relevant use category. Actual market evidence will not always be available for all categories of development; the valuation team make

reasoned assumptions. It is not recommended that these results are used as the basis for setting CIL rates or Affordable Housing targets since the market transaction land values may not necessarily reflect proper allowance for planning policy impacts – particularly where a policy that has a direct 'land taxation' impact (like CIL) has not previously been in existence.

Residential	
Benchmark 1 Greenfield	Agricultural – Residential
Benchmark 2 Brownfield	Industrial – Residential
Benchmark 3 Market Comparable	Based on transactional evidence where available (CIL Appraisal only)
Commercial	
Benchmark 1 Greenfield	Agricultural – Proposed Use (Maximum CIL Potential)
Benchmark 2 Brownfield	Industrial – Proposed Use
Benchmark 3 Market Comparable	Based on transactional evidence where available (CIL Appraisal only)

The viability study normally assumes that affordable housing land has no value because development costs generally exceed affordable housing sales value. In very high value areas adjustments are made to this assumption to reflect affordable housing land value as appropriate.

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



Whilst brownfield land evaluation with a higher benchmark land value will necessarily indicate that less margin exists for policy cost impacts, the 'Market Comparable' land values will normally represent the highest land value assumptions of the three assessed benchmarks. This is because in this instance no allowance can be made for the introduction of the new policy that is being assessed which, once adopted, will have a subsequent impact on value.

3.9 Residual Valuation and development appraisal

One issue with the Gross Residual Value approach outlined above does not factor in the finance cost of land – which will be the element of development cost that is incurred up front and carry finance costs through the entire development process. The omission of this finance cost could potentially give a false picture of development viability.

The viability assessments therefore adopt a development appraisal approach rather than a residual land value approach. A bespoke model is used which specifically assesses the economic viability of development. This model factors in land value (threshold land value as discussed in the previous section) as a key element of development cost. In this way the finance charges for all elements of development cost are properly assessed including land.

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

Development Value **(Based on floor area)** **E.g. 200 sq m x 1,100/sq m**	**£2,200,000**
Development Costs	
Land Value	£400,000
Construction Costs	£870,000
Abnormal Construction Costs (optional)	£100,000
Professional Fees (% costs)	£90,000
Legal Fees (% value)	£30,000
Statutory Fees (% costs)	£30,000
Sales & Marketing Fees (% value)	£40,000
Contingencies (% costs)	£50,000
Section 106 Contributions/Policy Impact Cost assumptions	£90,000
Finance Costs (% costs)	£100,000
Developer's Profit (% Return on GDV)	£350,000
Total Costs	**£2,150,000**
Results	
Viability Margin	**£50,000**
Potential CIL Rate (CIL Appraisal only)	**£25 /sq m**

Given that development occurs on a range of land types, a series of different development scenarios have been tested for both residential and commercial development throughout the Borough. For example residential development could occur on: a greenfield site in agricultural use; a brownfield site in a variety of existing uses (industrial, office etc) or an existing residential site. Consequently the base land value adopted in the appraisals alters according to the assumed existing use and future use for each scenario. The evidence for the land values adopted is set out in the heb Valuation Report (Refer to the CIL Documents Evidence Base).

4. 0 Development Categories

For each use type a range of typical development scenarios have been selected for Gedling as follows

4.1 Residential

- 100 unit housing scheme with a range of unit types
- 40 unit starter housing scheme with a range of unit types
- 25 unit low rise apartment block
- 25 unit executive housing scheme
- Single Plot development

Each type of development has then been tested for viability according to its location (refer to the development zone maps below), and the existing use of the land. Three types of existing land use have been tested:

- Greenfield
- Brownfield
- Existing Residential

4.2 Commercial

• Industrial	B1b B1c B2 B8	Factory Unit
• Office	B1a	Office Building
• Food Retail	A1	Supermarket
• General Retail	A1 A2 A3 A4 A5	Roadside Retail Unit
• Hotels	C1	Care Facility
• Residential Institutions	C2	Mid Range Hotel
• Community	D1	Community Centre
• Leisure	D2	Shell Unit
• Agricultural		Farm Store
• Sui Generis		Vehicle Repairs
• Sui Generis		Vehicle Sales

Again each type of development has been tested for viability according to its location and the existing use of the land. In respect of the commercial development, the types of existing land use tested are dependent upon the use category but include greenfield to the proposed use; industrial to the proposed use; and development as existing.

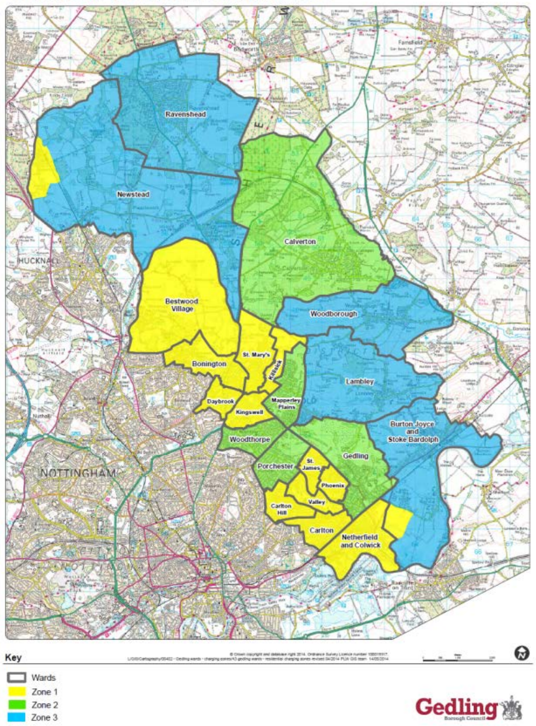
4.3 Zones

The valuation study undertaken by heb considered evidence of residential and commercial land and property values across the Borough. The valuation study concluded that any variations in the value of commercial locations in the Borough are not significant enough to warrant a differential charging zone approach to commercial CIL rates. Gedling has therefore opted not to apply different geographical value zones for commercial property. The initial appraisal identified only marginal differences between the Urban / Rural zones initially tested, and the subsequent viability tests demonstrated that most commercial uses were unviable even before CIL imposition. More importantly, it has not been possible to identify a series of geographically "convenient" market data deals for all categories to clearly demonstrate where a zone boundary should be drawn. Any boundary would inevitably be based on an arbitrary "best guess" basis. Accordingly the valuation figures are stated for a fair area wide tone, at a level which would not threaten development overall.

With regard to residential development evidence was however gathered which indicates the presence of some geographical differentiation in levels of value throughout the Borough. The existence of sub markets therefore indicates that differential CIL rates are appropriate for the Borough. The sub markets have been collated in zones of value as described below and delineated using ward boundaries.

Three residential test zones were identified: Zone 1, which relates mainly to existing built up areas or areas of lower value associated with former mining activity; Zone 2, an intermediate zone and Zone 3 which exhibits the highest values in the more affluent, rural areas of the Borough. The zone boundaries are shown marked on the map below and discussed in greater detail in the heb Valuation Report.

Gedling CIL - Residential Charging Zones



It should be noted that the sub-market areas represent an overview of property values and there will be distinctions within many of the Wards.

5.0 Affordable Housing

The residential viability tests assume that there will be a requirement to provide affordable housing on each site. The Borough Council's Supplementary Planning Document on Affordable

Housing published in 2009 indicates a requirement for a proportion of affordable housing on all new developments of 15 or more properties. The proportion is set at 10%, 20% or 30% in different parts of the Borough. The treatment of the affordable housing in the assessment model adopts the same approach by reference to the sub market areas as defined in the residential zone map above.

The split required will generally be 70% rent (either social rent or Affordable Rent) and 30% intermediate housing, as defined in the glossary to the National Planning Policy Framework. The mix of affordable unit types has been apportioned to reflect the need for affordable family and starter homes.

It is assumed that the affordable housing will be sold by a developer to an RSL and that there would a discount of 60% from market value for the social rented accommodation and a 30% discount for the intermediate rented housing. No land value has been attributed to the plots as the development costs exceed the sales values.

For each of the assessed schemes it is assumed that no Social Housing Grant would be offered in support of the development of the affordable housing.

The table summarises the affordable housing assumptions used in the residential viabilities.

Table 1: Affordable Housing Assumptions

Affordable Housing				
Sub Market Area	Proportion %	Tenure Mix %		
		Intermediate	Social Rent	Affordable Rent
1 Low	10%	30%	20%	50%
2 Medium	20%	30%	20%	50%
3 High	30%	30%	20%	50%
% Open Market Values		70%	40%	50%

6.0 Developer Contributions

As indicated above the residual viability appraisals produce a figure which represents the amount available for CIL plus any other planning obligations and therefore have made no allowance for S.106 contributions. The level at which the CIL is set i.e. the proportion of the margin adopted can thus reflect the Borough's preference for dealing with developers contributions. A high levy will result in most of the money being collected through the CIL for identified projects whilst a lower level allows for specific top-up contributions on a case by case basis.

7.0 Model Assumptions

7.1 Density and Development Mix

Residential – Residential densities can vary significantly dependent on the house type mix and location. To avoid using generalised assumptions the model generates land values for a number of different development scenarios using plot values per house type. These plot values are derived by dividing the appropriate land value by the house type density. The plot values allow for standard open space requirements per hectare. The house type densities and development scenarios used in the model are set out below:

Apartments	70 units per hectare
2 bed house	50 units per hectare
3 bed house	40 units per hectare
4 bed house	25 units per hectare

5 bed house	20 units per hectare

Mixed Residential Development	100 units
Starter Housing	40 units
Apartment Block	25 low rise units
Executive Housing	25 units
Single Dwelling	1 unit

Commercial – For the commercial development appraisals the following development scenarios have been modelled:

Table 2: Development Scenarios

Development Type	Use Class	Sq m	Plot Ratio	Scenario
Industrial	B1b B1c B2 B8	1000	2:1	Factory Unit
Office	B1a	2000	2:1	Office Building
Food Retail	A1	3000	3:1	Supermarket
General Retail	A 1 A2 A3 A4 A5	300	1.5:1	Roadside Retail Unit
Hotels	C1	3000	2:1	Mid Range Hotel
Residential Inst	C2	4000	1.5:1	Care Facility
Community	D1	200	1.5:1	Community Centre
Leisure	D2	2500	3:1	Shell Unit
Agricultural		500	2:1	Farm shop
Sui Generis	Vehicle Repairs	300	2:1	Car Repair Garage
	Vehicle Sales	500	2:1	Car Showroom

7.2 Sales/Rental Values

As previously referred to, local agents, heb have undertaken a survey of land and property values throughout the Borough and the results of this survey are included in the heb Valuation Report. The survey looks at the following:

Residential (C3) - Land values per hectare, land values per plot, and sales values per house type. The plot approach to residential land values avoids anomalies which can be produced with density assumptions in residential developments.

Commercial - Land values per hectare, gross development values per sq metre in the following categories:

Industrial (B1b B1c B2 B8)	Hotel (C1)
Office (B1a)	Community (D1)
Food Retail (A1)	Leisure (D2)
General Retail (A1 A2 A3 A4 A5)	Agricultural
Residential Institution (C2)	Sui Generis

Commercial valuations are based on rental values and yields. The capital value is derived by multiplying the rental by the appropriate yield for the subject property. Yields for different types of property vary substantially depending on the confidence a purchaser has in the safety of the rental income which in turn is based on the covenant strength of the occupier and the location and quality of the building.

The land and sales values have been tabulated by grouping the data gathered across the Borough into appropriate value clusters. This information has then informed the Charging Zones as discussed above. The resulting tables of both residential and commercial land values are presented below.

Table 3: Gedling Residential Values

	Value £/M^2		
	Zone 1	Zone 2	Zone 3
Apartment	1,750	1,935	2,095
2 bed	1,830	1,990	2,150
3 bed	1,830	1,990	2,150
4 bed	1,830	1,990	2,150
5 bed	1,830	1,990	2,150
	Value £/ Ha		
Land	1.27m	1.38m	1.5m

Table 4: Gedling Commercial Values

		'Market' Land Value/ha	Residual Land Value/m^2	Sales Value/ m^2
Industrial B1b B1c B2 B8		430,000	Neg	700
Office B1a		430,000	Neg	1,350
Food Retail A1		3,700,000	4,478,843	2,750
Other Retail A1 A2 A3 A4		1,500,000	2,102,016	1,700
Residential Institutions C2		430,000	Neg	1,266
Hotels C1		865,000	Neg	2,500
Institutional & Community		430,000	Neg	1,077
Leisure D2		600,000	67,245	1,350
Agricultural		15,000	N/A	323
Sui Generis	Vehicle	430.000	Neg	700
	Vehicle Sales	850.000	Neg	1100

7.3 Construction Costs

The CIL evidence base includes a bespoke construction cost survey provided by Gleeds Cost Consultants. The survey uses information gathered from the Company's nationwide database specifically relevant to the Borough. Base date for the costs is the 2nd Quarter 2012.

All costs are based on new build on a cleared site and include an allowance for external works, drainage, servicing, preliminaries and contractor's overheads and profit.

Demolition, abnormal costs and off site works are excluded. Viability assessment is generic test and it would be unrealistic to make assumptions around average abnormal costs. It is considered better to bear the potential for unknown costs in mind when setting CIL rates and not fix rates at the absolute margins of viability.

The summary table of costs from the survey report is provided overleaf.

Table 5: Gedling Development Costs

Development Type	Construction Cost £/M^2		
	Min	Max	Median
Standard Residential (Mass housebuilder, mid range 2-5 bed hse)	690	1,062	870
Residential, 2-5 bed code 4	800	1,075	970
Low Rise Apartments	840	1,242	1,020
Low Rise Apartments, code 4	835	1,240	1,165
Care Homes	900	1,265	1,145
General Retail, shell finish	720	1,030	890
Food Retail Supermarket, shell finish	450	830	740
Hotels 2,000m^2,3 star inc. fixtures & fittings	1,610	1,850	1,700
Industrial, Offices, Cat A fit-out*	920	1,370	1,125
Industrial, general shell finish	410	743	480
Institutional, Community D7(museums, libraries, public halls, conference)	1,460	2,590	1,950
Leisure D5 (shell only)**	820	1,040	900
Agricultural shells	180	775	452
Sui Generis			
Vehicle Repairs	805	945	880
Vehicle Showrooms	1,080	1,260	1,210

* Industrial /Offices, Cat A are based on speculative office development of a cost effective design

** Leisure D5 development is based on shell buildings and excludes tenant fit-out.

7.4 Other Assumptions

	Residential	Commercial	
Professional fees	8%	8%	Construction Cost
Legal fees	0.5%	0.5%	GDV
Statutory fees	1.1%	0.6%	Construction Cost
Sales/marketing costs	2.0%	1.0%	Value of market units
Contingencies	5.0%	5.0%	Construction Cost
Interest	6.0%	6.0%	12mths
Arrangement fee	1.0%	1.0%	Cost
Development profit	20%	17.5%	GDV
Construction	12mths	12mths	
Sales Void	6mths	3mths	

7.5 Developer's Profit

Developer's profit is generally a fixed percentage return on gross development value or return on the costs of development to reflect the developer's risk. In current market conditions and based on the minimum lending conditions of the financial institutions, a 20% return on GDV is used for the residential viability appraisals to reflect speculative risk. A 17.5% return is applied to the commercial development in recognition that most development will be pre-let or pre-sold attracting a reduced level of risk.

7.6 Planning Obligation Contributions & Planning Policy Impacts

CIL once adopted represents the first slice of tax on development. In Gedling it is proposed to use CIL for specific large infrastructure items and use Section 106 for local site specific contributions. The CIL Guidance 2013 indicates that, in the event that an authority does not intend to replace planning obligation contributions completely with CIL, then the charging authority should demonstrate that the development plan is deliverable by funding infrastructure through a mix of CIL and planning obligation contributions.

The planning obligation contributions from 2006 to 2013 have been analysed and this demonstrates that where planning obligations have been charged an average of £2,700 per dwelling has been charged for residential development. Only one charge is shown for commercial development in this period on a retail unit at a rate of £32 per sq m. It is likely that CIL will replace part of the funding requirement in future. A view has therefore been taken that flat rate figures of £1,500 per dwelling and £20 per sq m for commercial should be adopted in the appraisals to safeguard the viability position of future development.

The plan has been reviewed by Gedling and it is considered that there are no other planning policy cost impacts that need to be factored into appraisal beyond the affordable housing assumptions set out earlier in this document.

8.0 Appraisal Results

The appraisal results reflect current market conditions and will need to be kept under review by the Council so that any future improvements in the market can be fed through to make positive adjustments in the CIL Levy.

The results of the viability testing for both residential and commercial development are summarised in the tables on the following pages. The individual residual appraisals which underpin these tables form part of the CIL Documents Evidence Base and can be downloaded by going to CIL Section of the Gedling Borough website.

Each category of development produces a greenfield and brownfield result in each test area. These results reflect the benchmark land value scenarios. The first result assumes greenfield development which generally reflects the highest uplift in value from current use and will therefore produce the highest potential CIL rate. The second result assumes that the development will emerge from low value brownfield land. As explained in the land value assumptions section above, the market comparable results are provided as a sense check. They rely on a full allowance for land value that is not necessarily reflective of a reasonable return to the landowner that acknowledges the policy impacts and the reasonable developer contribution assumptions of the local authority.

It should be acknowledged that the CIL rates that have emerged from the study are the maximum potential rates, based on optimum development conditions. The viability tests are necessarily generic and do not factor in site abnormal costs that may be encountered on many development sites. The tests produce maximum contributions for infrastructure and therefore the final CIL charges adopted may need to allow for additional unforeseen costs and site specific abnormal costs.

8.1 Residential

The ability of residential schemes to provide CIL contributions varies markedly depending on the type of development, the geographical location and existing use of the site. The results are illustrated based on the Council's affordable housing targets of 10%, 20% and 30% for Zones 1, 2 and 3 respectively. It should be noted that the apartment block results negatively skew the overall median rate as they present a considerably less viable position when compared with the other development scenarios. The relative importance of this type of development to the Borough has therefore been taking into account when setting the charge rates.

Table 6: Residential Viability Test Results

Charging Zone /Base Land Value Category	£/m²					
	Mixed Residential	Starter Housing	Apartment Block	Executive Housing	Single Dwelling	Average Rate
Zone 1						
Greenfield	£91	£39	-£227	£120	£126	£30
Industrial	£14	-£34	-£265	£39	£50	-£39
Market Comparable	-£168	-£205	-£361	-£152	-£131	-£203
Zone 2						
Greenfield	£137	£88	-£135	£163	£174	£85
Brownfield	£58	£16	-£174	£82	£95	£15
Market Comparable	-£94	-£124	-£255	-£79	-£73	-£125
Zone 3						
Greenfield	£194	£152	-£40	£218	£231	£151
Brownfield	£115	£80	-£79	£137	£152	£81
Market Comparable	-£11	-£36	-£147	£8	£27	-£32

8.2 Commercial

Table 7: Commercial Viability Test Results

Development Type & Base Land Value Category	£/m²
Industrial B1b B1c B2 B8	
Greenfield	-£65
Brownfield	-£110
Market Comparable	-£110
Office Use B1a	
Greenfield	-£479
Brownfield	-£517
Market Comparable	-£517
Food Retail A1	
Greenfield	£571
Brownfield	£501
Market Comparable	£78
General Retail A1 A2 A3 A4 A5	
Greenfield	£130
Brownfield	£96
Market Comparable	£58
Residential Institution C2	
Greenfield	-£551
Brownfield	-£581
Market Comparable	-£581

Development Type and Base Land Value Category	**£/m²**
Hotel C1	
Greenfield	£430
Brownfield	£469
Market Comparable	-£511
Community D1	
Greenfield	-£1488
Brownfield	-£1522
Market Comparable	-£1522
Leisure D2	
Greenfield	-£92
Brownfield	-£163
Market Comparable	-£192
Agricultural	
Greenfield/Agricultural	-£288
Sui Generis	
Vehicle Repairs	-£727
Vehicle Sales	-£580

As indicated above, in the majority of cases the commercial development appraisals generated negative residual values; the only exceptions being the retail scenarios. Food Retail in both the urban and rural zones of the Borough produces positive residuals for all land uses whereas general retail is only viable in the urban locations.

8.3 Site Specific Testing

The legislation (Section 211 (7A) as inserted by the Localism Act 2011) requires that a charging authority uses 'appropriate available evidence' to inform their draft charging schedule. The above viability tests have drawn on such evidence however the recent guidance also recognises the need to focus on strategic sites on which the relevant plan relies and also sites where the impact of the levy on economic viability is likely to be most significant.

Whilst a wide range of site types has already been tested using greenfield and brownfield scenarios; in order to comply with the guidance and in response to comments raised at consultation, a viability modelling exercise has been undertaken on two strategic sites in the Borough. These viability assessments seek to test the impact of the proposed rates on the delivery of two key housing sites in the Core Strategy. The appraisals are included at Appendix 3.

The sites are:

Zone 2 Medium Value Gedling Colliery (600 units)
The delivery of the Gedling Colliery site has been a long term development aspiration for the Borough Council. A Highways Authority requirement to provide an access road to service the development has delayed the site coming forward due to the significant costs involved.

Zone 3 High Value Top Wighay Farm (1,000 units)
Top Wighay Farm is a significant strategic site for the Borough and it is anticipated that an application will be granted permission before April 2015. However, should permission be delayed and the site become liable for CIL, it is important to test for any changes in the viability position and hence the ability to deliver.

These sites are larger than those sampled in the original appraisal work. Viability calculations have been undertaken taking into account planning obligations determined relevant to each site for the preparation of Core Strategy evidence. The affordable tenure mix has been changed to aid deliverability thus reflecting the specific nature of the sites i.e. high Section 106 costs compared with those expected /sought at non strategic sites. However the affordable housing percentages have been maintained at 20% and 30% respectively.

The results are set out in the table below.

Table 8: Site Specific Appraisal Results

SITE		£	Viability position
Gedling Colliery			**£8,014**
S106	Primary Education	**3,500,000**	
	Secondary Education	**1,689,000**	
	Health	**570,000**	
	CIL	**45/ sq m**	
Top Wighay Farm			**£386,113**
S106	Primary Education	**3,500,000**	
	Secondary Education	**2,816,000**	
	Health	**950,000**	
	Transport	**8,750,000**	
	CIL	**70/ sq m**	

9.0 Conclusions in respect of CIL Rates

9.1 Rationale

As the weight of CIL examination evidence has built up it has become widely accepted that CIL rates do not necessarily have to be determined solely by viability, rather that they should be consistent with and not contrary to this evidence.

The Regulations require that authorities are required to strike ‘an appropriate balance’ between the need to raise revenue to fund infrastructure delivery to enable sustainable development and the economic viability of development.

In light of this the following issues have been taken into account in setting the CIL rates.
Viability testing cannot take into account exceptional circumstances and there will always be examples of sites within a zone which throw up residual values contrary to the model results. Hence it is inevitable that there will be some developments which may not come forward as a result of a charge. This in itself does not mean that a charge is unreasonable or will hinder development in a particular zone.

Prior to establishing the margin available for CIL and Section 106 payments, an allowance has been made for affordable housing contributions. The allowance varies dependent on the zone but is intended to allay concerns that a CIL levy would remove the ability of development to support affordable housing.

CIL charges are not set at the maximum level indicated by the viability assessments. This leaves a margin to allow for market fluctuations and site specific viability issues.

Finally and most significantly, the threshold land value calculation provides for the landowner to receive a realistic proportion of any uplift in value due the change of use. This is considered a pro-development stance as the residual values produced are felt to be more reflective of market conditions. Residual land values which are based on existing use value plus a proportion of hope value will produce better viability margins but leave landlords with little room for negotiation or indeed incentive to dispose of their land.

Residential

As with all zones, the viability appraisals indicate greenfield to residential is the most viable form of development in Zone 1. However little development is expected to come forward on greenfield land in this zone and therefore a charge in Zone 1 could hinder developments on vacant brownfield sites or residential sites. A zero charge is therefore recommended in Zone 1.

Zones 2 and 3 show more positive viability results. For Zone 2 the maximum CIL chargeable is £174 per square metre for a single dwelling. However a more typical development scenario is likely to be a mixed residential development on greenfield land which illustrates a maximum CIL charge of £137 per square metre. For Zone 3, the highest value zone, these figures are £231 per square metre and £194 per square metre respectively.

At the PDCS stage a proposed rate of £55 per square metre for Zone 2 was put forward as providing a reasonable buffer compared with the maximum rates. All housing scenarios on greenfield land produce results above the suggested CIL charges except for the apartment block type. A similar position is found in Zone 3 where a rate of £95 was suggested with maximum rates for greenfield development again in excess of this for all development types except apartments.

The DCS was first consulted on in Autumn 2013and following consultation and the site specific testing it was considered that a reduction in the proposed rates to provide a greater viability buffer would help to safeguard the economic position of the Borough and encourage identified strategic sites to come forward. It was therefore proposed to reduce the Residential CIL levels to £45 per square metre for Zone 2 and £70 per square metre for Zone 3.

Since this time the Aligned Core Strategy has been presented for public examination where the deliverability of the Borough's strategic housing sites came under close scrutiny. If CIL is to be introduced it is clear infrastructure will need to be delivered through a combination of Section 106 and CIL. If too much burden is placed on delivery via CIL in the early years there is a danger sites will not come forward. This, alongside realistic drafting of the Regulation 123 list, will provide a clear strategic infrastructure delivery strategy which does not threaten new development in the Borough.

Given this background it was deemed prudent to review the viabilities to reflect both the changes in the market since they were first undertaken and the latest evidence in respect of the costs of bringing forward the strategic sites. The updated evidence supports the rates put forward in 2013 and they remain at Zone 1 £0/sq m; Zone 2 £45/sq m and Zone 3 £70/sq m.

Commercial

As illustrated above the viability model results indicate that the potential for commercial schemes to generate positive residual values in the current market is extremely limited. The only exception is retail development which is discussed in more detail below.

Food Retail – in contrast to all other types of commercial development, food retail generates high positive residual values in both the Urban and Rural Zones. The question is whether it would be within the CIL Regulations to make a differentiation between General Retail and Food Retail for charging purposes. Most authorities who have put forward differing retail rates have sought to use size as the defining factor between uses. Regulation 13 of the 2010 Regulations states that a charging authority may set differential rates for different zones and for different uses, but makes no mention of different rates being set for different sizes of development. Any cut off point in terms of the step up to a higher rate will often be quite arbitrary. Whilst there seems to be agreement that there is a difference in viability between supermarkets and other retail uses, translating this into a difference in use via the Regulations is the issue. A number of charging schedules have already been adopted with differential retail rates in them, but a challenge by Sainsbury's to the Poole DCS highlights the contentious nature of this issue. Amendments to the Regulations are required to clarify this point and to prevent potential ultra vires claims when, for instance, a supermarket is asked to pay a higher levy. Given the uncertainty of the situation it is proposed that no specific levy is charged for food retail and that a single retail levy therefore applies as discussed below. This decision will be kept under review pending any changes to the Regulations.

General Retail – this category generates positive residual land values for all existing use benchmark schemes in the Urban Zone and neutral or negative residual values in the Rural Zone. A charge of £60 has therefore been suggested for the Urban Zone with a £0 charge in the Rural Zone. Whilst it is noted the £60 charge would be at the maximum for existing retail development, it is considered that new development coming forward in the Urban Zone is most likely to involve a change of use or be contained on an existing site where credit will be given for existing space and hence no charge would be levied.

9.2 Suggested CIL Rates

A summary of suggested CIL rates is provided in the table below. As discussed above, the rates build in a substantial discount from the maximum rates chargeable for each use/ zone.

Table 9: Suggested CIL Rates for Gedling

Development Type			
Residential	Zone 1	Zone 2	Zone 3
	£0/m^2	£45/m^2	£70/m^2
Commercial	**Borough wide**		
Retail A1, A2, A3, A4, A5	**£60/m^2**		
All other uses	**£0/m^2**		

Appendix 1

Land Valuation Study
Heb Chartered Surveyors

COMMUNITY INFRASTRUCTURE LEVY

LAND & VALUE APPRAISAL STUDY

SUPPLEMENTARY REPORT
2014 UPDATE

FOR AND ON BEHALF OF
GEDLING BOROUGH COUNCIL

REPORT PREPARED BY
heb CHARTERED SURVEYORS
17 THE ROPEWALK
NOTTINGHAM
NG1 5DU

Royal Institution of Chartered Surveyors
Registered Valuers

15 April 2014

CONTENTS

TERMS OF REFERENCE

This report should be read in conjunction with our initial Land Value Appraisal Study dated 15 June 2012, and our Land Value Appraisal Study, Supplementary Report, dated 7th February 2013

This report acts as an update to the previous reports, with regard to the time elapsed since the initial study was produced. We are specifically instructed to update our opinion of land and property sales values, with reference to changes in the market since 2012.

This report contains appropriate additional comment and evidence, and should be read in conjunction with the previous related documents.

Previous relevant market evidence has been re-produced herewith for ease of reference, along with new market evidence, available since the previous report.

We have consulted again with developers, house builders and agents active in the local market to establish new market data, stakeholder sentiment and any changes therein since the previous reports. Consultees have included the the majority of house builders currently or recently active in the Borough including: Ian Jowitt of **Willmark Homes** (Regency Heights and Chartwell Grange, Mapperley); John Fletcher of **Langridge Homes** (two sites in Calverton); John Hickman at **Morris Homes** (Newstead Grange); Gareth Hankin of **Persimmon Homes** (Jasmine Gardens, Newstead Rd) and **Charles Church** (Manderlay, Mapperley); Andrew Galloway (Land and Planning specialist, **Savills**); David Stutting at **Taylor Wimpey** (Mapperley and Calverton); Tom Roberts at **Barratt Homes** (Highlands development, Arnold); Paul Robinson at **Strata Homes**, Simon Maddison at **Bellway Homes** (The Point, Arnold); Gareth Staff at **Redrow Homes** and previously at **David Wilson Homes** (Papplewick Green, Hucknall), Dale Fixter at **City Estates** and **Northern Trust** (both major land holders in the Borough).

We are grateful to all consultees for their time and engagement.

For simplicity we have only published additional commentary and data for those charging categories where it is proposed that a CIL charge will be imposed, once viability testing has demonstrated an appropriate margin for CIL exists without unduly threatening development within that category.

This report does not contain further evidence or comment for those property categories where a CIL charge is *not* proposed however the evidence obtained during the assessment process for those categories remains available on our files for discussion, if required.

It should also be noted that the evidence listed within this report is not *exhaustive*. Further evidence is held on file however for the sake of brevity and simplicity we have published herein what we consider to be most relevant and appropriate evidence with regards to demonstrating that suitable value assessments were made during the viability testing process.

CHARGEABLE DEVELOPMENT CATEGORIES

1) Residential (C3-Houses and Apartments)

Establishing Value Zones.

In establishing our proposed charging zones an initial survey of house prices per sq m was carried out throughout the Borough using new house sales as this is relevant to CIL, as opposed to second hand stock. We used the existing ward boundaries as these are well established an easy to administer. Whilst evidence was not available in each ward we used our local knowledge to group similar wards together. When quoting prices were used we made a discount to reflect the likely achieved price, in most cases the sales offices would verify this as being appropriate.

Once this data was analysed, noticeable groupings of similar value levels were identifiable to produce our initial 3 test zone areas. The validity of these zones and boundaries was further verified through analysis of average house price data from the Land Registry during the period 01/01/2011 – 31/12/2011. The data was filtered into wards and when ascribed to a ward based map similar value zones were confirmed, which broadly matched our initial tests.

We do not consider any changes necessary to these Zones since they were initially adopted. Any changes in market conditions that have occurred since 2012 can be applied “pro-rata” across all zones, meaning that zone boundaries will remain valid.

Land registry average house price data for the Gedling area extends to some 1500 transactions, and a summary of the data is attached at Appendix 3.

General sentiment from consultees was that the zones as outlined provide a generally fair representation of Gedling sub-markets.

Although average house prices by area provide a robust indication of area value groupings, we do not rely upon this information when assessing ‘as built’ rates per sq m. New build property generally commands a premium over and above average prices. Furthermore average price data tables do not provide any indication of the quality or condition of sample property, nor size/ value specified in terms of “per sq m”. New build valuation methodology is outlined later in this report.

SECTOR SPECIFIC VALUATION COMMENTARY

Base Land Values

1) Residential C3 (houses and apartments)

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

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

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

The residual approach is more thoroughly outlined within the ‘Development Equation’ section of the CIL Viability Testing report.

Once the residual land value figure has been calculated it is assessed along with other sources of land value information. Qualified property valuers’ reasoned assumptions and judgement is applied to the market information that is available to produce a second, “sense checked” land value which is both fair and realistic in current market conditions and not simply academic exercise to produce a theoretical land value which may not bear scrutiny when compared against current market activity.

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

We believe this approach better reflects the realities of the property market and is therefore compliant with the best practice guidance in ‘Viability Testing Local Plans’ (LHDG 2012) and “Financial Viability in Planning” RICS 2012.

In this respect we have provided two land values – the residuals and separate figures which states our opinion as RICS Registered Valuers of a realistic land value from the market comparison approach.

A summary of both figures is at Appendix 5.

This methodology is replicated for all property use types, with a “minimum” land value (typically based on market value figure) adopted for uses where the residual suggests a negative value or one below market value. It is a fact of real market activity that sites are purchased when a residual may suggest a negative value. Buyers often “over-pay” for a variety of reasons – the market does not function perfectly with the benefit of perfect information, developers may be optimistic in a rising market, or special purchaser / ransom situations. A specific development type may show a negative residual value, but the fact of competition from other possible uses will ensure a minimum level is achieved.

Furthermore, a self-builder will not need to demonstrate a developer’s profit. Accordingly market evidence can on occasion suggest a figure above residual levels, which is sensible and pragmatic to adopt.

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

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

The benchmark for brownfield land is more complex. It assumes that land has some form of established use and therefore value (which will be much higher than an undeveloped greenfield plot). The range of established brownfield land values is obviously quite wide dependent on location and use. However for the purpose of viability appraisal it must be assumed that the land has a low value or redundant use that makes it available for alternative use. Industrial land value is therefore generally used as a relatively low value use that might be brought forward for more lucrative alternative development (often residential use).

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

In this respect we can confirm that our residential *residual* land value figures for the study area are calculated at:-

Zone 1	Zone 2	Zone 3
£1,128,595	£1,509,813	£1,891,031

Other sources of land value information included published data tables, for example the **Valuation Office Agency Property Market Report 2011** (latest available version) which confirms traded land values within the Nottingham area averaging £1.2M per hectare.

The July 2010 **HCA Residential Building Land Report** data tables (most recent version) confirm a range for the Nottingham area of between £1.2M to £1.4M per hectare, dropping to £600,000 to £710,000 for the Mansfield area.

Our own market research identified the following land transactions:–

• Valley Road, Carlton	0.05 hectares	£ 600,000 p/hectare
• Deep Furrow Avenue, Carlton	0.09 hectares	£1,888,889 p/hectare
• Stokes Lane, Gedling	0.07 hectares	£1,728,571 p/hectare
• Main Street, Lowdham	0.01 hectares	£1,420,000 p/hectare
• Knights Close, Top Valley	0.23 hectares	£ 652,174 p/hectare

General comment from Consultees (listed in Terms of Reference) was that residential land values in Gedling have a range in the region of **£1.2M to £1.5M** per hectare as a fair "tone" depending on location specifics- this could potentially drop as low as £620,000 per hectare in less sought-after locations.

General sentiment confirmed that the land values adopted for each charging zone were reasonable and fair. Bellway were able to confirm a value of **£1.236m** Ha paid in 2010 for a strategic site in Arnold, and c. **£1m Ha** for 5 hectares at Broomhill Farm Hucknall (Zone 1 border) in 2012. HEB have recently agreed terms for the sale of a 7 acre site in nearby Beeston at c. **£1.4m** Ha. Taylor Wimpey confirmed a purchase price of c. **£910,000** per Ha in 2013 (net, including affordable housing allowance) for an 8 acre site in Calverton and also c. **£1.9m** Ha for Lime Tree Gardens in Mapperley (10 acres net)

A common comment from Consultees was that although recent market improvement has shown an increase in house sales prices, this has not yet translated to noticeable increases in land values.

When considering the above factors we believe that our resultant adopted “market” land values are a fair and appropriate tone for the Borough as a whole and the proposed value zones in current market conditions.

New Build Residential Values per sq m

The Community Infrastructure Levy is applied to proposed and future *new build* housing within the Borough.

It therefore follows that the methodology used to determine the CIL rates is applied to real evidence collated from the existing new homes market wherever possible. An extensive survey of this market was conducted within the Borough.

Wherever possible we have attempted to favour ‘new build’ evidence since this generally attracts a premium over and above existing stock, and more particularly Land Registry house price average figures where the results may be skewed by an unknown condition and where no reference is available to the type and size of the constituent properties.

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

We were unable to identify what we would consider to be sufficient fine-grained market data to break values down further to provide specific differentials depending on bedroom number per dwelling. Any adjustment would have inevitable been based on an arbitrary judgment. Our revised reported figures therefore simply reflects an appropriate tone for “apartments” and “houses” .

Market research was therefore focused on the above criteria by identifying new home developments where possible in the Borough or surrounding comparable locations, that were under construction or recently completed. Data for individual house types on these developments was analysed and sale prices achieved obtained from house builders or Land Registry Data.

Additional supporting information was gathered on each development using asking prices with a reduction made according to negotiated discounts as provided by the developer, local estate agents, contacts and professional judgement / assessment of the results. Where new home data was found lacking, nearly new transactions and asking prices were analysed and adapted.

During our recent discussions with the house builder consultees active in Gedling (as listed in Terms of reference) it was typically suggested that new build values of between **£170** to **£185** to **£210** per sq ft **(£1830 - £1991 - £2261per sq m)** could be considered appropriate and fair tones across the zones, dependant on location specifics and house type.

For ease of reference, the figures adopted at the time of our *previous* report were as follows:-

	Apartment	2 bed	3 bed	4 bed	5 bed	
Zone 1	1700	1750	1750	1800	1800	
Zone 2	1850	1900	1900	1950	1950	
Zone 3	2000	2050	2050	2100	2100	*(£/sq m, 2012 HEB Report figures.)*

By way of a "sense check", we have established that there has been an increase in house prices in the East Midlands region of **6.72 %,** from the 2012 report to Q1 2014 (Source: Nationwide House Price Index).

If this multiplier is applied to the 2012 reported figures, then the following revised figures *could* be seen as appropriate and justifiable:-

	Apartment	2 bed	3 bed	4 bed	5 bed	
Zone 1	1814	1868	1868	1921	1921	
Zone 2	1974	2028	2028	2081	2081	
Zone 3	2134	2188	2188	2241	2241	*(£/sq m, after HP Index applied at 6.72%)*

Notwithstanding these figures, we have taken a more pragmatic and conservative approach with our adopted values.

From our own market knowledge we are aware that the House Price Index for the East Midlands *as a whole* may be slightly misleading, and will be influenced by proportionately higher increases in more sought-after areas than Gedling.

We do not doubt that there *has* been improvement in the Gedling area, a sentiment generally echoed by house builder consultees.

A combination of restricted supply combined with the effects of the "Help to Buy" policy, ongoing low interest rates and general improvement in the economy has translated to a marked increase in market activity.

A common comment from consultees however was that the recent improvement in market activity has translated into an increase in viewings and sales, but not necessarily *large* increases in sales values yet. More typically incentives and quoting price reductions have fallen. For this reason we have not increased our adopted values to the same extent as the house price index would allow.

A summary of previous and new evidence considered is appended at Appendix 2, with our updated indicative sales values at Appendix 5.

2) Food Retail (Supermarkets) and General Retail (A1, A2, A3, A4 & A5)

Our initial report made a separate assessment of Food Retail (supermarket) use, as distinguished from other retail categories. Gedling Borough has elected to simplify their charging schedule by applying a single retail rate, across a single commercial zone.
Accordingly the Gedling charging rate is one which reflects all retail categories (without unduly threatening development).

Although a single retail category has been adopted, our methodology includes an appraisal of both food retail use (supermarket) and general retail, to provide a likely "maximum – minimum" range for the category.

We have identified and appended some more recent market evidence, however we do not consider there to have been changes of significance since the 2012 report (across *all* commercial categories). Our recommended indicative Commercial, remain largely unchanged since the previous report.

The general retail assessment was based on a roadside/neighbourhood centre style development which we consider to be the most likely form of retail development to come forward within the Borough. 'High Street' retail is well established within the Borough and unlikely to see entirely new development in future since High Street areas are seldom developed from new. In the event of High Street redevelopment occurring, the existing floor area would be deducted from any CIL contribution and accordingly CIL impact minimised.

Where possible we have focused on transactional evidence from within Gedling Borough, or close by. Notwithstanding this, some evidence has been assessed from other locations. This is justifiable under the 'appropriate available evidence' guidance.

In the case of food store retail, value is primarily driven by the availability of an appropriate planning consent, which in turn triggers a competitive bidding situation. This combined with a 'uniform' product retailing at similar rates across any given region has a 'levelling' effect which produces similar values on a region wide basis and to some extent nationwide basis. Similarly, a likely tenant for roadside retail/neighbourhood centres will typically operate a standard acquisition value policy, where a relatively uniform rate is offered as a maximum rent/price payable irrespective of precise location specifics (as long as minimum demographic and traffic / footfall requirements are met)

Our most relevant comparable evidence is listed at Appendix 4, although we would again state that this is not an exhaustive list of the evidence obtained. Further evidence is held on file.

The retail evidence attached shows an appropriate value range for Gedling Borough, but also demonstrates similar value trends being appropriate regionally and nationally.

Our adopted test values for retail use are considered conservative, being towards the lower end of the spectrum.

NOTE: For reasons of pragmatism, Gedling have decided not to apply different geographical value zones for commercial property. The initial appraisal identified only marginal differences between the Urban / Rural zones initially tested, and the subsequent viability tests demonstrated that most commercial uses were unviable even before CIL imposition.
More importantly, it has not been possible to identify a series of geographically "convenient" market data deals for all categories to clearly demonstrate where a zone boundary should be drawn.

Accordingly our valuation figure is stated for a fair area wide tone, at a level which would not threaten development overall.

CONCLUSIONS

1) Having reviewed and updated the market evidence and stakeholder engagement, we remain confident that the Property Value Evidence Base complies with, and in our opinion *exceeds* what is reasonably required under the 'appropriate available evidence' CIL guidance definition.

2) We consider the values reported herein to be a fair assessment of market value which realistically reflects current indicative "tone" values in each of the development categories.

3) Value information provided within this report comprises what we consider to be the most pertinent evidence and Consultee 'sentiment'. It is not exhaustive, and additional evidence is held on file for both the chargeable and non-chargeable development categories. All additional evidence can be made available for inspection and will also be available for discussion if required at Public Examination.

4) Having revisited the proposed charging zone boundaries we can confirm that the boundaries (at Appendix 1) are fair, justifiable and robust.

5) heb Chartered Surveyors are RICS Registered Valuers, based locally and with extensive experience in providing agency and valuation services in and around the Gedling Borough area.

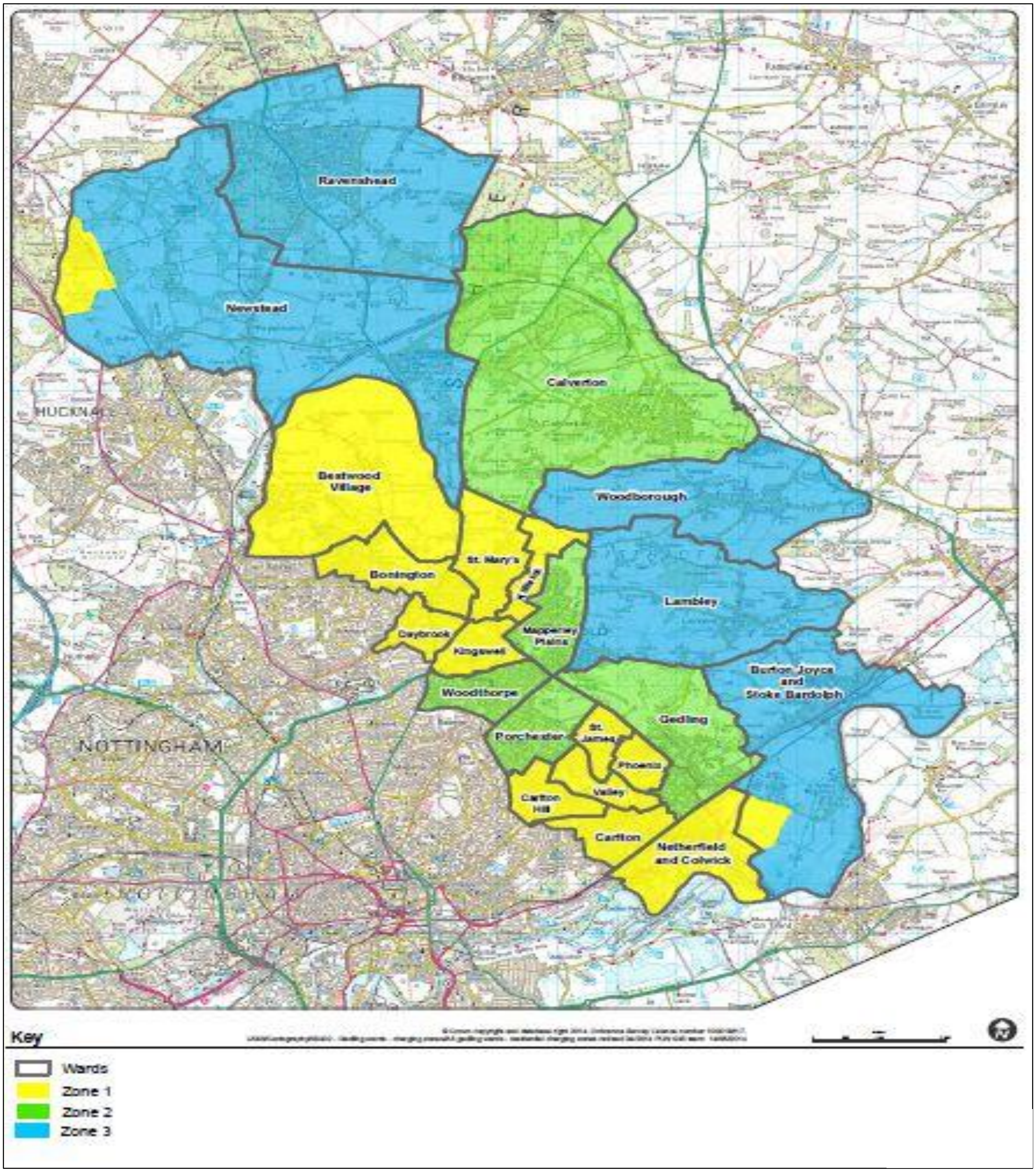
Yours faithfully

heb

heb Chartered Surveyors

APPENDIX 1
CHARGING ZONE MAP

RESIDENTIAL



APPENDIX 2

RESIDENTIAL SALES EVIDENCE

ADDITIONAL 2014 EVIDENCE

Property / Development	Developer	Value Information	Notes
Papplewick Green, Hucknall	David Wilson Homes	Consultee confirms figures of approximately **£1,830 per sq m** currently achieved on site as a general 'tone'	Location borders study area, comparable to zone 1.
The Point, Arnold	Bellway Homes	Developer has confirmed 28 private sales this year, with typical sales prices ranging from **£1,780 per sq m to £2,153 per sq m**. Generally in this location they would anticipate sales rates of **£180 to £190 per sq ft**, say **£1,940 to £2,045 per sq m**. In 2013, 2 bed flats achieved approximately **£1,950 to £2,070 per sq m**, 3 bed starter homes ranged from **£1,860 per sq m** with 4 bed detached houses achieving approximately **£1,800 to £1,900 per sq m.**	Zone 1 location.
Park Mews, Mapperley	Bellway Homes	The Consultee has also confirmed that the (now completed) mews development in Mapperley (zone 2/3) generally achieved **£2,115 per sq m** for flats, **£2,100 to £2,300 per sq m** for 3 bed starter homes & **£1,870 to £1,950 per sq m** for 4 bed detached homes.	Zone 2 (bordering zone 3)
Highlands, Arnold	Barratt Homes	Barratt have confirmed indicative sales values ranging from **£172 to £200 per sq ft (£1,852 to £2,1053 per sq m).**	Zone 1. Barratt also have a development at Wigwam Lane, Hucknall with our experience similar values – perhaps say 5% less.
The Brambles	Taylor Wimpey	Developer has confirmed 2 bed flats / maisonettes achieving **£1,960 per sq m**, with houses achieving say **£1,750 to £2,196 per sq m**.	Zone 2
Lime Tree Gardens, Mapperley	Taylor Wimpey	Developer has confirmed extremely buoyant sales with values generally between **£1,830 to £2,261 per sq m**. Recent indicative sales have been at **£1,991 per sq m & £2,153 per sq m** for 3 bed end terrace, £2,002 for 5 bed detached & **£2,271 per sq m** for 4 bed detached.	Zone 2 / 3 borders.

Jasmin Gardens, Newstead Road, Annesley	Persimmon Homes	Developer confirms sales general market improvement with discounts producing but sales still sluggish. Generally achieving sales figures in the region of **£1,830 per sq m**.	Study area borders, equivalent zone 1.
Manderley, Mapperley	Charles Church	Developer confirms sales currently achieving approximately **£1,905 per sq m** for houses & £1,787 for apartments.	Zone 2 / 3 borders.
Chartwell Grange, Mapperley	Willmark Homes	Developer has confirmed from July 2013 to April 2014 range from between **£1,700 per sq m to £2,222 per sq m**.	Zone 3 (bordering zone 2)
Regency Heights, Mapperley	Willmark Homes	Developer confirms Mapperley sales at Regency Heights from Sept 2012 to April 2014 range from between **£1,700 per sq m to £2,227 per sq m.**	Zone 3 (bordering zone 2)
Newstead Grange, Annesley	Morris Homes	Developer confirmed that generally **£1,830 per sq m to £1,884 per sq m** achievable, in some instances dropping as low as **£1,615 per sq m.**	Outside study area on borders. Zone 1 equivalent.
Longue Drive, Calverton	Langridge Homes	Developer confirms generally achieving £1,884 per sq m to **£1,937 per sq m**.	Zone 2

Individual Properties	**Type**	**£ Per sq m**	**Notes**
(ALL NEW BUILD OR MODERN)			
Carrington Gate, Sherwood	2 bed town house	**£1,915**	Zone 1 border, assumed sale price allowing 5% deduction from quoting
Rolleston Drive, Arnold	3 bed semi	**£1,943**	Zone 1
Sandfield Road, Woodthorpe / Arnold border		**£2,590**	Zone 1, assumed 5% discount
Gedling Road, Arnold	4 bed detached	**£1,781**	Zone 1, sold STC – quoting price
Gedling Road, Arnold	4 bed detached	**£1,909**	Zone 1
Duke Street, Arnold	Apartment	**£2,048**	Zone 1
Kent Road, Mapperley	4 bed detached	**£1,894**	Zone 2, sold STC – quoting price
South Devon Avenue, Nottm	4 bed detached	**£1,800**	Zone 2 - quoting price
Foxhill Road, Burton Joyce	3 x 4 bed detached	**£2,271, £2,167 & £2,125**	Zone 3. Based on assumed size of 120 sq m.
Main Street, Oxton, Calverton	5 bed detached	**£2,311**	Zone 2 / 3 borders – quoting price

EVIDENCE FROM 2013 REPORT

Ward		Type	Beds	Specification	Price	Size	Price M²	Notes	Source	Developer
Zone 1										
Newstead Village	Newstead Grange	Semi	3	Dalton	150000	87	1724	asking less 5%	sales office	Morris
Newstead Village	Newstead Grange	Terrace	3	Didsbury	140000	81	1728	asking less 5%	sales office	Morris
Newstead Village	Newstead Grange	Terrace	3	Capersthorpe	155000	88	1761	asking less 5%	sales office	Morris
Newstead Village	Newstead Grange	Det	3	Dunhem	165000	89	1854	asking less 5%	sales office	Morris
Newstead Village	Newstead Grange	Det	4	Malham	190000	110	1727	asking less 5%	sales office	Morris
Newstead Village	Newstead Grange	Det	4	Appleton	179750	98	1834	sold	sales office	Morris
Zone 2										
Arnold	Calverton Road	Det	4	Turnbury	228000	119	1916	asking less 5%	sales office	Bellway
Arnold	Calverton Road	Det	4	Smithy	227000	116	1957	asking less 5%	sales office	Bellway
Arnold	Calverton Road	Det	4	Belfry	214000	105	2038	asking less 5%	sales office	Bellway
Arnold	Calverton Road	Det	4	Kibworth	264000	139	1899	asking less 5%	sales office	Bellway
Arnold	Calverton Road	Det	4	Chelsea	228000	127	1795	asking less 5%	sales office	Bellway
Arnold	Calverton Road	Det	5	Cadeby	349000	194	1799	asking less 5%	sales office	Bellway
Arnold	Herons Place	Semi	2	Bedford	123500	66	1871	asking less 5%	sales office	Davidsons
Arnold	Herons Place	Semi	3	Carnell	152000	75	2027	asking less 5%	sales office	Davidsons
Arnold	Herons Place	Det	3	Elford	190000	92	2065	asking less 5%	sales office	Davidsons
Arnold	Herons Place	Det	4	Featherstone	228000	113	2018	asking less 5%	sales office	Davidsons
Arnold	Herons Place	Det	4	Knaresborough	237500	115	2065	asking less 5%	sales office	Davidsons
Arnold	Herons Place	Det	5	Alford	304000	152	2000	asking less 5%	sales office	Davidsons

Mapperley	Plains Road	Apt	2	Fairway House	118750	60	1979	asking less 5%	sales office	Charles Church
Mapperley	Plains Road	Apt	2	Fairway House	123500	60	2058	asking less 5%	sales office	Charles Church
Mapperley	Plains Road	Det	5	Pavanne	371000	185	2005	asking less 5%	sales office	Charles Church
Mapperley	Plains Road	Semi	3	Grosvenor	257000	96	2677	asking less 5%	sales office	Charles Church
Mapperley	Plains Road	Semi	3	Grosvenor	247000	96	2573	asking less 5%	sales office	Charles Church
Mapperley	Plains Road	Det	4	Cheltenham	257000	127	2024	asking less 5%	sales office	Charles Church
Mapperley	Plains Road	Det	5	Cheltenham	247000	127	1945	asking less 5%	sales office	Charles Church
	Zone 3									
Mapperley	Park Mews	Apt	1		85000	36	2361	sold	sales office	Bellway
Mapperley	Park Mews	Apt	1		90000	44	2045	sold	sales office	Bellway
Mapperley	Park Mews	Apt	2		114000	56	2036	sold	sales office	Bellway
Mapperley	Park Mews	Apt	2		117000	65	1800	sold	sales office	Bellway
Mapperley	Park Mews	Terrace	3	Summerby	150000	71	2113	sold	sales office	Bellway
Mapperley	Park Mews	Terrace	3	Summerby	165000	71	2324	sold	sales office	Bellway
Mapperley	Park Mews	Terrace	3	Dalton	175000	96	1823	sold	sales office	Bellway
Mapperley	Park Mews	Terrace	3	Dalton	185000	96	1927	sold	sales office	Bellway
Mapperley	Park Mews	Det	3	Ashby	210000	83	2530	sold	sales office	Bellway
Mapperley	Park Mews	Det	4	Everington	250000	126	1984	full asking	sales office	Bellway
Mapperley	Park Mews	Det	4	Easedale	235000	124	1895	sold	sales office	Bellway
Mapperley	Park Mews	Det	4	Easedale	260000	124	2097	sold	sales office	Bellway
Mapperley	Park Mews	Det	4	Brixham	250000	137	1825	sold	sales office	Bellway
Mapperley	Park Mews	Det	4	Brixham	260000	137	1898	sold	sales office	Bellway

Ravenshead	sheepwalk lane	Det	4	na	340000	120	2833	asking	marketing	unknown
Ravenshead	vernon avenue	Det	3	na	249950	107	2336	asking	marketing	unknown
Ravenshead	chaworth gardens	apart	2	Arden	107000	57	1877	sold	sales office	Taylor Wimpey
Ravenshead	chaworth gardens	Det	3	Kinsley	190000	96	1979	sold	sales office	Taylor Wimpey
Ravenshead	chaworth gardens	Det	4	Heydon	310000	146	2123	sold	marketing	Taylor Wimpey
Ravenshead	chaworth gardens	Semi	3	Ashford	145000	67	2164	sold	sales office	Taylor Wimpey
Ravenshead	chaworth gardens	Semi	2	Penarth	122500	56	2188	sold	marketing	Taylor Wimpey
Ravenshead	chaworth gardens	Semi	3	Carrick	155000	75	2067	sold	sales office	Taylor Wimpey
Ravenshead	chaworth gardens	Det	4	Thornwick	291000	143	2035	sold	sales office	Taylor Wimpey

Mapperley	Lime Tree Gardens	Terrace	3	Carrick	158000	76	2079	asking less 5%	sales office	Taylor Wimpey
Mapperley	Lime Tree Gardens	Semi	4	Carrick	191000	105	1819	asking less 5%	sales office	Taylor Wimpey
Mapperley	Lime Tree Gardens	Det	4	Bembridge	250000	114	2193	asking less 5%	sales office	Taylor Wimpey
Mapperley	Lime Tree Gardens	Semi	4	Carrick	230000	104	2212	asking less 5%	sales office	Taylor Wimpey
Mapperley	Lime Tree Gardens	Det	4	Kirkham	275000	136	2022	asking less 5%	sales office	Taylor Wimpey
Mapperley	Lime Tree Gardens	Semi/ter	3	Carrick	183000	101	1812	asking less 5%	sales office	Taylor Wimpey
Mapperley	Lime Tree Gardens	Det	4	Felsham	250000	118	2119	asking less 5%	sales office	Taylor Wimpey
Mapperley	Lime Tree Gardens	Det	5	Aldingham	310000	161	1925	asking less 5%	sales office	Taylor Wimpey
Mapperley	Lime Tree Gardens	Det	4	Thornwick	290000	143	2028	asking less 5%	sales office	Taylor Wimpey
Mapperley	Lime Tree Gardens	Det	5	Camberley	335000	164	2043	asking less 5%	sales office	Taylor Wimpey
Mapperley	Lime Tree Gardens	Semi	4	Cedar	205000	117	1752	asking less 5%	sales office	Taylor Wimpey
Mapperley	Lime Tree Gardens	Semi	4	Carrick	195000	114	1711	asking less 5%	sales office	Taylor Wimpey

Mapperley	Chartwell Grange	Semi	3	Linby	£199,000.00	84	2251	asking less 5%	sales office	Willmark Homes
Mapperley	Chartwell Grange	Det	3	Woodthorpe	£250,000.00	103	2306	asking less 5%	sales office	Willmark Homes
Mapperley	Chartwell Grange	Det	3	Sherwood	£250,000.00	101	2351	asking less 5%	sales office	Willmark Homes
Mapperley	Chartwell Grange	Det	6	Loxley	£575,000.00	255	2142	asking less 5%	sales office	Willmark Homes
Mapperley	Chartwell Grange	Det 3 Storey	5	Carlton	£400,000.00	162	2346	asking less 5%	sales office	Willmark Homes
Mapperley	Chartwell Grange	Det	5/6	Ruddington	£475,000.00	180	2510	asking less 5%	sales office	Willmark Homes
Mapperley	Chartwell Grange	Det	4	Attenborough Plus	£395,000.00	202	1858	asking less 5%	sales office	Willmark Homes
Mapperley	Chartwell Grange	Det	4	Attenborough	£395,000.00	190	1975	asking less 5%	sales office	Willmark Homes
Mapperley	Chartwell Grange	Det	4	Papplewick	£410,000.00	172	2265	asking less 5%	sales office	Willmark Homes
Mapperley	Chartwell Grange	Det	5	Oxton	£410,000.00	237	1643	asking less 5%	sales office	Willmark Homes

Mapperley	Regency Heights	Det	5	Fenton	£420,000.00	193	2176	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Det	5	Lambley	£395,000.00	173	2283	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Det	4	Radcliffe	£295,000.00	129	2287	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Det	5	Mapperley	£395,000.00	181	2182	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Det 3 Storey	5	Langar	£385,000.00	162	2377	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Semi	3	Linby	£199,000.00	84	2369	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Det 3 Storey	5	Langar	£385,000.00	162	2377	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Det	3	Newark	£250,000.00	111	2252	asking less 5%	sales office	Willmark Homes

Mapperley	Regency Heights	Det 3 Storey	5	Ferguson	£440,000.00	190	2316	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Det 3 Storey	4	Caunton	£235,000.00	136	1728	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Det 3 Storey	4	Norwell	£210,000.00	112	1875	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Det	4	Tollerton	£295,000.00	128	2305	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Det	5	Lambley	£395,000.00	173	2283	asking less 5%	sales office	Willmark Homes
Mapperley	Regency Heights	Det	5	Fenton	£420,000.00	193	2176	asking less 5%	sales office	Willmark Homes
Gedling	De Buseli Fields	Det	5	na	375000	210	1786	sold		Fairgrove Homes
Lambley	Lime Tree Gardens	Semi	4		200000	114	1754	asking	marketing	Taylor Wimpey
	Lime Tree Gardens	Det	4		250000	114	2193	asking	marketing	
	Lime Tree Gardens	Terrace	3		163000	76	2145	asking	marketing	

APPENDIX 3

AVERAGE HOUSE PRICES BY WARD 01/01/2011 TO 31/12/2011 – SOURCE: LAND REGISTRY

Ward	No. of Sales	**Avg. Sale Price**	Minimum Sale Price	Maximum Sale Price	Zone Range (Av)
Netherfield & Colwick	82	**£101,666**	£42,000	£245,000	
Phoenix	61	**£108,760**	£44,500	£222,500	
Daybrook	42	**£109,177**	£50,000	£263,500	
Carlton Hill	103	**£111,409**	£25,600	£188,950	
Killisick	23	**£113,715**	£85,000	£187,500	
Carlton	80	**£118,808**	£50,000	£240,000	Below £150,000
Bonnington	88	**£120,509**	£36,765	£570,000	
Valley	46	**£126,352**	£58,000	£212,000	
St. Mary's	77	**£129,667**	£58,000	£359,950	
St. James	54	**£130,923**	£56,000	£199,950	
Kingswell	72	**£132,074**	£53,000	£250,000	
Bestwood Village	63	**£143,459**	£57,647	£215,995	
Calverton	87	**£150,687**	£60,000	£775,000	
Mapperley Plains	99	**£151,248**	£20,000	£580,000	
Porchester	121	**£162,239**	£71,000	£425,000	£150,00 - £210,000
Gedling	75	**£199,684**	£55,982	£640,000	
Woodthorpe	74	**£205,413**	£43,000	£395,000	
Newstead	24	**£225,748**	£67,500	£495,000	
Burton Joyce	61	**£253,007**	£62,500	£555,000	
Lambley	45	**£254,973**	£73,750	£505,000	£210,000 +
Ravenshead	100	**£259,065**	£87,500	£1,250,000	
Woodborough	22	**£316,705**	£172,500	£755,000	

APPENDIX 4

RETAIL EVIDENCE (Revised and previously stated)

Address	Tenant	Size sq ft	Rent per sq ft (per sq m)	Comment
Supermarkets				
We have considered Supermarket evidence locally, regionally and nationally. This demonstrates a typical rental value for supermarket use of £153 - £344 per sq m. When capitalised at a yield of 5.5%, this demonstrates that our adopted figures are justifiable, and can be considered conservative.				
Hattersley, Manchester	Tesco	93,000 sq ft	£14.50 (£156)	Sale agreed at £2697 sq m (5.3%)
Chesterfield Road South Mansfield	Tesco	91,500 sq ft	£20.00 (£236.81)	New letting March 2010. Sale and LB - £5069 sq m
Chesterfield Lockford Lane	Tesco	140,733	£23 £248)	Investment sold at £5618 sq m 5%
Leigh, Manchester	Morrisons	64,000 sq ft	£17.50 (£188)	Forward funding deal at £3532 sq m, 5%
Cheadle Hulme	Waitrose	41443 sq ft	£23 (£248)	Sale 2009 at £4055 sq m, 4.6 %
Leigh, Manchester	Tesco	119,000 sq ft		Funding deal at £4523 sq m (includes Cineworld on site)
Carlton Road Nottingham	Asda	TBC	£18.50 (£200.00)	Deal agreed for proposed Asda superstore
Kipling Dr, Derby	Tesco	55,902 sq ft	£470 (£5,059) FH	Sale and Leaseback Dec 2012
Alfreton, Derbys	Tesco	87,347 sq ft	£22.00 (£237.00)	Sale & lease back Jan 2013 at £4720 sq m, 5%
Civic Way Swadlincote, Derbys	Sainsburys	66,379 sq ft	£21.24 (£228.63)	Open market letting Nov 2010. Investment also sold at 4.45%
Lysander Road, Stoke on Trent	Tesco	70,486 sq ft	£24.24 (£260.92)	New letting
Trentham Lakes, Stoke	Aldi	15,000 sq ft	£210 (£2,260)	Freehold deal. Discount food retailer. Jan 2009
Congleton	Tesco	49,300 sq ft	£22 (£237)	Sold 2012 at 4.9% - £4585 sq m
St Helens	Tesco	140,000 sq ft	£20 (£215)	2010 Funding deal at 5.15 % (approx. £3971 sq m when devalued)
Manchester , Fallowfields	Sainsburys	55,565 sq ft	£24.33 (£262)	Sold 2010 £6683 sq m, 4.15%
Spring St , Bury	Asda	51,763 sq ft	£17 (£182)	Investment available at 6% - £2724 sq m Sept 2013
Macclesfield	Sainsburys	74,583 sq ft	£20 (£215)	Sale and Leaseback 2010. £4510 sq m , 4.9% .Sold on in 2011 at £5272 sq m, 4.5%

Newton Le Willows	Tesco	33,967 ft		Confidential transaction believed to be in region of £4357 sq m, 4.5%. Unconfirmed.
Peasley Cross Lane St Helens	Tesco	140,000 sq ft	£22.00 (£236.81)	Investments sold June 2011 5%
Thorpe Road Melton Mowbray	Tesco	49,000 sq ft	£19.29 (£207.64)	Investments sold at 5.75% May 2009
Shrewsbury	Tesco			Sale and Leaseback believed to equate to 5% yield
Ocean Road South Shields	Morrisons	60,000 sq ft	£15.00 (£161.46)	Open market letting August 2010
Farrar Road Bangor	Asda	46,141 sq ft	£17.70 (£190.52)	New letting Dec 2011. Investments sold at 5% in Dec 2011
Oldham	Tesco	157,000	£13.30 (143)	Available at £3154 sq m, 4.9%
West Bromwich	Tesco	380,000 sq ft	£20.50 (£220.67)	Sale & lease back Jan 2013. Mixed retail scheme overall rent. 5.9%
Garth Rd Bangor	M&S Food Store	18,272 sq ft	£19.51 (£210)	Investment available at 5.8% - £3,380 sq m
Tesco, Newport Rd NP11 6YD	Tesco	80,000 sq ft		2010 purchase for £43.6m as a forward funding deal £5,866 sq m
Serpentine Green Peterborough	Tesco	136,396 sq ft	£26.00 (£279.86)	Rent review Dec 2008
Prescott Merseyside	Tesco	119,435 sq ft	£21.35 (£229.81)	Rent review June 2010
Richardson Way Coventry	Tesco	103,575 sq ft	£14.27 (£153.60)	Investment sold at 4.57% in Sept 2011
Sheldon Birmingham	Morrisons	105,000 sq ft	£25.82 (£277.93)	Letting March 2010
Dennison Road Bodmin	Sainsburys	34,980		Investment available (Feb 2014) at 5.25% - £2652 sq m
Brentwood	Sainsburys	104,598 sq ft	£31.93 (£344)	Nov 2013. Sale reported at 4.08 %. Devalues to c. £8,431 sq m before costs
Ashford	Sainsburys	151,350 sq ft	£23 (£247)	Aug 2013. Sale reported at 4.1%. Devalues to c.£6024 sq m before costs.
March, Cambs	Sainsburys	32,632	£18 (£194)	ERV stated at £22 psf (£236.8 sq m). Quoting 4.5% net yield = £4067 sq m capital value
Church Lane Bedford	Aldi	16,454	£14.28 (£153.71)	Letting May 2010

Houghton Regis	Asda	51,000		Confidential transaction2012. Developer unable to disclose, but confirmed £15-£20 psf "fair tone" across UK and £1m-£1.5m max per acre land
Pulborough, Sussex	Sainsburys	29,073	£18.15 (£195)	Sold 2010 @ 4.25% (£4,347 per sq m)
Newbury	Sainsburys	133,953	£23.50 (£253)	Sold 2010 @ 4.5% (£4,982 per sq m)
Dover	Morrisons	50,700	£18 (£193.8)	Sold March 2010 @ 5% (£3,664 per sq m)
Crowborough	Tesco	27,411	£14.45 (£155)	Sold 2010 @ 4.29% (£3,422 per sq m)
Coldhams Lane Cambridge	Sainsburys	81,983 sq ft	£24.00 (£258.34)	Rent review Dec 2009
Tewkesbury Road Cheltenham	Sainsburys	97,434 sq ft	£23.25 (£250.26)	Rent review Dec 2008
Aldershot	Morrisons	78,000	£22.40 (£241)	May 2013. Sale reported at c.£5670 sq m – 4.25%
Stanway Colchester	Sainsburys	147,000 sq ft	£26.79 (£288.37)	Letting Dec 2010
Diss	Tesco	50,334 sq ft	£22.00 (£236.81)	Sale & lease back Jan 2013 at £432.91 (£4660 sq m).5%
Maldon	Tesco	103,761 sq ft	£25.82 (£277.89)	Sale & lease back Jan 2013 at £515.60 (£5550 sq m). 5%
Gloucester	Morrisons	71,300 sq ft	£20 (£215)	Funding deal Jan 2013 at 4.65% - devalues to c. £4624 sq m
Huddersfield Rd Oldham	Tesco Extra	158,175 sq ft	£17 (£183)	Jan 2014 . Investment available at 5.28% - £3266 sq m. Includes 9,000 sq ft of ancil retail.
Crawley Avenue, Crawley	Sainsburys	93,000 sq ft	£25 (£269)	2012 rent review
Leicester, Beaumont Leys	Tesco	125,500 sq ft	£23.25 (£250)	Feb 2008 RR. Incl PFS
Manchester Trafford Centre	Asda	102,000 sq ft	£25 (£269)	Rent review 2007
Milton Keynes, Kingston	Tesco	136,000 sq ft	£26 (£280)	2008 rent review
Embassy Court Welling	Tesco	84,023 sq ft	£18.40 (£198.06)	Letting June 2010. Investment sold at 5% in June 2011
Clevedon, Bristol	Morrisons	30,479 sq ft	£14.55 (£157)	Sept 11 Rent Review
Church Lane Bedford	Aldi	16,454	£14.28 (£153.71)	Letting May 2010
Ebbw Vale	Tesco	58,865 sq ft	£21.66 (£233.00)	Sale & lease back Jan 2013 at £418.75 psf (£4508 sq m) 5.2%
Newport Rd Risca NP11	Tesco	80,000 sq ft	FH	2010 funding deal at £5,866 sq m
Washdyke Lane Immingham	Coop	19,381 sq ft	£13.50 (£145.00)	Rent Review Dec 2011
Cowbridge Cattle Market	Waitrose	22,000 sq ft	£18.50 psf (£199 sq m)	New build 2012

Supermarkets	Land Evidence			
Knutsford	Aldi	c. 3.5 acres	c. £3-3.5 Ha	Exact date TBC – agent confirms deal done in more buoyant market conditions
Hampden Park, Eastbourne	Morrisons	5.5 acres	£1.25m per acre (£3.1 million per HA)	2011
Carlton Road Worksop	Tesco	8 acres	£15M (£1.875M per acre) £4.55M per ha)	Land was sold in June 2009
Barry Waterfront	Asda	7.78 acres	£2.3m per acre headline	Consent for 90,000 sq ft store. 2012
Albany St Newport	Sainsburys	14 acres	£2.45m HA	Complex deal subject to de-valuing to per acre / hectare. Richard Ryan of Fletcher Morgan acted for Sainsbury's confirmed approx figures as follows: 14 acre site £7.2m acquisition, £2.5m on remediation, £4.2m on road equates to gross price per acre of £992,000 (£2.45m / ha).
Chesterfield Road South Mansfield	Tesco	9 acres	£14M (£1.55M per acre) (£3.76M per ha)	Tesco stated that £500,000 was spent on remediation.
Carlton Road Nottingham	Asda	1 acre	£1.5M per acre (£3.71M per ha)	Blueprint Regeneration for Asda September 2011
Wilford Lane West Bridgford	Sainsburys	6.97 Acres	£1.9m p acre	March 2013. £2.12m incl S106. "Prime" site.
Carter Gate Newark	Asda	6 acres	£6,000,000 (£1M per acre) (2.48M per ha)	£1m pa. 2009
We are aware from our on-going discussions with agents & supermarket operators they are typically prepared to pay the sum in the region of £1.5M per acre for supermarket land although over recent months there has been a noticeable decrease in appetite for new development & this figure is often diminishing, in some cases more in line with the figure of approximately £1M per acre.				

Address	Tenant	Size sq ft	Rent per sq ft (per sq m)	Comment
General Retail				
DW Fitness, Netherfield	DW Fitness	45,732 sq ft		£1570 sq m investment sale Oct 2013. 7.9 % . Leisure use.
66 High St Hucknall	Undisclosed	2,057 sq ft	£11 (£118.40)	Sept 2012 letting. Gedling borders
621 Mansfield Rd NG5 2FX	Sherwood Cookery	1,561 sq ft	£16 (£172)	Nov 2012 letting
62 High St Hucknall	Confidential (ex Wilkinson)	4,711	£12.10 (£130)	Quoted Nov 2012 letting
599 Mansfield Rd	Sue Ryder	2,238 sq ft	£11.20 (£120.55)	Quoted. Feb 2013 letting
Carlton Hill Nottingham	Carphone Warehouse, Iceland Foods, Tesco Stores, Savers Health & Beauty	13,211 sq ft	£13.26 (£142.76). Average	Roadside retail development sold at freehold price equating to £2,200 per sq m. 6.15% yield. June 2011
Carlton Road Nottingham	Asda	TBC	£18.50 (£200.00)	Deal agreed for a proposed Asda superstore
Victoria Retail Park Netherfield Nottingham	Various	180,000 sq ft	£18.20 (£195.85)	Average rent for 6 units. Investments sold Sept 2010 £3,400 freehold price (5.45%)
Madford Retail Park Arnold Nottingham	Curry's / PC World	20,000 sq ft	£183.00	Rent review 2011
41 Plains Road Mapperley Nottingham	Marriotts	TBC	£12.48 (£134.00)	March 2011
533 Mansfield Road Sherwood Nottingham	TFG Florists	TBC	£13.90 (£150.00)	Sept 2011
Carlton Square Carlton Nottingham	Various	Various	£10.54 to £17.54 (£113.5 to £188.80)	District shopping centre. Investment offered at 8% yield
107 High Street Arnold Nottingham	Private	1,610 sq ft	£10.25 (£110)	Standalone roadside unit. Sept 2011 letting
41D Plains Road Mapperley Nottingham	Private	1,082 sq ft	£28.00 (£134.00)	Roadside unit. March 2011 letting

Mansfield Road Arnold Nottingham	Wickes	23,564 sq ft	£165.50 (£1,782)	Capital value (freehold price) for investment sale at 7.3% Nov 2012
6-8 Mansfield Road Daybrook, Nottingham	Carpetright Plc	39,125 sq ft	£11.25 (£121.00) & £13.05 (£140.00)	Freehold investment sold. Freehold price equated to £1,185 per sq m. Feb 2010

Newcastle Avenue Worksop	Bathstore	3,000 sq ft	£15.00 (£161.46)	New letting April 2009
Newcastle Avenue Worksop	Sainsburys Local	4,000 sq ft	£13.50 (£145.31)	New letting April 2009
Newcastle Avenue Worksop	Barnardos	3,000 sq ft	£15.00 (£161.46)	New letting May 2011
Priory Centre Worksop	Undisclosed tenant	3,240 sq ft	£11.57 (£124.54)	New letting Sept 2011
170 Alfreton Road Sutton in Ashfield	Tesco Local	4,912 sq ft	£12.41 (£133.58)	Rent review August 2010
Bridge Street Chesterfield	Pets at Home	5,075 sq ft	£14.50 (£156.08)	New letting Nov 2011
Greenland Road Sheffield	B&Q	108,737 sq ft	£13.21 (£142.19)	Investment sold at 6.62% August 2011
Bridge Street Chesterfield	DUK	16,000 sq ft	£13.50 (£145.31)	New letting Nov 2011
Eyre Street Sheffield	Children's World & Staples UK	32,140 sq ft	£14.60 (£157.15)	Investment sold at 6% March 2010
Lea Road Gainsborough	B&Q	22,000 sq ft	£10.75 (£115.71)	Second hand accommodation
New Bridge Street Clay Cross	Jack Fulton	2,858 sq ft	£17.49 (£188.26)	New letting January 2012
Babbage Way Worksop	Halfords	3,800 sq ft	£8.68 (£93.43)	Trade use (B8) – not retail
Thorne Road Retail Park Doncaster	Iceland	8,000 sq ft	£12.50 (£134.55)	New letting Nov 2011
Thorne Road Retail Park Doncaster	Motorworld	4,800 sq ft	£12.50 (£134.55)	New letting August 2011
Woodhouse Road Mansfield	One Stop	2,500 sq ft	£12.50 (£134.55)	New letting January 2011

Corringham Road Gainsborough	New roadside development	Various, 98 sq m – 116 sq m	£13.00 (£139.93)	New Units. Quoting terms £15-£13 psf
Northgate Newark	Dreams	9,600 sq ft	£17.00 (£182.99)	New letting Dec 2010
Thorne Road Retail Park Doncaster	Wren Kitchens	10,000 sq ft	£15.00 (£161.46)	New letting Oct 2010

Northgate Newark	Boots plc	9,600 sq ft	£18.00 (£193.75)	New letting August 2010
Sandlands Court Mansfield	Kennelpak	4,000 sq ft	£13.00 (£139.93)	New letting Sept 2009
Corringham Road Gainsborough	Spar	4,000 sq ft	£14.00 (£150.70)	New letting Aug 2011
Northgate Newark	Halfords	8,157 sq ft	£29.16 (£313.91)	Rent review June 2011
Woodhouse Road Neighbourhood Centre Mansfield	Various	Various	£16.45 (£77.00) Or £164.5 (£1,771.00)	Quoting terms
Stephensons Drive, Leicester	One Stop	2,750 sq ft	£12 (£129)	Roadside convenience store. Feb 2011
The above comparable evidence demonstrates an achievable zone for roadside retail / neighbourhood centre retail both locally & region wide of between £115 to £200 per m as an established pattern of achievable rents. Capitalised at 7 to 8% this demonstrates that our adopted figures are comfortably achievable & fully justified.				

APPENDIX 5

VALUATION TABLES

GEDLING INDICATIVE COMMERCIAL VALUES 2014

	FOOD RETAIL	OTHER RETAIL (A1, A2, A3, A4, A5)	INDUSTRIAL (B1b, B1c, B2, B8)	OFFICES (B1a)	HOTELS (C1)	RESIDENTIAL INSTITUTIONS (C2)	INSTITUTIONAL & COMMUNITY (D1)	LEISURE (D2)	AGRICULTURAL	SUI GENERIS	
"MARKET" LAND VALUE (per HA)										VEHICLE REPAIRS	VEHICLE SALES
COMMERCIAL	3,700,000	1,500,000	430,000	430,000	865,000	430,000	430,000	600,000	15,000	430,000	850,000
SALES VALUES (per M2)											
COMMERCIAL	2750	1700	700	1350	2500	1266	1077	1350	323	700	1100

COMMERCIAL LAND RESIDUAL VALUES

	£ HA
Industrial	Neg
Office	Neg
Food Retail	£4,478,843
General retail	£2,102,016
Resi Institution	Neg
Hotel	Neg
Community	Neg
Leisure	£67,245

GEDLING INDICATIVE RESIDENTIAL VALUES - £ PER M² 2014

	Apartments	Houses	Land per/Hectare £
Zone 1	1750	1830	1270000
Zone 2	1935	1990	1380000
Zone 3	2095	2150	1500000

RESIDUAL LAND FIGURES:-

Zone 1	Zone 2	Zone 3
£1,128,595	£1,509,813	£1,891,031

Appendix 2

Building Cost Report
Gleeds Cost Consultants

International
Management &
Construction Consultants

gleeds

CIL VIABILITY APPRAISAL

CONSTRUCTION COST STUDY

For

GEDLING BOROUGH COUNCIL

Nottingham Regeneration Limited

Gedling Borough Council

CILViability Appraisal

Order of Cost Study

Gleeds (Nottingham)
Wilford House, 1 Clifton Lane
Wilford, NG11 7AT

T: 0115 977 8000
F: 0115 977 8001

25/03/14

www.gleeds.com

Document Type:	*Order of Cost Study*
Client:	*Gedling Borough Council*
Project:	*CIL Viability Appraisal*
RIBA Stage:	***N/A***
Gleeds Ref:	*NTCM0003*
Revision: (Document issues are given in Appendix A)	*0.4*
Date:	*25/03/14*
Prepared by:	*Alan Davidson*
Checked by:	

Contents

Executive Summary

1. The Project

This Cost Study provides an estimate of construction costs over a range of development categories, to support a CIL Viability Appraisal

2. Allowances

The Estimate includes on-cost allowances for the following:

- Consultants
- B. Regulations and Planning fees
- NHBC Insurance where applicable

3. Basis of Estimate

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

4. Detailed Construction Cost Study

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

5. Risk Allowance

A Risk Allowance of 5% of construction cost is recommended

Project Description

Nottingham Regeneration Limited (NRL) have been appointed by Gedling Borough Council for the production of the Council's Community Infrastructure Levy Charging Schedule, through to adoption.

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

The range of development categories are as agreed with Gedling Borough Council

Basis of Cost Study

Base Date

Rates for Construction Costs in the Estimate have been priced at a Base Date of 2nd quarter, 2014. Allowances must be made for inflation beyond this date dependant on the mid-point date of construction.

Procurement

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

Scope of Development Types

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

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

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

Basis of Costs

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

1. Analysis of construction costs over a range of projects within the Gleeds Research and Development Data Base.

2. Where insufficient data is available within any particular category cross-reference is also made to BCIS construction cost information.

All construction costs have been adjusted for Location Factor (Gedling – 0.94) and All-in TPI for 2nd Quarter 2014 (BCIS index – 240), (as 21 March 2014 indices update)

Assumptions/Clarifications

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

- The costs included in this Estimate assume that competitive tenders will be obtained on a single stage competitive basis.

- There are no allowances in the Estimates for Works beyond the site boundary.

- All categories of development are assumed to be new build.

- It is assumed development takes place on green or brown field prepared sites, i.e. no allowance for demolition etc.

- All categories of development include an allowance for External Works; site abnormal and facilitating works have been excluded.

Exclusions

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

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

Detailed Construction Cost Study

Development Type	**Construction Cost £/m²** **Min**	**Max**	**Median**
Standard Residential (Mass Housebuilder, mid range, 2-5 bed house)	690	1,062	870
Residential, 2-5 bed code 4	800	1,075	970
Low Rise Apartments	840	1,242	1,020
Low Rise Apartments, code 4	935	1,240	1,165
Care Homes	900	1,265	1,145
General Retail, shell finish	720	1,030	890
Food Retail supermarket, shell finish	450	830	740
Hotels, 2000m² mid-range, 3* inc. F+Ftgs	1,610	1,850	1,700
Industrial, Offices, Cat A fit-out	870	1,290	1,125
Industrial, general shell finish	410	743	480
Institutional / Community D7 (museums, library, public halls, conference	1,460	2,590	1,950
Leisure D5 (shell only leisure units)	820	1,040	900
Agricultural shells	180	775	452
SUI Generis			
Vehicle Repairs	805	945	880
Vehicle Showrooms	1,080	1,260	1,210

On-costs

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

Note:

* Industrial offices, Cat A are based on speculative office development, of cost efficient design
** Leisure D5 development is based on shell buildings and exclude tenant fit-out

Appendix 3

Strategic Site Appraisals

for

Gedling Colliery

And

Top Wighay Farm

Residential Viability Appraisal

SITE LOCATION		Top Wighay Farm				
NET DEVELOPABLE SITE AREA		33.9	Ha			
DEVELOPMENT SCENARIO		Greenfield	(Greenfield, Brownfield or Residual)			
UNIT NUMBERS		1000	Total Units			
Affordable Proportion %	30%	300	Affordable Units			
Affordable Mix	70%	Intermediate	0%	Social Rent	30%	Affordable Rent
Development Floorspace		62160	Sqm GIA Market Housing		26,640	Sqm GIA Affordable Housing

DEVELOPMENT VALUE — Totals

Total Housing Sales Area	Apartments	3000	sqm	
(ie Net Floorspace)	Houses	85800	sqm	

	Area		Sales Value			Totals
MARKET HOUSES						
Apartments	2100	sqm	2095	£ per sqm	£4,399,500	
Houses	60060	sqm	2150	£ per sqm	£129,129,000	
AFFORDABLE HOUSING					Total Market Housing Value	**£133,528,500**
Intermediate Houses	70%	of Open Market Value				
Apartments	630	sqm	1466.5	£ per sqm	£923,895	
Houses	18018	sqm	1505	£ per sqm	£27,117,090	
					Total Intermediate Affordable Housing Value	**£28,040,985**
Social Rent Houses	40%	of Open Market Value				
Apartments	0	sqm	838	£ per sqm	£0	
Houses	0	sqm	860	£ per sqm	£0	
					Total Social Rent Affordable Housing Value	**£0**
Affordable Rent Houses	50%	of Open Market Value				
Apartments	270	sqm	1047.5	£ per sqm	£282,825	
Houses	7722	sqm	1075	£ per sqm	£8,301,150	
					Total Affordable Rent Housing Value	**£8,583,975**
					Total Development Value	**£170,153,460**

DEVELOPMENT COSTS

LAND COSTS	Net Site Area		Market Housing Land Area		Affordable Housing Land Area		
	33.90	Ha	23.73	Ha	10.17	Ha	
Market Hsg Land Value	£792,068	per Ha		Total Market Land Value	£18,795,762		
Affordable Hsg Land Value	£0	per Ha		Total Aff Hsg Land Value	£0		
		5.0%	**SDLT Rate**	**Stamp Duty Land Tax**			**£939,788**
CONSTRUCTION COSTS					**Total Land Cost**		**£18,795,762**
				1.15	Net : Gross		
Apartments	3450	sqm	1020	£ per sqm	£3,519,000		
Houses	85800	sqm	870	£ per sqm	£74,646,000		
					Total Construction Cost		**£78,165,000**

FEES, FINANCE & ANCILLARY COSTS						
Abnormal Costs			0	£		**£0**
Professional Fees			8.0%	of Construction Cost		**£6,253,200**
Legal Fees			0.5%	of Gross Development Value		**£850,767**
Statutory Fees			1.1%	of Construction Cost		**£859,815**
Sales/Marketing Costs			2.0%	of Market Units Value		**£2,670,570**
Contingencies			5.0%	of Construction Cost		**£4,220,910**
Planning Obligations			0	£ per unit		**£16,016,000**
CIL			70	£ per sqm Market Housing		**£4,351,200**
Interest	6.0%	12	Month Construction	6	Mth Sale Void	**£7,178,921**
Arrangement Fee	1.0%	of Total Costs				**£1,085,349**
Development Profit	Market Hsg	20.0%	of GDV	Aff Housing 6.0%	Build Costs	**£28,380,065**
					Total Costs	**£169,767,347**

VIABILITY MARGIN **£386,113**

Vi·ab² Residential Viability Appraisal

SITE LOCATION		Gedling Colliery				
NET DEVELOPABLE SITE AREA		20	Ha			
DEVELOPMENT SCENARIO		Brownfield	(Greenfield, Brownfield or Residual)			
UNIT NUMBERS		600	Total Units			
Affordable Proportion %	20%	120	Affordable Units			
Affordable Mix	75%	Intermediate	0%	Social Rent	25%	Affordable Rent
Development Floorspace		42624	Sqm GIA Market Housing		10,656	Sqm GIA Affordable Housing

DEVELOPMENT VALUE — Totals

Total Housing Sales Area	Apartments	1800	sqm
(ie Net Floorspace)	Houses	51480	sqm

MARKET HOUSES

	Area		Sales Value			Totals
Apartments	1440	sqm	1935	£ per sqm	£2,786,400	
Houses	41184	sqm	1990	£ per sqm	£81,956,160	
					Total Market Housing Value	£84,742,560

AFFORDABLE HOUSING

Intermediate Houses	70%	of Open Market Value				
Apartments	270	sqm	1354.5	£ per sqm	£365,715	
Houses	7722	sqm	1393	£ per sqm	£10,756,746	
					Total Intermediate Affordable Housing Value	£11,122,461
Social Rent Houses	40%	of Open Market Value				
Apartments	0	sqm	774	£ per sqm	£0	
Houses	0	sqm	796	£ per sqm	£0	
					Total Social Rent Affordable Housing Value	£0
Affordable Rent Houses	50%	of Open Market Value				
Apartments	90	sqm	967.5	£ per sqm	£87,075	
Houses	2574	sqm	995	£ per sqm	£2,561,130	
					Total Affordable Rent Housing Value	£2,648,205
					Total Development Value	**£98,513,226**

DEVELOPMENT COSTS

LAND COSTS

	Net Site Area	Market Housing Land Area		Affordable Housing Land Area		
	20.00 Ha	16.00 Ha		4.00 Ha		
Market Hsg Land Value	£744,280	per Ha	Total Market Land Value	£11,908,480		
Affordable Hsg Land Value	£0	per Ha	Total Aff Hsg Land Value	£0		
		5.0% **SDLT Rate**	**Stamp Duty Land Tax**			£595,424
			Total Land Cost			**£11,908,480**

CONSTRUCTION COSTS

				1.15	Net : Gross	
Apartments	2070 sqm	1020	£ per sqm		£2,111,400	
Houses	51480 sqm	870	£ per sqm		£44,787,600	
					Total Construction Cost	**£46,899,000**

FEES, FINANCE & ANCILLARY COSTS

Abnormal Costs			0	£		£0
Professional Fees			8.0%	of Construction Cost		£3,751,920
Legal Fees			0.5%	of Gross Development Value		£492,566
Statutory Fees			1.1%	of Construction Cost		£515,889
Sales/Marketing Costs			2.0%	of Market Units Value		£1,694,851
Contingencies			5.0%	of Construction Cost		£2,532,546
Planning Obligations			0	£ per unit		£5,759,000
CIL			45	£ per sqm Market Housing		£1,918,080
Interest	6.0%	12	Month Construction	6	Mth Sale Void	£4,159,721
Arrangement Fee	1.0%	of Total Costs				£658,581
Development Profit	Market Hsg	20.0%	of GDV	Aff Housing 6.0%	Build Costs	£17,619,153
					Total Costs	**£98,505,212**

VIABILITY MARGIN — £8,014

Gedling Strategic Site Viability Appraisal Assumpt

Top Wighay Farm Option 1

Housing Mix

Type	Nos	Size (sqm)	Total Sqm		Site Area
Apartments	50	60	3000	3000	33.9 Ha
2 Bed Houses	200	75	15000	Apts	
3 Bed Houses	600	88	52800		
4 Bed Houses	150	120	18000	85800	
5 Bed Houses	0	150	0	Houses	
	1000				

Sales Values

Apartments	£2095sqm	Industrial	£700sqm
Houses	£2150sqm		

Build Costs

Apartments	£1020sqm	Industrial	450sqm
Houses	£870sqm		

Land Value

Residential Residual Land Value per Ha	£1,569,135
Industrial Residual Land Value per Ha	NA
Existing Greenfield Value per Ha	£15,000

Residential Land Value Benchmark

£15,000 + £1,554,135 x 50% = £792,068

Existing Use Value + Uplift in Value x 50% = Benchmark

Affordable Housing Assumptions

Proportion 30%

Tenure Mix Intermediate 70% Affordable Rent 30%

Transfer Value Intermediate 70%OMV Social Rent 40%OMV Aff Rent 50%OMV

Planning Obligation Contributions

Transport	£8,750,000	
Primary Education	£3,500,000	
Secondary Education	£2,816,000	
Health	£950,000	
	£16,016,000	£16,016 per dwelling

Employment

Viability Results

30% Affordable	£386,113

ions

Top Wighay Farm Industrial

Housing Mix

Sales Values

Industrial	£700sqm

Build Costs

Industrial	450sqm

Land Value

Industrial Residual Land Value per Ha	£430,000

Affordable Housing Assumptions

Planning Obligation Contributions

Transport	£4,500,000

Employment

Site area	8.5Ha
Floorspace	42500 sqm
Use	Industrial B1, B2, B8

Viability Results

-£3,886,995

[redacted]

Gedling Colliery

Housing Mix

Type	Nos	Size (sqm)	Total Sqm		Site Area
Apartments	30	60	1800	1800	20Ha
2 Bed Houses	120	75	9000	Apts	
3 Bed Houses	360	88	31680		
4 Bed Houses	90	120	10800	51480	
5 Bed Houses	0	150	0	Houses	
	600				

Sales Values

Apartments £1935sqm
Houses £1990sqm

Build Costs

Apartments £1020sqm
Houses £870sqm

Land Value

Residential Residual Land Value per Ha	£1,266,060
Mixed Industrial/Agricultural Residual Land Value per Ha	£222,500
Existing Greenfield Value per Ha	£15,000

Residential Land Value Benchmark

£222,500 + £1,251,060 x 50% = £744,280

Existing Use Value + Uplift in Value x 50% = Benchmark

Affordable Housing Assumptions

Proportion 20%

Tenure Mix Intermediate 75% Affordable Rent 25%

Transfer Value Intermediate 70%OMV Social Rent 40%OMV Aff Rent 50%OMV

Planning Obligation Contributions

Transport	£0	
Primary Education	£3,500,000	
Secondary Education	£1,689,000	
Health	£570,000	
	£5,759,000	£9,598 per dwelling

Viability Results

20% Affordable	£8,014