ADAMS INTEGRA

CANNOCK CHASE COUNCIL

Caring for the Community

ECONOMIC VIABILITY ASSESSMENT OF FUTURE DEVELOPMENT OF AFFORDABLE HOUSING IN CANNOCK CHASE

Report for the consideration of Cannock Chase Council:

This document does not constitute Council Policy

Updated Report

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EXECUTIVE SUMMARY

This summary first seeks to briefly introduce and explain the study. It then provides a quick overview of the main study findings and goes on to outline the key recommendations.

For detailed information on the study methodology, results and conclusions it will be necessary to refer to the full text and appendices that form part of the main report

Background and Introduction

In the process of considering and developing its planning-led affordable housing policies Cannock Chase Council have commissioned Adams Integra to:

a. Undertake a high level review of development viability across the main towns and rural sub area of the district. These are Cannock, Hednesford and Heath Hayes; Rugeley and Brereton; Norton Canes and the rural areas.

b. Produce quantified outputs for Cannock Chase Council as a whole. The study should produce housing targets that are locally derived and economically viable.

c. Assess the economic viability of a range of housing site types and different size schemes across Cannock Chase and include informed assessments of potential CIL requirements; affordable housing thresholds; proportions of affordable housing; reasonable financial contributions in lieu of providing affordable housing on-site; the robustness of the proposed affordable housing target and give a clear view on the role to which different tenures could play in negotiating more deliverable schemes.

1 Government Policy at the time of publication of this work is as set out in the National Planning Policy Framework (NPPF) (published in March 2012).

2 NPPF requires that Local Planning Authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.

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

4 This report recognises that when assessing Plan Viability it can only provide high-level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability. It cannot guarantee that every development in the plan period will be viable, only that the plan policies will be viable for the sufficient number of sites upon which the plan relies in order to fulfil its objectively assessed needs.

5 This study is considered to be fully compatible with the NPPF in the context of building the evidence base for, and considering the affordable housing content of the Core Strategy/Local Plan. It is to be considered as part of, and alongside, the Council's developing wider evidence base, including information on the local housing market and housing needs, and information on the range of site sizes and types which are likely to come forward.

6 The main objectives of this study are:

- A district-wide affordable housing viability assessment for housing delivery over the lifetime of the Core Strategy/Local Plan.

- A viability assessment which supports the affordable housing requirements that will be set out as policy in the emerging Core Strategy/Local Plan and other documents that will form part of the Local Plan.

- An assessment of potential development scenarios of sites that reflect viability in the district overall, in terms of scope to deliver the affordable housing requirements.

- An Economic Viability Assessment that takes account of different potential levels of Community Infrastructure Levy (CIL).

- Consideration of specific factors that could impact significantly on the viability of schemes including residential values, Code for Sustainable Homes, Lifetime Homes, etc.

7 Maintaining the viability (in this sense meaning the financial health) of residential development schemes is crucial to ensuring the release of sites and thus a continued supply of housing of all types. The study addresses affordable housing that is required to be provided within market housing schemes and varying levels of CIL. This is through applying different proportions (percentages) of affordable housing to be sought and also different levels of CIL.

8 It is understood that the council will prepare its initial CIL charging Schedule during 2013 and hence this work is designed to provide an overview of how CIL and Affordable Housing Contributions will, together, impact on housing development viability.

9 The study is based on carrying out a large number of developer-type appraisals. These use well-established "residual land valuation" techniques to approximate the sums of money which will be left available for land purchase once all the development costs, including profit requirements, are met (hence "land residual"). The appraisals are based on a widely applied calculation structure, common also to tools such as the Homes and Communities Agency (HCA) Economic Appraisal Tool.

10 A plan-wide test will only ever provide evidence of policies being 'broadly viable'. The assumptions that need to be made in order to carry out a test at plan level mean that any specific development site may still present a range of challenges that render it unviable given the policies in the Local Plan, even if those policies have passed the viability test at the plan level.

11 The basic study methodology is settled and tested, having been used in a wide range of local authority areas for this purpose. The assumptions, detail and particular application of calculations are varied to ensure local relevance. We make an appropriate strategic overview, as fits the Local Plan process, in a way that is both influenced by, and feeds back out to, the local characteristics and approach.

12 We vary the affordable housing assumptions across the range of appraisals. The outcomes inform our judgments on the likely suitability of various policy positions from a viability viewpoint. Having fixed development costs and profit requirements, we can see the impact on development viability caused by variations to the amount and type of affordable housing and differing levels of CIL. We can also consider the impact of variations to a wide range of other assumptions, as the study sets out.

13 Two of the key ingredients to ensuring viable development are sufficient land value created by a development (relative to existing or alternative use values, and/or perhaps to an owner's particular circumstances) and adequate

developer's profit in terms of risk reward and the profile of a scheme from a funder's point of view. Throughout the appraisals we maintain developer's profit whilst reviewing the scope to create land value depending on the affordable housing and other assumptions considered, and as those vary.

14 Affordable housing impacts on development viability mainly because it usually provides a significantly reduced level of revenue to the developer compared with market level sales values. Along with CIL it is viewed as a scheme cost which is largely passed on to the landowner by way of reduced land value. It is these dynamics that we explore through this study, in considering the implications of a wide range of factors and costs on market residential development viability and its ability to provide affordable housing and CIL.

15 In considering all of this, the work is intended to more thoroughly test the Council's existing policy approach, in order that the revised plan – to be submitted for Public Examination by the end of 2012 is based on an appropriate balance between the opposing tensions of affordable housing need levels, the CIL charging schedule and scheme viability.

Property Market Characteristics and Viability Findings

16 Before commencing work on appraisals, Adams Integra researched the local residential property market to inform a range of appraisal assumptions, and to help set the context for considering the outcomes. This research is included within our Property Values Report, which is to be found at Appendix 9 to the full study document. That includes market commentary.

17 Through the run up to the study period, relatively poor property market conditions prevailed off the back of the economic recession triggered in late 2007. Whilst during the study period we have seen more mixed signs, and increased stability, there is still a significant degree of uncertainty around the market owing to the continued weak economic backdrop. This market uncertainty continues at the point of publishing this report.

18 In tune with the strategic overview needed through this study, we have considered a broad range of open market property sales value levels (house prices) that could relate to and drive new build housing schemes in the Cannock Chase Council area – as may be seen with varying location and/or through time with varying market conditions.

19 This exercise led to the formation of FIVE ascending Value Points (numbered 1 to 5) in all, to describe the overall range of assumptions on values; i.e. from £1,625/m² (about £150/ft²) to £3,158/m² (about £293/ft²).

20 Value Point 1 shows a level below that which we considered to be at the lower end of the market in order to allow for any falls in sales prices. Value point 5 is level above that which we found at the higher end of the market.

21 These Value Points covered the extremes of the range typically seen at the point of the study.

22 The study acknowledges that local variations in value levels are going to be key to site specifics, but this approach sets a background for that level of consideration and is appropriate for strategic policy development.

23 Reviewed alongside the wide range of factors considered and also treated as variables within the range of study assumptions (for example including wider planning obligations, affordable housing mix, grant funding, sustainability, developers profits and land values) overall the results create a mixed picture of development viability. This includes scenarios where typically strong local values often produce good viability outcomes, but also where lower values and/or increased overall burdens on schemes reduce what they are likely to support by way of planning obligations packages.

24 We consider that in the overall context of the district - with varying values - and assuming variable market conditions over the Local Plan period a **20%** affordable housing headline would be a sufficiently challenging and appropriately pitched target generally. A range of other requirements needs to be considered alongside affordable housing. Beyond this level, any target would be potentially too ambitious in our view – given the range and direction of wider planning obligations and other development costs. Adding to this picture, affordable housing provision needs to be about quality and mix, and not just numbers.

25 Our resulting focus is around a headline of **20% affordable housing**, as a target level for the majority of sites within the District. To accompany this and act as a balancing factor, we consider there to be important scope to firm up on an approach which seeks affordable housing from a wider range of schemes through lowered thresholds universally.

26 We also give support to the potential for using carefully judged financial contributions for affordable housing as an additional enabling tool, particularly from the very smallest schemes (fewer than 15 units) but also from other schemes in areas where the Council may consider that a financial contribution could be better spent to help enable the greater provision of affordable housing across the district as a whole.

27 Alongside this we recognise that schemes that fall within Value Point 1 are on the cusp of viability margins.

Overview of Main Recommendations

The SHLAA

28 **It is our view that the methodology used in the SHLAA to assess the economic viability of sites is robust and provides a good overview of dwelling potential.**
The actual number of units delivered though is dependent upon the market (and this is an area that is difficult to comment on) and may also be influenced by any policies that may serve to regulate the timing of release of sites.

29 We have looked at the assessment process, the site survey process and the assessment of whether and when sites may be developed and find it to be a sound and robust document.

30 In our opinion the findings of the SHLAA are sound and robust and show that there is enough land available to more than deliver the required number of dwellings.

31 With regard to the capacity of the market to deliver these housing numbers there is evidence of a need for new housing to be built. There is a shortage of new houses nationally and this is the case in the Cannock Chase Council area and the Midlands as a whole. However, in Cannock Chase the housing projections have been delivered.

32 The emphasis for new housing is based on the delivery of houses rather than flats.

Affordable Housing

33 Having undertaken the viability assessment, our advice for the Council's policy content on affordable housing is as follows:

34 **A headline affordable housing target of 20% to be provided on-site applicable to schemes of 15 or more dwellings in most areas.**

35 **For schemes of between 1 and 14 inclusive units <u>either</u> on-site provision or a financial contribution be sought in lieu of providing affordable housing on-site, and that this be calculated using the methodology outlined below and will be broadly equivalent to on-site provision (retaining 20% affordable housing where applicable).**

The reason for this is that many Registered Providers have expressed a reluctance to manage less than 3 units on a particular site. The preference should always be for the units to be on-site but if this is not practicable then a financial contribution should be sought.

The suggested calculation seeks to equate the financial contribution to the land value of the relevant dwelling plots (those that would have been made available for on-site affordable housing).

It is beyond the remit of this study to comment on the planning policy scope or wider merits of an approach to seek financial contributions towards meeting affordable housing needs from the smallest sites, but to inform only on the development viability aspects. There are potential practical advantages of requesting financial contributions from the smallest sites rather than adhering to on-site provision. There can be issues with affordability, integration, management and the like in relation to providing affordable housing on small sites. This policy approach could have practical merits with those issues in mind. If those concerns are removed through the use of financial contributions in lieu of on-site provision, then dependent on the scale of the payment being appropriately judged there is unlikely to be a pure financial viability issue – subject as normal to any existing/alternative use barriers and the normal negotiation process where necessary.

In our view, the most appropriate route more generally is to look at land value. In essence this involves calculating how much it would cost to go elsewhere and replace the land on which the affordable housing would have been provided on-site. This is the basis we have assumed.

We work through our calculation methodology below, which is based on a formulaic approach to approximating the land value that needs to be replaced elsewhere, and then allowing also for the cost of acquiring and servicing that land. We start by taking the value of the land as if no affordable housing were required on-site, calculated as a percentage of the market sale value of a property. This percentage would reflect the pre-affordable housing (0%) residual land value results, as taken from this study.

For this purpose we have applied a proportion of **18%** of the relevant property or properties Open Market Value (OMV) as the residual land figure. This was derived from an average of **all** relevant appraisals and the 0% affordable housing appraisals from sites of 2 to 5 units.

An allowance is added for acquisition and (potentially) for servicing costs that would need to be borne in the case of replacing the land elsewhere in the market.

In summary, the financial contribution is arrived at by the following steps:

a) Open market value (OMV) of the housing units on-site. (This would normally be provided by the developer and verified by the Council).

b) Multiply by the residual land value percentage. We have used 18%.

c) Add 15% of the result of a x b to reflect site acquisition and servicing costs. This gives the per unit sum.

d) Apply to the relevant site number and proportion (in this case 20%).

Worked example to illustrate the above:

- A scheme of 3 No 3-bed houses selling at Value Point 3 = £160,000 each.
- Total GDV = 3 x £160,000 = £480,000
- x by RLV (£480,000 x 18%) = £86,400
- x by 15% for fees (£86,400 x 115%) = £99,360
- x 25% affordable housing requirement (£99,360 x 20%)
- Financial contribution = **£19,872**

36 The above formula is equally applicable to flats as well as houses as it is the open market value of the units that is the important factor.

37 The financial contribution could be collected upon the sale of each individual property which will ensure that the correct amount is paid. This approach would also help the developer with their cashflow.

38 **In areas that may be typically lower value that are shown as Value Points 1 and 2, in our opinion it would not be appropriate to set lower rates bearing in mind that those locations may also "host" some higher value schemes. It is our opinion that individual schemes that are in these lower value areas should be looked at on a scheme by scheme basis. Where it can be shown that a residential scheme has particular viability issues then a case should be put forward by the developer which should then be independently assessed.**

39 The cost of any scheme-specific viability assessment should be funded by the applicant.

40 In practice, residential values patterns are not well defined. We consider that a clear, straightforward District-wide approach would be more appropriate than much more complicated alternatives.

41 **The financial contributions approach will be a useful additional enabling tool for the Council as part of its overall approach** – especially during periods (as at present), of uncertain grant funding (HCA or other investment).

42 **A <u>target</u> affordable housing tenure mix of 80% social rented: 20% suitable intermediate tenure**; not for rigid site-by-site application, but in terms of setting the overall expectations and guiding delivery. This is consistent with HCA guidance in recent years and concurs with current Council Policy. It is a tenure split that has been used widely to help provide mixed communities and mixed tenure developments.

43 In all cases the **policy positions should be set out as clear targets**, to help inform land value expectations and form the basis for a continued practical, negotiated approach.

44 Policy wording will **need to acknowledge the relevance of considering development viability** on case specifics.

45 The Council will **need to consider the mathematical subtleties of its selected approach** – for example, how numbers rounding and net/gross (new dwellings numbers) application affects the working of the policy positions, particularly for smaller sites where such factors will tend to have a greater influence on outcomes.

46 The build costs used in the assessments assume that the houses are built to Code for Sustainable Homes Level 3.

<u>CIL Requirements</u>

47 Rather than variation by area (locality), in carrying out the research for this study we developed the view that the key variable characteristics associated with different types of development require an approach that moves away from a single CIL rate. Development type rather than locality should be the key driver.

48 Values Point 1 and some of Value Point 2 produce residual land value (RLV) outcomes which show no scope for CIL payments. In fact in most cases the results are in significantly negative territory indicating scenarios that are not even marginal in terms of being potentially viable without major adjustment to assumptions.

Residential Findings

49 Value Points 3 and above begin to produce some marginal results. This indicates primarily the level at which schemes start to become viable. The various different residential scenarios were tested at different levels of CIL (£40, £60, £80 and £100, £150 and £200 per m^2) and at each level up to £100/m^2 the schemes in Value Points 3 and above are shown to be viable at 20% affordable housing.

50 The more positive outcomes shown in Value Points 3-5 could quickly be eroded by increased cost assumptions or abnormal site issues, etc. Increased costs or a fall in the residential values will also have an effect on viability.

51 In Value Point area 1 and some of Value Point 2 developments are currently unviable whether or not CIL is levied. The imposition of CIL will therefore not affect the prospects of these sites being delivered. Where appropriate schemes can be looked at on a site–specific basis and re-tested with lower proportions of affordable housing allowing CIL contributions to be secured.

52 The Government Guidance confirms that the CIL scope should not be pushed to the limits of viability, but that a balance should be found and this approach was used in our work with other Local Authorities

53 **We would, therefore, suggest a rate of £40 per m^2 for residential schemes** to allow an adequate buffer for site-specific factors and recommend that the Council does not go beyond this level in considering its draft charging schedule.

54 This relates reasonably well to the Council's existing largely formulaic basis for seeking and securing a range of planning obligations and contributions; most of which may be replaced by the wide-ranging scope of CIL in covering all but very site-specific matters (affordable housing and perhaps particular site-specific issues such as dedicated highways improvements). A small residual allowance of £500 per dwelling has been made within our appraisals for any matters that will not be covered by the CIL and still need to go in to a S106 agreement along with affordable housing obligations (where applicable).

55 There will be lower value schemes and localities where developments struggle in viability terms, even without any significant CIL contribution. So far as we can see, no lower level set for CIL could ensure the deliverability of these schemes on a reliable basis, or make sure that some levels of CIL were always collectable.

56 In terms of methodology, we adopted standard residual valuation approaches to make appropriate comparisons and evaluations. However, due to the extent

and range of financial variables involved in residual valuations, they can only ever serve as a guide. Individual site characteristics (which are unique), mean that blanket requirements and conclusions must always be tempered by a level of flexibility in application of policy requirements on a site by site basis. It is therefore essential that levels of CIL allow a sufficient margin to allow for these variations.

57 The Council have recently adopted an interim planning policy which would require all applications for residential development involving a net increase of one or more dwellings to include a planning obligation to support a programme of appropriate measures to mitigate the impact of additional visitor pressure/traffic arising from these developments on the Cannock Chase Special Area of Conservation (SAC).

58 Applications proposing a net increase in housing development of between 1 and 50 units will not need to include a site specific assessment of the impact of the proposed development on the SAC provided that they are accompanied by a Unilateral Undertaking proposing a financial contribution to mitigation of the impact of the development on the SAC of £450 per dwelling in the 0-8 kilometre zone

59 We are confident that the buffer built into the level of CIL proposed for Residential C3 is more than adequate to allow for this contribution.

60 The overall impact on viability of all the relevant policies in the Plan have been taken into account when assessing the impact of CIL.

61 The current system of seeking 'pooled' contributions via Section 106 Agreements to open space, sport and recreation for Cannock Chase Council and education for Staffordshire County Council will be superseded by CIL when the charging schedule is in place

62 The only additional burden will therefore be from developments of less than 10 units (in the case of open space etc) and less than 7 units (in the case of education contributions) which currently make no contribution via S106

Supported Housing for the Elderly

63 The viability of Supported Housing for the Elderly is largely similar to that of general residential as sales values reflect local market levels. However, there are two factors which may adversely affect viability. Firstly, the rate of sale of sheltered housing schemes is generally slower than for mainstream residential, due to the more limited market catchments. Developers consequently incur greater interest costs on land and build costs. Secondly,

Supported Housing for the Elderly schemes include a significantly higher level of communal space to accommodate social areas and other facilities.

64 We would therefore recommend that the Council has regard to the CIL rates for general residential and applies a rate of **£40 per m^2** to Supported Housing for the Elderly but is aware that, while this, together with 20% affordable housing may both be viable, there may be site-specific viability issues in relation to the affordable housing element due to these special factors.

Future proofing the findings of the report over the plan period

65 The Value Points system allows us to understand viability as prices move. For example in a rising market, the values in Value Point 3 might rise to Value Point 4, or fall to Value Point 2 in a falling market. The Value Points table can be kept as a reference tool for this purpose, so that in two years' time the Council could undertake a review of prices in the market place and see where they sit on the table.

66 This does not, of course, take into account any movement in build costs, but it is movements in sales values that will have the greatest bearing on viability, assuming no additional abnormals.

67 This report is a snapshot in time which based on research will inevitably become outdated. It is our opinion that a review should be carried out in 2016 of viability to ascertain whether the market has moved significantly (either up or down) and whether the affordable housing percentage should be adjusted. Further reviews should be carried out in 2021 and 2026.

68 We have reviewed the evidence for the purposes of this report (August 2013) and have found that the recommendations are still sound.

Executive Summary ends

1 INTRODUCTION

1.1 Background

1.1.1 Cannock Chase Council is preparing a Core Strategy and other DPDs for the District as part of its Local Plan. The notional period of coverage for these documents is to 2028.

1.1.2 The Council has commissioned this viability appraisal to inform the Council of its options regarding affordable housing and CIL.

1.1.3 The purpose of this study is therefore to contribute to a robust evidence base to support the preparation of the Council's Core Strategy, other Local Plan documents and any other planning policy documents relating to affordable housing and CIL. The study assesses the (financial) capacity of residential development schemes in the district to deliver affordable housing without their viability being unduly affected. This is in the context of developing suitable affordable housing policies which aim to strike an appropriate balance between affordable housing needs and scheme viability, bearing in mind the need to also maintain overall housing supply. Government Policy at the time of publication of this work is as set out in the National Planning Policy Framework (NPPF) (published in March 2012). The Government's previous statement on planning for housing was Planning Policy Statement 3 (PPS3). While this work is consistent with the NPPF it retains, where necessary, contextual references to PPS3.

1.1.4 Paragraphs 173 -175 of the NPPF in particular, deal with the Government's approach to, and key guidance to local authorities on, seeking affordable housing through the Local Plan. Paragraph 173 is the focus of this in that. 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 landowner and willing developer to enable the development to be deliverable.

1.1.5 The main objectives of this study are:

- A district-wide affordable housing viability assessment for housing delivery over the lifetime of the Core Strategy DPD.

- A viability assessment which supports the affordable housing requirements that will be set out as policy in the emerging Core Strategy DPD and other documents that will form part of the Local Plan.

- An assessment of potential development scenarios of sites that reflect viability in the district overall, in terms of scope to deliver the affordable housing requirements.

- A draft options-based CIL charging schedule for housing schemes.

- Consideration of specific factors that could impact significantly on the viability of schemes including residential values, Code for Sustainable Homes, other planning obligation costs, etc.

1.1.6 Cannock Chase Council lies within Southern Staffordshire on the northern edge of the Black Country. The Local Plan states that "Within the District the Strategy is to 'Focus development across the existing settlements of Cannock/Hednesford/Heath Hayes, Norton Canes and Rugeley/Brereton, developing service provision to meet existing balances in housing across the District'. Its effect is to aim to broadly cater for development in urban areas in the following proportions, Rugeley and Brereton 26%, Norton Canes 6% and Cannock, Hednesford and Heath Hayes 68%, but with some flexibility. For housing this strategy is set within a south-east Staffordshire strategy being developed with Tamworth Borough and Lichfield District which focuses delivery within the settlements of the area, to be agreed in a Memorandum of Understanding.

1.1.7 Any policy must balance delivery of affordable housing and planning obligations with maintaining sufficient incentive (reasonable land value levels) for landowners to release land – allowing developers to promote and bring forward schemes.

1.1.8 This study explores the viability impacts from a range of policy options relating to seeking various levels of affordable housing obligations from new development. The study process takes into account property type, market value levels, tenure mix, wider planning obligations and associated characteristics of residential development.

1.1.9 Specifically, it investigates and assesses the likely impact on land values, and therefore on development viability, of a range of affordable housing policy options being considered for application to private (market sale) residential schemes across the district. These are considered alongside the introduction of CIL. The range of testing carried out for this study is shown at Appendix 1 – Table of Housing Mixes.

1.1.10 In addition to looking at the provision of on-site affordable housing above the current affordable housing threshold (i.e. provision integrated within market housing sites), the study includes wider work to investigate the viability of alternative approaches to reduce the threshold. This includes the potential introduction of the collection of financial contributions in lieu of on-site affordable housing provision on smaller sites (those below any potential on-site threshold) or through a lower proportion of on-site affordable housing; or possibly a combination of the two. If implemented by the Council, the financial contributions route would be hinged around a strategy to direct the monies collected towards funding the provision of affordable housing on other sites, or perhaps for wider investment in affordable housing locally. A strategy would need to be developed.

1.1.11 We use the impact of varying affordable housing requirements on Residual Land Value (RLV) as our measure in putting forward our judgements and guidelines. This process involves comparing the likely impact of (changes to RLVs from) a range of potential policy options. So the study examines the variations in approximate RLVs indicated within the district on this basis, as we envisage policy changing, and the implications of these variations are included in the assessment of site viability and deliverability.

1.1.12 Where possible, the study provides parameters and options for the Council to consider for affordable housing policy development and implementation, from a viability perspective. The Council will need to consider these findings alongside wider policy considerations and overall priorities.

1.1.13 It must be recognised that this planning-based tool for securing affordable housing relies on market-led processes. Throughout the study, an emphasis is placed on the need for a practical approach to be taken by Council, bearing in mind development viability – with an emphasis on that particularly given the current and likely short-term market conditions. By this we mean the Council being adaptable also to market housing scheme needs, being prepared to negotiate and consider varying solutions and being responsive to varying scheme types and circumstances. The various components of a scheme will need to be considered in market, affordable and successful integration and tenure mix terms. This will involve considering local needs, scheme location, type, design, management, affordability, dwelling mix, tenure, funding, numbers rounding and the like in formulating the detail from the targets basis – so, taking a view on how these things come together to impact and benefit schemes, by looking at what works best to optimise provision in the given circumstances.

1.1.14 In carrying out this assessment from the necessary strategic viewpoint, it is assumed that there will be a variety of market conditions, including periods of more stable economic and property market climate. By this we mean where there is improved access to mortgage and development finance, on appropriate terms, that will promote demand and re-stimulate more normal levels of development activity than we have seen while working in Cannock Chase at the present time. The same applies to all such studies which look at affordable housing supplied through market-led schemes.

1.1.15 The methodology and assumptions used are described in Chapter 2; the results are discussed in Chapter 3; the conclusions and recommendations are set out in Chapter 4. Chapter 5 includes wider discussion points in relation to affordable housing delivery. The tables, graphs and associated information referred to throughout this study are appended to the rear of the document.

2 METHODOLOGY AND ASSUMPTIONS

2.1 Background

2.1.1 A number of factors need to be taken into account when considering bringing schemes forward that include affordable housing. It is necessary to determine what effect changes to affordable housing proportions, variations to tenure mix and other development requirements or costs may have on the value of a potential development site – and therefore whether that site may continue to come forward given those requirements. It is important not to consider affordable housing as the sole source of declining development viability – as this study discusses, there are a range of interwoven factors.

2.1.2 This study investigates residential development scenarios across a range of scheme sizes (from 2 to 200 units in size). The scheme types are set out in Appendix 1 – Table of Housing Mixes and reasonably reflect a range of scheme types coming forward now and in the future, though it is acknowledged that a strategic overview cannot and does not need to cover the very wide range of potential scenarios that may be seen in practice.

2.1.3 The schemes modelled are notional ones chosen to reflect scenarios that best match the various policy options to be tested and reflect a range of scenarios relevant to ongoing housing supply in the district. At certain scheme sizes, a range of dwelling mixes has been tested. These were arrived at through discussion with the Council's officers based on the range of site types which have and are likely to come forward across Cannock Chase.

2.2 Strategic Housing Land Availability Assessment

2.2.1 We have analysed the 2012 SHLAA report and our findings can be found in paragraphs 28-32 of the Executive Summary.

2.2.2 As a starting point, notional scheme information was based on a range of types taken from the Council's Strategic Housing Land Availability Assessment (SHLAA) and past completions records. We note that in assessing the achievability of sites for its SHLAA process the Council looked at the influence of market, cost and delivery factors within its review that was run using a wide-ranging pro-forma for the recording of achievability ratings. They are themes that we have also continued to consider through this strategic viability assessment, which we do as a matter of course.

2.3 Developing Notional Schemes

2.3.1 The scheme types were adapted and altered to enable development viability to be tested at a range of points with reference to potential affordable housing policy thresholds and varying dwelling mix, as part of this strategic overview work. This meant taking features of these schemes to inform our assumptions and the building of our notional scenarios – so that those were informed by actual site scenarios as well. The smaller scheme sizes enable us to test viability at potential lowered thresholds, whereas the larger notional schemes enable us to test the impact of varying the proportion of affordable housing on sites that already trigger the requirement for affordable housing (i.e. developments of 15 or more dwellings, as per the current approach).

2.3.2 The mix used for the Open Market units was 2 beds - 45%, 3 beds - 40%, 4 beds - 15%

2.3.3 The mix used for the affordable units was 2 beds - 63%, 3 beds - 24%, 4 beds - 13%

2.3.4 The financial impact, and therefore viability, of collecting carefully judged financial contributions in lieu of on-site affordable housing provision has also been tested on sites of 1 to 14 dwellings. This enables us and the Council to consider a financial contributions approach for potential application to smaller sites within this size range, if appropriate.

2.3.5 An alternative approach to testing development viability on a strategic basis could be to investigate the development viability with reference to actual sites. We have chosen an approach where we have effectively "notionalised" the sites (created site typologies) for a number of reasons including:

- Our established approach to this viability work, including the use of notional sites/site typologies, has been tested successfully through the former Local Plan Inquiry and current Development Plan Examination processes.

- Understandably, there can be difficulties in obtaining sensitive information from developers and landowners in relation to actual sites. This leads to appraisals of actual sites becoming heavily assumption based in any event.

- The use of actual sites affects our ability to compare outcomes 'like with like' to assess the impact of varying affordable housing requirements – the key viability factor being studied. Affordable housing impacts can become blurred with, or by, other issues which vary from one site to another when specifics are examined in detail.

- Sensitivities with reporting, information and potential effect on future negotiations.

- Site sizes may not align to studying potential threshold points.

- Ultimately, unless extensively applied and still assumption-based, an actual sites approach does not fit well with taking a strategic overview of the impact of potential affordable housing polices, when in fact sites vary so much.

2.3.6 The outcomes of the appraisals based on the range of scenarios tested provides us with a scale of results (discussed in Chapter 3 and set out in full in the study Appendices) from which conclusions can be drawn as to the key factors and trends relevant to the district. This leads to discussion on how these might be considered in reviewing policy options, and then to policy recommendations.

2.4 Residual Land Value (RLV) Appraisal Methodology

2.4.1 In order to review the impact of proposed affordable housing policy on the range of sites appraised and across the scale of values considered for this strategic overview, it is necessary to determine a common indicator to ensure that comparisons are made on a like-for-like basis.

2.4.2 The key viability outcome and indicator for this study is the land value that can be generated where there is a predetermined and fixed level of developer profit assumed (alongside an allowance for all other assumptions that have been included and varied in this report). The study is not based on the notion of fixed land values with developer's profit varying as affordable housing or other requirements change. Land value expectations (and how those will inevitably need to be adjusted over time with changing markets in addition to changing planning and environmental requirements) are central to this work and to the ongoing negotiation and delivery processes. Local authorities and others involved in the process must recognise that developers need to make appropriate profits, and this work is not based on a premise that those should be eroded below reasonable levels. This area is discussed further below, including at 2.7 – Developer's Profit.

2.4.3 Assuming a developer reaches the conclusion in principle that a site is likely to be viable for development and worthy of consideration, an appraisal is usually carried as part of fine-tuning the feasibility review and checking what price can be justified for the site purchase.

2.4.4 In this study we have to assume that a negotiation has occurred or is under way based on knowledge of the current development climate and planning policy requirements as they will apply to the scheme. To inform the review of outcomes from a range of potential policy positions (e.g. increased/decreased affordable housing proportions and site size thresholds), this study compares the viability results from the current policy requirements/approach with those likely to result from the potential variations under consideration.

2.4.5 Ultimately, the land values under review are a product of a series of calculations that provide a residual valuation based on both the specific form of development a site can accommodate, and its development costs. While the market uses a variety of approaches to appraise sites and schemes (including comparisons between sites – which is particularly difficult to do in a market of few transactions) in early stages of feasibility, a more detailed approach is necessary to understand how the value/cost relationship appears - as used in this study.

2.4.6 The simplest, most effective and widely understood way of checking site viability in most instances is via a residual land value (RLV) appraisal (see Appendix 11 – Glossary). We have developed our own spreadsheet tool for this purpose. In doing so we have made what we feel are reasonable assumptions but it must be noted that individual developers will have their own varying approaches, and a developer might also apply a different approach from one scheme to another.

2.4.7 A highly simplified example which groups various cost elements together and showing only the basic structure of the RLV calculation, is shown in Figure 1 below. This is an illustrative example only and is not to be relied upon for calculation purposes. It demonstrates, in outline only, the key relationship between development values and costs. This is a dynamic relationship and determines the amount left over (hence 'residual') for land purchase from the total sales value (the 'gross development value') of the site. It can be seen that as values increase but costs remain unchanged, there is more scope to sustain adequate developer's profit levels and crucially, land values sufficient to promote the release of land for residential development.

Figure 1: Simplified Example of Residual Land Valuation calculation – Basic structure (for illustration purposes only)

Starting point is total sales value ('Gross Development Value')	
Number of Units =	10
Sales Value =	£200,000
Gross Development Value ('GDV') = A (say)	£2,000,000
Development Costs (build costs, fees, etc.) = B (say)	£850,000
Development Profit (@20% of GDV) = C (say)	£400,000
Land Purchase Costs and Planning Infrastructure (not including affordable housing element) = D (say)	£100,000
"Residual Land Value" (Gross Development Value - Development Costs - Profit - Land Purchase and Planning Obligations) = E	
A – (B + C + D)	
= E (Residual Land Value 'RLV')	**£650,000**

2.4.8 We have been able to verify our experience and thoughts on the structure of, and components within, the approach and indicative output land values through our contact with developers and their advisers, through our experience of site-specific appraisal work and comparison with inputs and outputs used in/by a range of similar tools.

2.4.9 The tool used for analysis in this instance runs a calculation that provides an approximate RLV, after taking into account assumed normal costs for site development. We do not allow for abnormal costs or site-specific S106 costs. Those can only be properly reflected with detailed site-specific knowledge. If such varying costs were to be considered within this study, it would affect our ability to accurately compare like with like, when assessing the impacts of affordable housing requirements. Any demonstrated abnormal costs or site-specific S106 costs will always need to be considered as part of scheme specifics on application of policy.

2.4.10 The inclusion of the affordable housing element of a scheme is accounted for within this RLV calculation. This assumes that the developer receives a payment from a Registered Provider ('RP') (or other affordable homes provider) for a number of completed affordable homes provided within a market housing development. This level of receipt is based on a predetermined calculation that is not normally at a level comparable with open market values. Essentially, this reduced level of revenue to the scheme, relative to market sales receipts (sales values), is where the key viability impact of the affordable housing comes from. The affordable housing revenue is based on a **80/20 tenure split of social rent/shared ownership** and assumes that there will be no HCA grant available.

2.4.11 The modelling also allows for the application of CIL at varying levels. This study looks at a range of fixed overall costs (per m^2) to determine the additional impact that varying CIL costs may have on development. This fits with the necessary strategic overview approach. We have used CIL levels of £40 per m^2, £60 per m^2, £80 per m^2, £100 per m^2, £150 per m^2 and £200 per m^2.

2.4.12 Assuming that a developer will require a minimum fixed profit margin on any given site to balance risk and often to underpin funding arrangements, beyond a certain point it is therefore the land value that will be affected by the introduction of affordable housing or other infrastructure requirements and obligations. In this sense (and although there can be positive cash flow effects similar to those from "off-plan" sales) affordable housing is viewed as a significant cost element within the developer's appraisals, in much the same way as other planning infrastructure requirements (planning obligations). This cost impact is seen through reduced land value (RLV) – the usual mode through which, effectively, the cost is passed on to the landowner. This then potentially affects the point at which a landowner will be prepared to release a site for residential development in comparison with other options they may have.

2.4.13 The results of the appraisal calculations show the indicative residual land values (RLVs) generated (in monetary terms), the RLVs as a percentage of the gross development value (GDV) and the equivalent value per hectare (£ per ha). These give us indications of the strength of those RLVs after the various affordable housing and other assumptions are taken into account.

2.4.14 The results are compared against a potential existing/alternative land use values which is a key factor in determining viability outcomes. These comparisons provide an indicator of likely scheme viability given an overview of the RLV results from a range of appraisals and therefore help to inform our judgements and recommendations. This aspect can only be highly indicative at this strategic overview level. In practice every site will have specific characteristics and its value will be determined by its type, location, use, economic lifespan of existing premises, marketability and development potential, etc; and the cost of creating/realising that potential use or maintaining an existing/alternative use. Linked to this there can also be a level of incentive or price paid in excess of a particular established value level whereby under some circumstances an owner may require an additional level of incentive in order to release a site. This scenario will be highly variable and need to be borne in mind at the site-specific stage which sits beneath this strategic level. The setting of clear policy by the Council will be a key part of the adjustment and appropriate guiding of land value expectations over time.

2.4.15 Whilst briefly discussing existing/alternative use values it is worth mentioning that the commercial property market has been suffering and seen a greater degree of downturn, even, than the residential market as a consequence of the financial markets crisis. Although a generalised statement, demand for commercial property has fallen very dramatically with severe consequences for values. This factor needs to be borne in mind where the comparisons that are relevant are likely to change over time and the relative positions, in viability terms, of alternative proposals for sites could alter.

2.5 Property Market and Values

2.5.1 In determining the range of modelling to be carried out, we use a scale of "Value Points" appropriate to the district as a whole, rather than concentrate on the specifics of neighbourhood areas or centres (across which values can vary greatly in any event). This fits the strategic approach needed. It allows a more meaningful review of trends – how viability varies with values. By taking a Value Points approach effectively we are considering what the viability of a particular scheme or site typology might look like if it were moved to a range of locations. The methodology also enables us to review the impact of changing market conditions as are likely to affect values over time. The resulting scope of outcomes therefore means we can see what happens as we move a particular scheme type around the district and/or expose it to varying market demand levels as could affect its values. This ensures that the study is appropriate to long-term policy formulation with the Value Points providing the flexibility required to determine how viability may be impacted by changes in residential market conditions.

2.5.2 We undertook research into property prices, across the district as a whole in July and August 2012, to determine a realistic range of development values (property sales values) for each of our appraisals. The research was kept open during the study period – so that we could also consider any further information that became available in interpreting the results.

2.5.3 We have reviewed the in July and August 2013 and have found the value points to still be valid for the purposes of this report.

2.5.4 We carried out a review of the pricing of all available and "sold subject to contract" properties (2, 3 and 4-bed houses) across the area. This was undertaken using Internet searches (www.rightmove.co.uk being the key source) and information provided by Cannock Chase Council. This part of the exercise helped us to understand and consider, very broadly, how values vary with location across the district in the context of the Value Points and whether (and if so what) particular values patterns are seen. It enables us to provide reasonable average values for the district, and localities within it, by dwelling type.

2.5.5 Adams Integra acknowledges that there is usually a gap between marketing and sale price. Under recent more difficult market conditions this gap has typically grown. It is not possible to make a statement about the usual gap between the two, as a particular owners' aspiration and the saleability of particular properties clearly varies. The research has been reviewed in the context of this, and the range of value levels assumptions set accordingly.

2.5.6 The overall (re-sales dominated) market data was then considered alongside our "on the ground" research. That involved visiting the area, speaking to estate agents, visiting new build schemes, speaking to developers' sales staff and gathering other leads to inform supplementary desktop research. Where little data was available at the time of the search, the data has been verified or supplemented by using Land Registry average sales figures and resale data. Appendix 9, the Property Values Report, summarises the research and also provides wider regional and national property market context.

2.5.7 The review of various sources of information on values ranges is preferred to any single desktop resource, which would be limited to historic data and tends to be limited in terms of information of property types and sizes. This process of considering a wide range of values data, overall, informs our judgements on the range of values that we apply as we conduct the large number of appraisals.

2.5.8 The results of the property values research, and in particular the new build values research, led to the formation of 5 Value Points (see Figure 2 below) within which new build housing values in most areas of Cannock Chase fall. As stated above, most areas see a variety of property values (even within the same postcode area or down to street level) therefore the results of this research can be used independently of location where approximate sales values can be estimated. The overall range covers values from £1,625/m² (about £150/ft²) to £3,158/m² (about £293/ft²) as at Figure 2 below.

Figure 2: Summary of Value Points Adopted:

Type	Area sq m	VP1	VP2	VP3	VP4	VP5
2 bed house	70	£120,000	£130,000	£140,000	£150,000	£160,000
3 bed house	85	£130,000	£145,000	£160,000	£175,000	£190,000
4 bed house	95	£185,000	£210,000	£260,000	£270,000	£300,000

2.5.9 It must be reiterated that any attempt to define value patterns can only be highly indicative. This is because values can change over very short distances dependent on a site's location and its surroundings, local amenities, etc. In practice, variations in values are often seen down to a street-by-street level – and sometimes even between ends or sides of streets, and within developments depending on the orientation of dwellings and their outlook, for example.

2.5.10 This study does not attempt to provide comprehensive property valuation data, but rather identifies the typical range of new build values of various dwelling types based on the assumed sizes set out. The values research is carried out to enable us to make judgements about the range of values of new build properties typically available. It is not a statistical exercise and inevitably judgements have to be made. The values used in the appraisals are averaged across properties of varying size and type, and any settlement could contain a range of property values covering a single property type. We believe, however, that the information used is reasonably representative. The key point is to consider the likely range of typical new build values which will underpin this planning-led delivery of affordable homes, rather than consider overall resale market Land Registry type data alone, which can often dilute or disguise the new build market picture.

2.5.11 Prior to, and during, the study period there has been continued reporting at all levels of a relatively weak and uncertain property market. As at July 2012 to September 2012 (the research period) these conditions could not be described as over. However, the long-term trend in house prices is upwards in real terms with the "norm" for house prices to rise over time. In the past, schemes have been brought forward and have therefore been viable at similar or lower value levels. One of the principal concerns with the market recently has been the volume of sales being achieved rather than simply the value levels. Sales volume is difficult to reflect in financial viability terms. It may affect developers' views on risk levels, and it may affect development and sales periods, and thus finance periods. These will in any event be site-specific factors. To what extent the depressed levels of market activity, if prolonged, will ultimately affect value levels with time remains to be seen.

2.5.12 This is also discussed later in the report and our market review information is included Appendix 9. There are still wide-ranging views as to what extent the market is stabilising overall. Examples of characteristic features of the recent downturn have included:

- Mortgage lending levels relatively low. High deposit requirements and difficulties in obtaining funding widely experienced by prospective purchasers.

- A marked slow-down in the rate of construction of new homes – in many cases a virtual stalling of new build progress.

- Increased reports of developers pulling out of schemes, with delayed starts or slowing scheme progress/"mothballing" sites.

- Some house builders and others involved in the development industry reducing staff numbers significantly, with some ceasing to trade. Many house builders have been reporting reduced returns and trading results.

- Incentives being offered fairly typically on new build sites - such as stamp duty/5% deposit paid/deferred purchase/shared equity/mortgage payments assistance, and perhaps others – dependent on a prospective purchaser's position together with the developer's marketing experience and sale potential of particular plots, etc.

- Some use of guide pricing alone, or even no advertised pricing.

- Some schemes still selling relatively well but usually with slower sales where this is so.

- Some developers considering offers from RPs for expanded affordable housing quotas on sites, or even entire schemes for affordable.

- Extended development periods in some cases, with a knock-on effect of impacted sales progress because there is less for purchasers to see. Purchasers far less likely to purchase off-plan given uncertainty over values movements. This creates a circular effect with regard to build progress on some schemes – i.e. some developers taking a view that build progress needs to be underpinned by firmer sales interest. Others are, however, proceeding based on prospective purchasers typically now wanting "to see what they will get".

- Examples of estate agents combining, closing or mothballing offices, or operating restricted hours. Developers' sales operations operating reduced hours/being rationalised.

- Fewer investment buyers active.

2.5.13 Despite the recent signs of a more positive market picture, it would be premature to say that the above effects are now a thing of the past. Some key commentators consider there to be a strong possibility of a further dip in the market. This is because house prices have received some protection through a lack of supply, rather than through significantly increased confidence levels or significantly improved availability and terms of mortgage finance. In terms of study methodology, the continued uncertainties are very difficult to reflect in the detail, beyond considering varying house price levels as those drive scheme viability. The economic backdrop remains weak, with unemployment fears still apparent.

2.5.14 Clearly future values cannot be predicted, but our methodology does allow for potential future review of results in response to changes over time, perhaps including more established market trends or revised price levels - as well as sale price variations through site characteristics or location. It enables us to look more widely at the sensitivity of results to value levels.

2.5.15 In our view, it would be impractical for a local authority to move affordable housing and perhaps other viability related planning obligations targets through Core Strategy policy in response to relatively short-term market conditions and adjustments.

2.5.16 A key message for local authorities in this situation is the need to monitor the market, housing delivery outcomes and trends locally - and respond to those through consideration of contingency measures and possible policy review longer-term. It is also about adopting a practical and flexible approach to secure delivery of all housing types, especially in the short-term.

2.6 Gross Development Value (GDV)

2.6.1 In order to further explain the residual valuation principles, we will now provide further information on the various key inputs and the implications of those.

2.6.2 Gross Development Value ("GDV") is the amount the developer ultimately receives on completion or sale of the scheme, whether through open market sales alone or a combination of open market sales and the receipt from a RP for completing the affordable homes on the scheme. Thus the developer's profit in each case relates to that scheme-specific sum rather than to a base level of GDV that assumes no affordable housing. It assumes that the developer has appraised the site and secured land in the knowledge of, and reflecting, policy that will apply; i.e. the developer is aware that a proportion of the receipts will be at a lower level than prior to any affordable housing policy taking effect. This can be regarded as a reasonable approach given established local and national policy guidance on the provision of affordable housing.

2.7 Developer's Profit

2.7.1 The requirement to place an increased proportion of affordable housing on a site will inevitably reduce the sales income that a developer can reasonably expect to receive. As this reduction will not be accompanied by lower construction costs, the offset must be taken up in a reduced development profit, a lower land price or a combination of the two.

2.7.2 Developer's profit and landowner's sale price are key considerations that must be taken into account if residential development is to be undertaken.

2.7.3 If profit levels fall below a certain point then developers will not take the risk of developing a site, nor in many cases will funding organisations provide the necessary support. Equally, if the price offered by a developer to a landowner for a site is too low, the landowner may not sell and might instead continue with, or pursue, an existing or higher value use. There are also intangibles, for instance some smaller sites may start out as homes, gardens or small business premises which will not be sold unless certain aspirations are met. Business and tax considerations, investment values and costs, and availability and cost of replacement facilities can all influence decisions to retain or sell sites. A mix of these factors may be relevant in some cases.

2.7.4 Continued ready access to development finance is likely to be a particular issue in the current market conditions which have flowed from the recent economic recession.

2.7.5 At the time of considering the study assumptions, Adams Integra's experience of working with a range of developers and of reviewing appraisals, lead us to suggest that they would need to seek a fixed profit (margin) of approximately 20% (gross) of GDV.

2.7.6 This study therefore uses a developer's profit-based assumption fixed at 20% of GDV. Lower and higher profit levels than those we have assumed may well be appropriate, depending on the nature of the project and risk/reward scenario – and in this sense also the market conditions. Some developers will look at alternative profit criteria, for example a higher percentage (perhaps up to 30%) of capital employed (not of GDV). Different profit aspirations will also be held by different types of house building and development companies.

2.7.7 Our experience shows that particularly for smaller and lower risk schemes, and those often carried out by smaller more local developers (or contractor developers), a lower level of developer profit may well be an appropriate assumption. However, given our acknowledgement of varying profit levels, as above, we have carried out our base appraisals assuming 20% developer's profit. In this context, development profit can be regarded as a development cost. In reality, again there will be no substitute for site-specific consideration of the details – as with other assumptions that will be reviewed where viability is discussed on sites coming forward. The assumptions used here are suitable guides and starting points, but should not be regarded as fixed figures which will always suit.

2.8 Model Scenarios, Property Types, Size and Mix

2.8.1 The Council required a range of scenarios to be appraised to assess the viability of the potential approach to thresholds and proportions of affordable housing alongside other costs that may affect the viability of residential development (e.g. sustainable construction and design standards, other planning obligation costs, etc).

2.8.2 In considering <u>on-site</u> provision of affordable homes, the scheme types modelled range in size from 2 to 200 dwellings to allow the study to investigate a full range of potential policy options. Information that becomes available at a later stage will be highly variable and merit site-specific level review in due course, usually in conjunction with other DPDs/Area Action Plans/Development briefs or similar; as part of reviewing and proposals with the site promoters.

2.8.3 The scenarios modelled concentrate on smaller sites, as in our experience the most sensitive area can be around newly captured sites (which under adopted policy provide no affordable housing contribution and therefore which see a large "first time" viability impact if this form of policy were to be implemented). Variations to the dwelling mix help to consider the impact of various dwelling types on development viability, within and between these scenarios.

2.8.4 The schemes were tested using 0% and at 10%, 15%, 20% and 25% affordable housing. This range of testing allows us to investigate viability related to a range of potential options for policy development around both the proportion of affordable housing sought and the threshold position. These options include potential lower proportions of affordable housing sought from smaller sites below the current 15 unit threshold - as part of a sliding scale type approach to affordable housing policy. The modelling on scheme typologies of 10 units or more allows us to test the currently proposed policies and variations around those. It is simply not practical or economic for this type of study to appraise and consider every conceivable policy option (combination of threshold and proportion). The volume of results can grow very rapidly without adding very usefully to how the study can assist policy development. Reviewing of trends is necessary, and a degree of interpolation of results is also possible.

2.8.5 The indicative dwelling sizes used in the modelling are $70m^2$ for a 2-bed house, $85m^2$ for a 3-bed house and $95m^2$ for a 4-bed house. These are gross internal areas (GIAs). They are reasonably representative of the type of units coming forward for smaller and average family accommodation, within the scheme types likely to be seen most frequently providing on-site integrated affordable housing in both Cannock Chase and more generally. We are aware that the Council's aspirations include the delivery of houses rather than flats. Sizes will vary from scheme to scheme. It is always necessary to consider the size of new build accommodation while looking at its price – hence the range of prices expressed per square metre (or per square foot) is the key measure used in considering the research, working up the range of Value Points and reviewing the results and this, therefore covers all sizes of unit.

2.8.6 This study assumes that the affordable housing mix will broadly reflect that of the private housing and so would be transferred to an RP on a proportional basis to the market mix (or reflect that as closely as possible, to ensure a range of affordable dwellings coming forward as part of a wider sustainable approach). Clearly, in practice, the exact private and affordable housing mixes will vary from site to site, as may the consistency between them. The intention of this study assumption was to follow the principle that a mix of affordable housing dwelling types will be expected wherever that is achievable rather than an assumption of only smaller dwellings for affordable tenure. In addition, ensuring consistent unit sizes across the scheme typologies allows us to consider the policy impacts on viability rather than changes to unit sizes – "like for like" comparison.

2.8.7 For details of the dwelling mix for each on-site scenario appraised see Appendix 1 – "Table of Housing Mixes". It is acknowledged that dwelling mix will vary from site to site. In practice, there would be a tendency towards developers needing to maintain the higher value units within a scheme for private sales whilst also thinking about the relationship of the private units to the affordable units in terms of location. These are all factors which in reality (and dependent on the site location and characteristics) will affect the dwelling and tenure mix as part of the negotiated approach.

2.9 Affordable Housing Transfer (to RP) – Method of Payment Calculation and Type of Property Transferred

2.9.1 Officers at Cannock Chase Council indicated that the payments developers receive from RPs for the provision of completed affordable homes are currently based on a negotiated approach between those two parties. These are in turn driven by scheme costs and what the RP can afford to pay based on its business planning and financial assumptions when it considers the cashflow that will be produced by a scheme.

2.9.2 We have also considered the availability of funding in looking at viability (in the form of Social Housing Grant (SHG)). The grant funding climate is such that grant funding is not available for Section 106 schemes that require affordable housing as part of the planning obligations. Consultation with local RPs has confirmed a general position that the Homes and Communities Agency are not likely to be funding the affordable housing (s.106) elements of developer-led schemes moving forward. All appraisals were therefore carried out without grant as standard.

2.9.3 The likely payment that an RP would make for a social rented or unit of intermediate tenure within this modelling was determined through making judgements on the range of input assumptions following liaison with a number of locally active RPs where possible. Effectively, the value that could be paid to a developer for completed affordable homes is usually related to the mortgage finance the RP could raise based on the rental income stream (social rent) or capital and rental income stream (in the case of shared ownership or similar) with management and other costs deducted.

2.9.4 In practice, the values generated could be dependent on property size and other factors including the RP's own development strategies and thus would vary from case to case when looking at site specifics. The RP may have access to other sources of funding, such as its own resources or recycled capital grant from stair-casing receipts, for example, but such additional funding cannot be regarded as the norm – it is highly scheme dependent and variable and thus has not been factored in here.

2.9.5 The figures used in the appraisals are shown in Figure 3 below for each property type, and reflect the sums received per completed affordable home (for both rent and shared ownership) by the developer in return for constructing them (usually for an RP to which they are transferred):

Figure 3: Summary of Indicative Sums Payable by RP to Developer for Completed Affordable Homes

Rent			
Value Point	2 Bed House	3 Bed House	4 Bed House
1	£63,000	£72,000	£85,500
2	£63,000	£72,000	£85,500
3	£63,000	£72,000	£85,500
4	£63,000	£72,000	£85,500
5	£63,000	£72,000	£85,500
Shared Ownership			
Value Point	2 Bed House	3 Bed House	4 Bed House
1	£78,000	£84,500	£120,250
2	£84,500	£94,250	£136,500
3	£91,000	£104,000	£169,000
4	£97,500	£113,750	£175,000
5	£104,000	£123,500	£195,000

2.9.6 The exact nature and range of tenure models within an affordable housing mix will often need to be bespoke to a particular location and site – particularly in market conditions where these details are currently so dependent on demand as influenced by mortgage product availability, changing price levels, the Government's constantly evolving range of initiatives, developer's reactions and own practical marketing initiatives and other factors.

2.9.7 Although tenure mix is a site-specific consideration and dependent on local housing needs evidence plus the type of factors mentioned at 2.9.6, this study tests the impact of varying the tenure mix on development viability – based on certain assumptions as have to be fixed to drive appraisals. Experience with scheme specifics is that in the current climate the RP type financial appraisals for shared ownership and intermediate rent are producing similar outcomes in respect of what RPs can afford to pay for dwellings. As with much of this, figures will, of course, vary with scheme specifics. The tenure mix tested was as follows and as agreed with the Council:

- 80% social rent/20% intermediate

2.9.8 **Affordable Rent –** is one of the three tenure types recognised by and described in the Government's previous statement on planning for housing (PPS3) and subsequently the NPPF. Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

2.9.9 Affordable rented housing was introduced by the coalition Government to try to reduce down the overall grant level for affordable housing. The idea was that there should be a general presumption that there would be no grant on Section 106 schemes. The amount that an RP can pay a developer for a social rented unit should be the same as for an affordable rented unit. However, the increased rent generates more income which is then used to supplement the overall grant requirement of the RP on their other "non-S.106 schemes". This is then incorporated into the RP's overall framework agreement with the HCA.

2.9.10 **Affordable rent was never intended to make schemes more viable for developers**. We have therefore ignored affordable rent as a tenure in this study as its inclusion would have no effect on the overall viability of a scheme. For the purposes of this economic assessment report the term affordable rent is therefore embraced within the term social rented housing.

2.9.11 For **shared ownership** accommodation our calculations were based on a 50% initial capital sale with 2.5% rent paid by the purchaser on the retained equity.

2.9.12 Although generally it is expected that housing needs will dictate a bias towards social rent as a strategic starting point, it is acknowledged here that there may well be local circumstances where the Council will look to work with its partners on a different approach to tenure mix in some areas in order to create mixed and balanced communities.

2.9.13 It should be noted that where we refer to shared ownership in this study - and that may still be a part of specific site discussions between the Council on intermediate tenure content, developers and RPs - other tenure options or models may well now be relevant. The focus will increasingly be on "intermediate tenure" in an adaptable mix alongside the priority needed social rented accommodation. Other models, including renting at rates discounted from market rental costs ("intermediate rent") may well be relevant. Those could come into play depending on local specifics such as need, demand, funding, market factors (especially in the current climate) and affordability. In most cases, they will produce improved cash-flows and provide a better viability outcome, compared with social rent without grant, and be considered as more market friendly by developers as part of their overall view.

2.10 Resulting RLV

2.10.1 The results of all the appraisals provide us with data in both absolute value (£) terms and as a percentage (%) of GDV. To provide broad comparisons with published Valuation Office Agency (VOA) sourced land value data so as to provide an additional basis for interpretation of results, the approximate site area (land take) and density for each development scenario (site type and size) has been indicated.

2.10.2 We then calculate the approximate value of each scenario and appraisal variation in indicative £ per hectare (ha) terms, to enable a comparison with other published land value data.

2.11 Other Assumptions

2.11.1 The appraisals include a range of other variables that are all taken into account when calculating an approximate RLV. This is an extensive list and includes items such as fees, land buying costs, finance, agency costs and varying levels of CIL.

2.11.2 In some instances these figures are factors of other elements of the appraisal and, therefore, vary by site size and type.

2.11.3 The percentages and values assumed for the purposes of this exercise are listed below and are the result of a Building Cost Information Service (BCIS) overview, Adams Integra's experience, work with and discussions with developers, valuers, agents and others:

- **Base Build Costs (House Schemes)** - *£1,000/sq m*

This is applied to the Net Internal Area (NIA) of the accommodation.

2.11.4 Build cost figures have been taken as an indicative level, supported by our ongoing experience of scheme specifics, whilst also taking into account a range of information from BCIS data and feedback from developers.

2.11.5 There will always be a range of data and opinions on, and methods of describing, build costs. In our view, we have made reasonable assumptions which lie within the range of figures we generally see for typical new build schemes (rather than high specification or particularly complex schemes which might require particular construction techniques or materials). These build costs take account of the requirement for higher quality homes and reflect the requirements of the Code for Sustainable Homes level 3. As with many aspects there is no single appropriate figure in reality, so a judgement on some form of benchmark is necessary. There will be instances where other costs are relevant, including in overcoming abnormal site issues or characteristics.

2.11.6 We are aware that the developer's base build costs can be lower than our above base cost figures, and also that the BCIS tends to indicate lower figures. In contrast, however, there is also much said about costs being higher than this, often in the context of RPs procuring new housing through contractors and developers. Build costs are set out in a range of guises, including in BCIS, whereby items such as external works costs and fees, etc, are sometimes included, sometimes excluded. It can be difficult to carry out reliable analysis. So a view needs to be taken, and then monitored, tested and updated as informed by the experience of site specifics, negotiations and (from the affordable housing perspective) in light of funding availability and affordability for occupants.

2.11.7 Typical scheme-specific additions to these are:

- **Professional fees & contingencies**: *10 % of build costs.*

- **Marketing and Sales Fees**: *3% of Estimated Total Sales Value (GDV). There will be instances, dependent on the location and scheme type, where some of this expense or an additional sum will be directed to the setting up of a show home. This will, however, not be appropriate on all schemes hence we have not included for it as a standard assumption item. We would not expect it to alter the outcomes fundamentally.*

- **Legal Fees on Sale**: *£600 per unit.*

- **Finance**: *6% - on build costs, fees, etc.* No finance arrangement or related fees have been included for the purposes of this exercise. They might in practice be applicable, but we would not expect them to alter the viability equation fundamentally. Scheme funding arrangements will vary greatly, dependent again on the type of developer and scheme. As with much of this exercise, this is a snapshot and there are varying views as to what future trends will hold, and so over time we would need to see how added costs balanced with changes in sales values.

  During the course of the study, the Bank of England Base Rate has been maintained at 0.5%. On fixing our assumptions in the early study stages we decided to leave our finance rate assumptions unchanged. Due to the continued reduced availability of finance, we considered this approach to be further validated and therefore to remain appropriate. The impacts of the low Base Rate have still not been seen in any notable way, but with further time our interest rate assumption might begin to look high – it is not possible to tell. Nevertheless, this again fits with looking at viability reasonably cautiously rather than stripping out too many cost allowances from appraisals. It also fits with the strategic view – in terms of trying to settle on assumptions reflective of a range of potential market conditions. Our understanding is that house-buying and development finance remains relatively difficult to access – at least on favourable terms, related to the risks perceived by the markets and to the fact that lending between institutions is still not working on terms or to the extent that had underpinned the active market in preceding years. We have had a climate recently whereby rate reductions have tended not to be passed on, certainly not to a significant degree, to borrowers, and where other charges (arrangement fees, etc) have weighed against any cuts. So far as we can see, similar applies in a commercial sense. In summary, at the time of writing, we have no reason to believe that the commercial lending climate has eased significantly.

- **Legal Fees on Land Purchase**: *0.75% of land value (this will often produce a low figure when looking at very small or low value sites but only make a minimal difference to outcome).*

- **Stamp Duty Land Tax:** *Between 0% and 5% depending on RLV.*

- **CIL**: Appraisals carried out assuming £40, £60, £80, £100, £150 and £200 per m^2 for CIL. They are notional levels. We varied this assumption so that we and the Council could review the sensitivity of results to this factor – using similar thinking to the Value Points methodology rather than looking only at a relatively narrow set of assumptions. This was done in the context of a range of other areas which could effectively add costs to schemes from a developer's and therefore landowner's perspective.

  CIL is not intended to replace **site-specific** consideration of planning obligations levels.

- **Code for Sustainable Homes**: All base appraisals assume compliance with Level 3 of the Code for Sustainable Homes (for all dwellings – market and affordable).

- **Lifetime Homes** - While this can affect scheme viability in a wider sense - from the point of view of increasing building footprints and therefore cost and, potentially, site capacity - it may not necessarily add significant cost but instead has design implications. Interpretations and opinions vary widely. Early design input minimises its impacts, and costs depend on to what degree standards are applied and what other standards are already to be met. There are overlaps, and even areas where it can compromise or not fit well with other requirements. It is an area that needs to be kept under review in terms of practicalities, costs and impacts – as part of the overall expectations from schemes. There have been a number of studies into the costs and benefits of building to the Lifetime Homes standard. These have concluded that the costs range from £545 to £1,615 per dwelling, depending on: the experience of the home designer and builder; the size of the dwelling (it is easier to design larger dwellings that incorporate Lifetime Homes standards cost effectively than smaller ones); whether Lifetime Homes design criteria were designed into developments from the outset or whether a standard house type is modified (it is more cost effective to incorporate the standards at the design stage rather than modify standard designs); and any analysis of costs is a 'snapshot' in time.

It is an area that needs to be kept under review in terms of practicalities, costs and impacts – as part of the overall expectations from schemes. The same applies to the Council's likely approach to wheelchair adapted housing being incorporated wherever possible within schemes – specific needs, design implications and impacts will need to be considered as sites come forward and planning applicants will need to build this in to their thinking.

2.12 Stakeholders and Consultation

2.12.1 We invariably find that developers are, understandably, more often than not reluctant to share information on their assumptions. There are commercial sensitivities to be respected. However, as part of considering a range of information and informing our judgements for each of our studies we consult with a range of stakeholders including developers, landowners, RPs and agents as a matter of course. This is done through the "on the ground" and web-based/desktop research we have mentioned.

2.12.2 Adams Integra undertook not to disclose the detail of any of the responses but these were collated and have helped to inform our progress from that point. A sample pro-forma issued to stakeholders is shown in Appendix 10.

2.13 General Notes and Caveats

2.13.1 This study requires judgements based on the development values and changes seen in land values as a result of varying potential policy positions. This is in the context of seeking to guide policy development and arrive at clear policy targets. The results cannot be a definitive guide to how specific sites will be appraised or how outcomes on a site-specific basis will look. As this is a relative exercise aimed at determining the likely effect of a range of policy options, the most important factor is consistency between assumptions used for modelling scenarios. Specific assumptions and values applied for our schemes are unlikely to be appropriate for all developments. The same could be said of any set of study assumptions. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and informing policy development.

2.13.2 This study is set in the context of setting clear and realistic targets as a basis for long-term policy but bearing in mind short-term flexibility required to deal with the current housing market. Development viability will vary from site to site, and there will be no substitute for the negotiated approach to provision where necessary (e.g. sites with abnormal costs, low sales values, etc).

2.13.3 There can be no definite viability cut-off point owing to individual landowner's circumstances. It is not appropriate to assume that because a development appears to produce some land value (or in some cases value equivalent to an existing/alternative use), the land will change hands and the development proceed. This principle will in some cases extend to landowners expecting or requiring the land price to reach a higher level, perhaps even significantly above that related to an existing or alternative land use. This might be referred to as a premium, "overbid" or sufficient level of incentive to sell. In some specific cases, whilst weighing up overall planning objectives to be achieved, therefore, the proposals may need to be viewed alongside the owner's enjoyment/use of the land, and a potential "overbid" relative to existing use value or perhaps to an alternative use that the site may be put to. In practice, whether and to what extent an active market exists for an existing or alternative use will be a key part of determining whether or how site discussions develop.

2.13.4 These factors will not always come into play or always have very significant influences on outcomes. For instance, the market for an existing or alternative use proposal, and therefore the value it produces, will vary with time, location and economic conditions. They are likely to be highly variable as to relevance for and impact on particular schemes. In reality, scheme-specific land values have to be considered alongside existing or alternative use values and the latter, being very location and planning use or business dependent, will vary significantly too.

2.13.5 To attempt to make <u>detailed</u> comparisons with existing or alternative uses in this type of overview work for policy context would, in our view, have limited meaning. We have, however, attempted to provide examples of, and comparisons with, an alternative use value. Commercial use values in particular are highly site-specific. Nonetheless this study acknowledges that the level of value created by a residential scheme after making allowance for affordable housing and other planning obligations requirements will need to be weighed up against any existing or alternative use relevant to a particular site.

2.13.6 The use of notional sites/site typologies most effectively enables like-for-like comparisons to be made, i.e. the testing of impacts of the varying requirements on the same typical scheme in a range of value locations. The fact that individual schemes vary makes like-for-like comparison very difficult when studying those for this purpose of trying to measure policy impacts, with full reliable and readily comparable information being critical.

2.13.7 We have not definitively labelled specific locations or areas as higher/lower value, or similar. This is because in practice we found that values can vary from street to street and within very small areas. The Value Points approach used in this study means that viability outcomes can effectively be transported around the district and a feel for viability gained in relation to relevant value levels as those might vary by location as well as by scheme. As noted, this approach of reviewing outcomes from a range of values also enables the consideration of viability impacts and trends as values change with regard to market adjustments.

3 RESULTS AND RELATED COMMENTARY

3.1 Background

3.1.1 The residual land value (RLV) modelling carried out for this study looks at a range of scenarios investigating the impact on development viability in accordance with the methodology as set out in Chapter 2.

3.1.2 The number of appraisals required rises exponentially with the number of variables investigated. This is the case with all such studies and it is important to keep this exercise within practical limits. However, the modelling still creates a very extensive range of results, especially once all the variables are considered through additional layers of appraisals. These are presented by means of a large number of tables and graphs. The tables and graphs are all appended to the rear of this report should the reader wish to view them. They are set out in different ways depending on the particular impact we are seeking to investigate and visualise. The following results Chapter aims to lift from that large volume of information a few example results to explain the characteristics, impacts and trends of various potential policies on development viability. The purpose here is to help guide the reader in interpreting the results and to illustrate key points and trends which have led to our conclusions.

3.1.3 The data is shown in tabular and graphical form and shows the indicative RLV produced by each appraisal, those RLVs shown as a percentage of gross development value (GDV), and the approximate land value as a value per hectare.

3.1.4 The Appendices are set out as follows:

- **Appendix 1** – Table of Housing Mixes

- **Appendix 2** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; **CIL Level £0**. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.

- **Appendix 3** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; **CIL Level £40 per m^2**. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.

- **Appendix 4** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; **CIL Level £60**

per m². The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.

- **Appendix 5** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; **CIL Level £80 per m²**. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.

- **Appendix 6** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; **CIL Level £100 per m²**. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.

- **Appendix 7** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; **CIL Level £150 per m²**. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.

- **Appendix 8** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; **CIL Level £200 per m²**. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare

- **Appendix 9** contains a summary of our property values and market research.

- **Appendix 10** sample pro-forma for the stakeholders consultation process which complemented our wider and "on the ground" research.

- **Appendix 11** provides a Glossary of technical terms used throughout this study.

- **Appendix 12** shows a sample appraisal at Value Point 3 with £40 CIL.

3.1.5 The results appendices also summarise the RLV results across all scenarios and site sizes showing the corresponding monetary value in pounds per hectare (£ per ha) based on assumed indicative site areas ("land take") and density for each scenario. This type of data can become outdated quickly – especially in times of fast-changing markets as we have had recently. Such comparisons are used within this study only to help highlight how land value varies as assumptions change, and to show very generally the type or range of other information that the indicative RLV results might be compared with when it comes to considering how likely a scheme is to proceed given other valuation factors. The inclusion of this information here seeks to help with illustrating how the value (RLV) created by residential development proposals may look and vary relative to other example uses only. The key point through these indications is to build on the emphasis that considering alternative/competing or existing use values (and potentially additional incentive levels, as has been discussed) will often be important in site-specific viability and thus delivery discussions. In practice, as the study notes elsewhere, the values likely to be attributed to various existing or potential uses of a particular site will be highly site-specific.

3.1.6 At this strategic level overview for policy development, we are able only to make broad comparisons. Unfortunately it is simply not possible to provide the Council with definitive "cut-off" points where a scheme definitely would proceed, or conversely where viability would be compromised to the degree that development would not take place. Site specifics will influence viability on individual sites. Adams Integra sought additional, more Cannock Chase specific, information on land values such as was available at the time of research. The information search was also kept open during the study period. This was done through enquiries of local agents who may be dealing with land sales – sites for commercial and residential developments. Desktop (web-based) searching for any information was also carried out. Our study process involves asking agents if they have dealt with, or are aware of, any specific land sale (or marketing) information – or, if not, whether through their experience they can offer any views on local land values. These are typically, but not always, different agents from those we talk to about residential property sales. Particularly in the current market, this extra research has typically resulted in little additional information; however any that was gathered as the study progressed is included at Appendix 9.

3.1.7 There may be considerable variance between individual site circumstances and those modelled when setting an affordable housing target. It is therefore important that local authorities retain the flexibility that will enable them to negotiate individual sites. There will need to be a second stage to the viability process often prior to, or at, the planning application stage whereby site-specific discussions are necessary – for example, in the event of landowners or developers needing to demonstrate that affordable housing targets, or perhaps other planning obligations, cannot be met. The same might apply where a developer or landowner wished to explore enhanced (in excess of target levels) or alternative provision of affordable housing with the Council.

3.1.8 Our comments on existing and alternative use values (for example, commercial), and how those vary greatly with site specifics, will apply when the Council considers the viability of mixed use schemes in terms of the affordable housing and other requirements.

3.1.9 The following results sections cover the main scheme type/development scenarios (5 to 100 units).

3.2 Property Values

3.2.1 One of the key inputs into the appraisal process is the completed value of residential properties that will make up a scheme (i.e. the estimate of the scheme's GDV by reviewing the likely values of the component properties). Typical value levels that reliably represent particular localities are hard to pin down given the highly variable nature of housing product and local influences on price.

3.2.2 The range of new build values used in this study to enable us to test both the variation in values as may be seen across a range of scheme types throughout Cannock Chase and with a changing market over time is shown in Figure 5 below. Given the still relatively weak economic backdrop and uncertain condition of the current property market, the direction the market next takes is particularly difficult to assess at the moment - both nationally and more locally. By looking at a range of values this methodology is able to be used in a way which enables a review of viability outcomes in response to value levels as those vary. This means that overall the range of values tested is likely to remain appropriate and still capture the typical value levels locally as they move within this scale. The general range of new build values seen (in £ per sq m) and used for carrying out appraisals are as follows:

Figure 4: New Build Range of Values

Value Point	From £/ft^2	To £/ft^2	General Indications
1	£159	£180	Market falling from current lower end
2	£173	£205	Lower end values
3	£186	£254	Mid-range values
4	£199	£264	Mid to upper-end values
5	£212	£293	Upper end values

3.2.3 Further analysis of the pricing information indicated that the average new build marketing price point for Cannock Chase as a whole area was about £250/ft^2) at the time of our research (i.e. around our Value Point 3). This does not take account of the number of properties for sale at each point that fed into this calculation and as such the average can be skewed. The new build averages suggest a fairly wide range of property values across the district with significant overlap in places. However, studying viability over this range of values enables the results to be viewed in the context of values changing as influenced by moving market conditions.

3.2.4 It appears that, generally, values in the range of our Value Points 3 to 5 were most common. Given the condition of the current property market, the direction the market next takes is particularly difficult to assess at the moment - both nationally and more locally. By looking at this range of values this methodology is able to be used in a way which enables a review of viability outcomes in response to value levels as those vary. As mentioned previously, Value Points 1 and 5 were modelled to allow us to look at the impact on viability should the property market deteriorate further or improve from the point at which this research was carried out. This means that overall the range of values utilised is likely to remain appropriate for, and will most likely still capture, the typical value levels locally as they move within this scale.

3.2.5 Adams Integra's recent research for viability studies suggests in general that there no longer appears to be a significant premium value attached to new build properties compared to re-sales of a comparable type (although care needs to be adopted in analysis because data is not always on a like-for like basis, i.e. housing types vary considerably). This is due to the recent and ongoing lack of confidence in the housing market triggered by the recession. There have been anecdotal reports of mortgage valuation surveyors down-valuing new builds, and perhaps especially flats. Many agents have indicated that new build property now has to compete directly with resale in pricing terms. This is not always the case, however - for example where a scheme creates what is considered to be a new or particularly attractive offer for a given location, something which developers will strive for.

3.2.6 An important feature of the housing market which was triggered in Autumn 2007, developed in 2008 and has run through to 2010 (and appears to be universal) has been the slow-down in the rate of sales (number of sales being agreed and proceeding). The impact of the vastly reduced level of market activity (volume of house sales) has been to significantly affect the level of development activity by increasing perceptions of uncertainty and risk. It remains to be seen how this will play out fully in terms of the financial appraisal of schemes and sites and, as mentioned in Chapter 2, we see a range of reactions to it in terms of profit levels sought, and other assumptions applied.

3.2.7 We feel there is no doubt that current conditions add up to a negative financial viability impact when compared with how schemes are viewed and pursued in a more stable, confident market. Developments in general will be taking longer to sell (with build progress possibly slowed and costs outstanding for longer as a result) and varying packages of incentives are typically being offered. These factors were identified at 2.5.11 and are recognised in Appendix 9 as well. A key point here, again, is that affordable housing is not solely responsible for any viability difficulties –

and it should not be regarded in that way. There is often a complex interaction of influences.

3.3 Indicative Value Comparisons

3.3.1 As a basic premise, development is unlikely to proceed unless there is a positive residual land value which exceeds both any existing or alternative use value by a margin considered reasonable under prevailing market conditions. As mentioned previously, due to highly variable potential existing and alternative use values of sites, and in some cases particular “overbid” or incentive requirements, it is not possible to provide the Council with definitive “cut-off” points where viability will be compromised to the degree that development may not take place. However, it is possible to provide likely outcomes at varying levels. The results of this study are reviewed with reference not only to comparisons with existing and alternative use values but also through other indicators such as the ratio between the gross land value and gross revenue (GDV). By way of a basic example, a residual calculation that provides an output of zero value (i.e. RLV of 0% of GDV) after testing a particular policy requirement means that development on this site would not go ahead unless there was a special business case for pursuing it. Conversely, on a site where the RLV approaches 25% to 40% of GDV after the application of affordable housing policy it is likely (although not definitive) that land values are going to be high enough to absorb the impacts of the new policies. This is obviously not always the case and very high or very low values can skew the ratios.

3.3.2 Valuation Office statistics for industrial land in the Midlands[1] provided values between £350,000 and £650,000 per ha. The VOA provides no specific data for Cannock but more locally industrial land values of around £600,000 per hectare are being achieved. The VOA data has now been updated as of January 2012 with a smaller dataset. However, it comments that industrial land values have remained relatively static since January 2009 across the country. We can therefore assume that those values are still valid and for the purposes of this report, we have used the figure as a level of comparison.

3.3.3 VOA data also suggests that agricultural land value is below £20,000 per ha (dependent on type). Although this is true for purely agricultural land, if the case arises in Cannock Chase that true Greenfield land comes forward for residential development (either through site allocations policy or other means) there is normally an associated uplift in value. While land value expectations and payments in those cases are likely to be very much lower than with many previously developed sites, there may well still be

[1] VOA Property Market Report July 2011

varying degrees of incentive required – taking comparative land value situations up to perhaps £100,000-£400,000 per hectare[2]. Again, this is necessarily purely indicative but adds a further layer or filter when comparing the RLVs of our notional site typologies with values created by alternative uses.

3.3.4 What this broadly indicates on a comparison basis with average data from the VOA, is that the value of our various housing schemes (at Value Point 3 with 20% affordable housing with £60 per m^2 CIL per property) exceeds typical commercial land values. At 25% affordable housing, however, we start to see the RLV drop below the upper indicative value for industrial land. However, were this to be a Greenfield scheme then our comparison may alter and we may be looking to see whether the RLV generated could exceed a figure somewhere in the range £100,000 to £400,000 per ha. In this case, at Value Point 3 we would see those figures exceeded up to and including 25% affordable housing.

3.3.5 At Value Point 4 we would see the value of the land for all our housing schemes exceed the range of industrial and upper end commercial use values at all proportions of affordable housing compared to the values shown in the VOA data.

3.3.6 We have noted that comparisons with other information such as provided by the VOA on land values for various uses, is purely indicative. The purpose is to reinforce the relevance of considering the issue of other land use values, and that those might impact on what becomes of a site - or on what a site is able to provide. The values relating to sites (whether for existing or alternative/potential uses) will be highly specific. Where we have been able to gather any further information or indications from agents on land values locally, details have been added to Appendix 9 as the study has progressed. Looking across a wide range of similar studies, this has typically been very limited, because the feedback echoes our points about the site-specific nature of comparisons. Recent and current market conditions, for residential and commercial property and development, have meant very low activity and transactions levels and resulted in such information being hard to come by.

3.3.7 As stated previously, comparisons on this sort of basis are difficult to make with any real certainty or confidence. Again, there will be no substitute for consideration of site specifics where viability issues arise, but we consider it helpful to make some cross reference between our results and this sort of information on land values.

[2] HCA Area Wide Viability Model Annex 1 "Transparent Viability Assumptions" (August 2010) Consultation Version suggests a benchmark of between 10 and 20 times agricultural value

3.4 Results Trends

3.4.1 The overall trend of results shows a decrease in RLV for all site sizes and types in all cases as:

- Market property values decrease.
- The proportion of affordable housing increases.
- Developer's profit is increased.
- Planning obligations/infrastructure requirements are increased, and
- Other costs are added to the scheme (for example, through increased Code for Sustainable Homes attainment, but potentially through a wide range of matters).

3.4.2 A reduction in RLV would be seen if any of the costs within the appraisals are increased or the affordable housing revenue to the developer reduced, whilst maintaining the same private market sales values. These are all normal trends encountered in any such study (or indeed site-specific appraisal). They demonstrate the dynamic nature of the development process and the fluid nature of any appraisal modelling that endeavours to understand or demonstrate it.

3.4.3 The above will all have an impact on development viability because the sums of money remaining to purchase land after all costs are met (i.e. the RLVs) reduce as development costs increase (including increasing affordable housing requirements, in the context of this study). The importance of strong sales values to viability, particularly as development costs (again including affordable housing) increase, can clearly be seen.

3.4.4 A combination that includes multiple or all of the factors which decrease RLV (as per the examples listed above) will have the greatest impact on the viability of a scenario.

3.5 Schemes Above 15 unit Affordable Housing Threshold

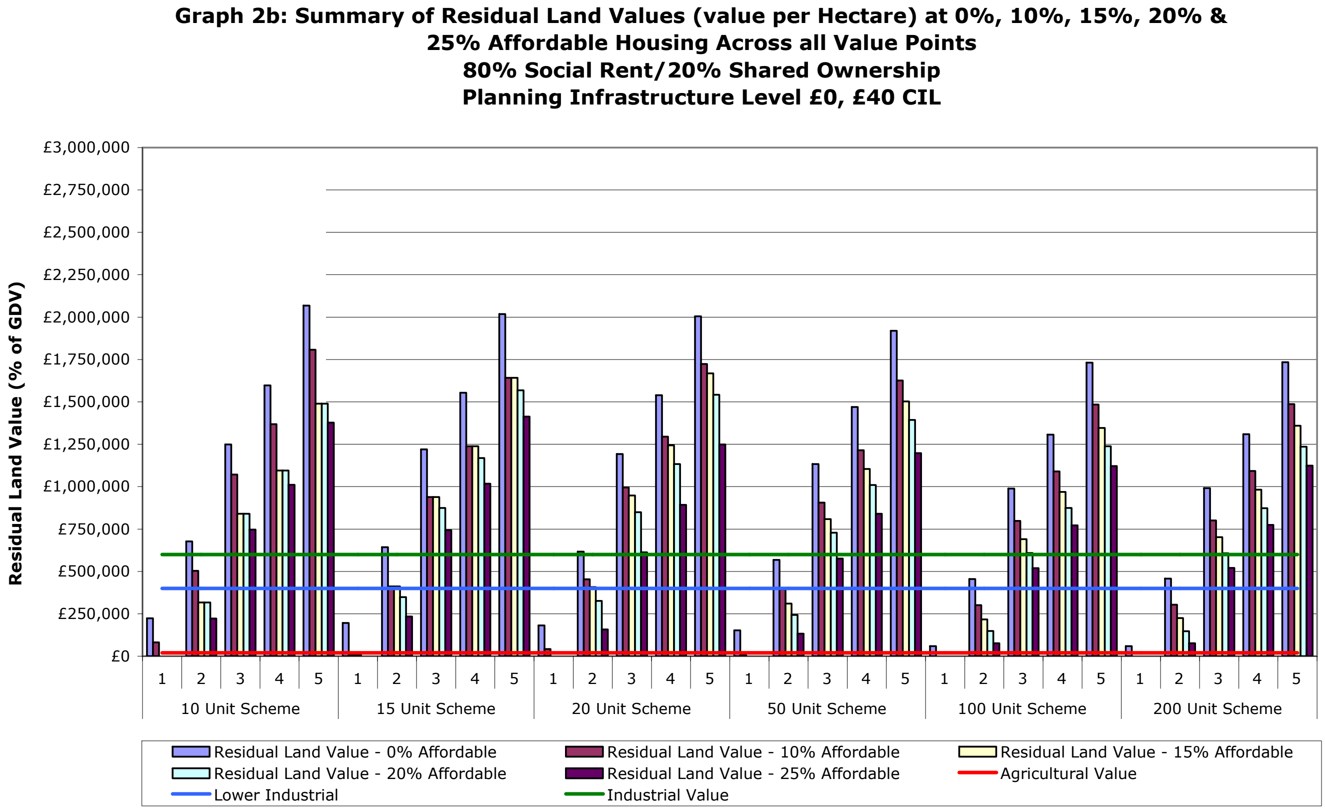
3.5.1 The impact of affordable housing proportion on development viability has been tested on all scheme sizes at 10%, 15%, 20% and 25%. This range of proportions has been tested to enable us to consider options around the Council's proposed policy scenarios.

3.5.2 The lowest RLVs occur where the property values are lowest whilst the affordable housing proportion, and social rented tenure content of that, is highest. The following is based on our base appraisal assumptions. The impact of varying tenure, varying profit, higher infrastructure costs, higher sustainable design and construction standards are discussed later.

3.5.3 We have looked at sites of between 2 and 200 units. In the examples below we have shown the results with £40 per m^2 CIL level.

3.5.4 Figure 5 below is taken from the results in Appendix 3 to show how the RLV reduces as the affordable housing proportion increases, and increases with value (Value Point). Also indicated in each case is a range of possible competing use values that may be relevant for comparison with the resulting RLV of the site dependent on its type location. In this case the range of potential commercial/industrial values are shown. The commercial/industrial land values are, as above, assumed at £600,000 per hectare.

Figure 5:



3.5.5 Given the development cost levels and base assumptions as set out previously, at Value Point 1 and 2 there is little or no residual land value (RLV) generated on most of the schemes appraised except where we look at 0% affordable housing, and occasionally with low proportions of affordable housing (also see Appendix 2 for full results). This means essentially that, on this basis, there is insufficient value in schemes to overcome their costs whilst still creating sufficient development profit and a meaningful land value. As such, it would not be practical to expect such schemes to deliver affordable housing in any substantial proportions based on these assumptions, unless they were promoted on inherently low value sites – or where land did not have to be purchased (e.g. Council/public-owned land).

3.5.6 By Value Point 3, we start to see residual land values generated that could exceed industrial/commercial alternative use values and still provide an element of affordable housing.

3.5.7 By Value Points 3 and 4 much stronger RLVs are generated more often. In all cases we see that with 20% affordable housing, all alternative use values are exceeded, often significantly so.

3.5.8 By Value Point 4 and 5 at the upper end of the range of values most regularly seen locally, the indicative land values generated by our appraisals reach levels likely to be in excess of most potential existing/alternative use values where there is a requirement for 25% affordable housing.

3.5.9 As with all study locations, there will be variations within, and exceptions to, these types of trends.

3.6 Schemes Below the 15 unit Affordable Housing Threshold

3.6.1 The overall impact of a range of potential affordable housing policies also needs to be judged with reference to the scheme size (principally number of dwellings) at which policy requirements could take effect. These scheme sizes, or trigger points for policy, are known as thresholds.

3.6.2 The wider evidence beyond this study points to lowered thresholds being necessary and justified to optimise progress towards meeting affordable housing needs. In the past, small sites have played a major part in housing supply in Cannock Chase with a majority of housing delivery from sites that do not qualify to make affordable housing contributions (<15).

3.6.3 The study brief therefore extended to cover wider potential options including the review of a lowered or no threshold (i.e. where a wider range of smaller sites, or perhaps all sites, would contribute in some way towards meeting affordable housing needs).

3.6.4 Cannock Chase Council's currently applied affordable housing policies place a requirement for the provision of affordable housing on sites of 15 dwellings or more across the district. To reflect schemes of fewer dwellings, i.e. falling outside the scope of the current approach, schemes of 2 units and 5 units were tested with 0% affordable housing on those smaller sites.

Figure 6:

Valuations at 0% affordable/Code 3 Commuted Sums

Figures represent land value/% to GDV/land value per ha

Number of Units	Density	Value Point 1	Value Point 2	Value Point 3	Value Point 4	Value Point 5
2	Medium	£6,158	£24,012	£41,866	£59,721	£77,575
		2.5%	8.7%	14.0%	18.4%	22.2%
		£138,545	£540,269	£941,992	£1,343,715	£1,745,439
5	Medium	£36,539	£90,102	£161,519	£202,326	£253,659
		5.3%	11.9%	18.8%	22.0%	25.4%
		£328,847	£810,915	£1,453,673	£1,820,934	£2,282,927

Agricultural value - £20k per hectare
Agricultural - Agricultural uplift £20K - £400K
Agricultural uplift - Lower industrial £400k - £600k
Industrial value - £600K plus

3.6.5 The table above show that at Value Point 3 the RLV per hectare easily exceed the industrial/commercial values.

3.6.6 It also shows that the range of RLVs as a % of GDV is approximately 18%

3.6.7 These results show that scheme size is not a determinant of viability in itself. This is a consistent finding common to all of our studies. There is nothing within the appraisal maths which suggests that smaller or larger sites tend to be any more or less viable than each other. It really does come down to site specifics – the nature of sites and the proposals for them relative to existing use, specific costs, etc, all as discussed.

3.6.8 On a scheme that would already be "captured" by the policy scope (i.e. 15 or more dwellings or 0.5ha) it must be assumed that there has been, and is already, a land value expectation adjustment in process. In other words, there is a growing acceptance more generally of the affordable housing requirements which affect those sites already within policy scope, and of the need for those to be factored in to early stages scheme discussions.

3.6.9 However, for sites falling beneath current policy scope, this is not the case (that expectation has not been in place). We do envisage, therefore, that there will be many cases initially where the developer/landowner will not have taken this into account and that there will be an increase in scheme-specific viability cases being submitted.

3.7 Approach to Seeking Affordable Housing Financial Contributions

3.7.1 The Council required the study to include consideration of the collection of financial contributions on smaller development sites. The thinking behind this is the need to optimise overall contributions towards meeting affordable housing needs by seeking some level of provision from the numerous smaller sites which typically make up a significant proportion of the authority's housing delivery pattern.

3.7.2 In all of our calculations for such studies we find no reason for stating that smaller sites are more or less financially viable than larger ones. Hence there is no viability reason why smaller sites should not make an appropriate, carefully judged, level of contribution towards meeting affordable housing needs. There are economies of scale associated with larger schemes but with smaller schemes the infrastructure costs are generally lower and the sales values associated with smaller schemes can be higher.

3.7.3 The approach could reduce the inevitable abrupt step in requirements once the on-site affordable housing threshold takes effect. While specific thresholds are arbitrary, we consider that this type of approach could also have the potential to respect the practicalities that can sometimes be experienced in seeking to provide successful small developments that incorporate on-site affordable housing.

3.7.4 This approach, if implemented, would effectively mean an effective removal of thresholds but with financial payments being made (in lieu of on-site affordable housing requirements) from schemes within the size range of 1 to 14 units.

3.7.5 The range covered in this instance relates to the potential viability of requesting financial contribution payments for affordable housing from schemes of fewer than 15 dwellings.

3.7.6 Adams Integra's approach to financial contributions for affordable housing (regardless of scheme size) is set out in detail below. This is used to test the potential for the collection of carefully judged financial contributions from schemes below any on-site threshold. It does not preclude the use of any other methodology or calculation.

3.7.7 At the time of writing, Adams Integra is aware that many authorities are looking at, or pursuing, the idea of all sites making some form of contribution. Other local authorities are exploring the scope for, and issues with, lower thresholds and/or financial contributions linked to smaller sites in a similar way.

3.7.8 We are asked to review these areas, in terms of viability, in many of our studies.

3.7.9 Compared with previous national advice under Circular 6/98 and PPG3 (now rescinded), the Government's previous statement on planning for housing (PPS3) gave more scope for the consideration of thresholds, related to local circumstances "where viable and practicable" and this is continued in the NPPF.

3.7.10 Ours is by no means the definitive or only approach that could or should be taken in the collection of financial contributions. As far as establishing or indicating payment levels is concerned, local authorities adopt a number of calculation methods. In most cases it means considering a methodology which either:

- Relates to the build cost of the affordable homes, or
- Relates to the land cost element – allied to a nil-cost land approach to on- site affordable housing, or
- Considers the difference between the open market sale revenue and the affordable housing revenue for the relevant homes which would have formed the on-site quota.

3.7.11 Our suggested route is purely a mechanism to allow us to calculate a reasonable contribution and test the impact on development viability of collecting those sums of money in lieu of on-site affordable housing provision. It is an approach that has been applied usefully and successfully in negotiations, outside of Cannock Chase. We have selected it because it relates to land value, and so shares thinking with the study basis. In our experience this also usually makes it better understood by landowners and developers compared with potentially complex and highly variable affordable housing funding related mechanisms. A commuted sums methodology based on land value links well to market reality and processes, and should be simpler to take account of in the early stages of site feasibility.

3.7.12 In essence, the methodology involves calculating how much it would cost, approximately, to go off-site and replace the land on which the affordable housing would have been provided on-site. This is the basis we have assumed, and we allow for indicative costs associated with land purchase and getting the site ready for development (aspects which would usually be provided or assumed within the arrangements and calculations for on-site affordable housing).

3.7.13 We are assuming here a straightforward payment being made by the landowner (who may be the developer) under the terms of a Section 106 agreement in much the same way as occurs with planning obligations for aspects such as highways/transport, open space, education, etc. The calculation should not (and this way it does not) look at the benefit to the developer of moving the affordable housing contribution off-site. The Government's previous statement on planning for housing (PPS3) requires the contribution secured to be "of broadly equivalent value" to that which would have been secured through on-site provision.

3.7.14 Adams Integra's suggested route involves a formulaic approach to approximating the land value that needs to be replaced elsewhere, and then allowing also for the cost of acquiring and servicing that land – as above. In practice, the Council might not look to buy another site, but should have a strategy for monitoring, managing, allocating and committing these contributions. That strategy could include providing a variety of more creative affordable housing funding assistance to other local schemes, addressing priority needs and contributing to sustainable communities aims - again as envisaged by NPPF.

3.7.15 The methodology used to calculate the financial contributions involves taking a pre-affordable housing land (plot) value, calculated as a percentage of the market sale value of a property and taking account of other planning obligations and development cost assumptions. For this study this percentage reflects the pre-affordable housing RLV results, as taken from this study. We take the view that an allowance should be added to this base sum (bearing in mind that as well as land value there would be acquisition and (potentially) site preparation and servicing costs to bear). We are envisaging being able to replace the land elsewhere as the broadly equivalent benefit being secured.

3.7.16 The financial contribution is calculated via the following steps:

a. Gross development value of each house type.

b. Multiply by the RLV percentage. In Cannock's case, we have used 18%, derived as per 3.7.15 above (and see also Appendix 7).

c. Add 15% of the result of [a x b] to reflect (as an estimate) site acquisition and preparation/servicing costs.

d. Apply to the relevant dwelling numbers and types, and to the equivalent affordable housing policy proportion – 20%.

3.7.17 To further illustrate the principle, the following is a worked example:

Example – Scheme of 3 x 3 bed houses

1.	OMV of 3 bed house at Value Point 3	£160,000
2.	Multiply by the RLV percentage (18%)	£28,800
3.	Add 15% on-costs	£33,120
4.	Apply affordable housing equivalent proportion 20% = £6,624	
5.	Multiply by no. of units (3)	
6.	Financial contribution payable	£19,872

3.7.18 The results suggest that seeking to collect financial contributions driven by these sums in areas or instances that fall within Value Point 1 to 2 will have a significant impact on viability – again reflective of the on-site affordable housing results. At Value Point 3 value levels and above, RLVs improve to the point where, with the normal caveats applying (with regard to scheme specifics, being allied to a target approach as with on-site provision, etc), viability should be workable subject to a negotiated approach. So we see a similar pattern, as would be expected, to the on-site affordable housing results.

3.7.19 Whilst, as with other results, there can be no single right answer or definitive cut-off point. The results suggest that a 20% affordable equivalent based financial contribution could be workable on this basis.

3.7.20 As a comparison on a site of say 100 houses the affordable housing requirement would be 20 units. Those 20 units would be in the proportion outlined earlier in the report - 2 beds - 63%, 3 beds - 24%, 4 beds - 13%. This would give the following mix

12 x 2 beds
5 x 3 beds
3 x 4 beds

Assuming values at value point 3 the open market value of the 2 affordable properties would be £3,260,000.

The amount the developer could expect from the RP for these units would be £1,544,000. The developer contribution from the 80 open market units would therefore be £1,716,000 or £21,450 per unit.

3.7.21 This also has to be viewed in the context of site specifics. In pure viability terms, similar considerations apply as with on-site situations. What one landowner finds acceptable as a payment for their land will be different from another. This is especially true on small sites where we could be considering garden plots, etc. In real monetary terms, the residual value of land may reduce to the point whereby landowners of small plots do not feel there is sufficient recompense to sell. Equally, where existing residential units are bought up and demolished to make way for a larger number of units, viability issues may occur. This is due to the high value of the existing residential properties that usually needs to be overcome before the new development can become viable. The approach needs to respect the market-driven basis that it would be reliant upon, not be too rigid, and be sensitive to these factors.

3.7.22 Having set out a formulaic approach for schemes below the on-site provision threshold, we suggest that the same basis could also be applied for larger sites or schemes in higher value areas where (exceptionally) it is agreed that the most appropriate solution for meeting balanced communities and wider planning objectives is through a financial contributions route. This would promote consistency within the overall approach. In all cases the relevant per unit (dwelling) sums would be apportioned depending on the scheme details and relevant affordable housing equivalent proportion. In any event, it could play a role as an additional tool for the Council – for example, in moving affordable housing subsidy to support higher priority schemes, or (if a mix of on-site homes and part contributions is applied) to cross-subsidise a reduced number of priority needs affordable rented homes within the same scheme.

3.7.23 Policy development should include this financial contributions aspect if it is to be pursued, so as to make clear to landowners and developers the essence of its approach and at least on what general basis calculations would be made. It is an area of the Council's potential approach that may need to be developed in further detail through a separate SPD or DPD.

3.8 Social Housing Grant and other Subsidy

3.8.1 Given the potential viability constraints discussed so far at Value Point 1 and Value Point 2 it is likely that social housing grant or other public subsidy will need to continue be brought in to the district to support delivery. On lower value schemes, it should be possible for the Council and its partners to readily demonstrate the "additionality" achieved through grant input where that is available, in accordance with the type of HCA principles that have been applied to date.

3.8.2 We have looked generically at the intermediate tenure, since what counts for financial viability is the level of revenue it produces for the developer. This reflects the increased likelihood that it will be seen in varied forms and combinations within schemes. This is purely for the purposes of fixing assumptions and reviewing financial viability, whereby we are looking at increased payments to the developer compared with affordable rented tenure (particularly with no grant). It does not prevent the Council and its range of partners from considering and perhaps trialling a range of tenure models, or from varying the assumptions we have applied. Indeed such an approach is to be encouraged – we expect that there will be a role for a wider menu of tenure options.

3.8.3 Whilst (in line with the HCA's "additionality" approach), the Council's starting point has to be to consider what affordable housing can be achieved without grant, our view is that grant or some other form of subsidy such as money raised from financial contributions is likely to have an important role to play in balanced housing delivery locally that would continue to include genuinely affordable housing options including affordable (social) rented tenure or some other equivalent package/housing offer. This may well be the case, particularly in supporting varied and appropriate tenure provision, and perhaps especially on lower value schemes or in other situations where viability may be more marginal. We understand that the Council's general approach will be to seek a tenure mix of 80%/20%, although as a guide and starting point – so that site specifics will prevail. The HCA have been contacted previously and Adams Integra were provided with the following information and default position which reflects our understanding:

"The Homes and Communities Agency works on a basis of additionality on s.106 sites whereby any social housing grant going into a scheme is to purchase outcomes above and beyond those that can be delivered through the s.106 agreement itself. The starting position is to assume no grant goes into an s.106 site as the s.106 itself should be securing affordable housing outcomes. Grant input would then be required to improve the affordable housing outputs (e.g. secure a greater percentage of social rented homes)."

3.8.4 The levels of local needs still point towards a significant bias to affordable (social) rented tenure as a target position, or to an alternative offer/package of measures which continues to offer an equivalent level of affordability.

3.8.5 In our experience, an approximately balanced affordable tenure mix (e.g. approximately equal proportions of affordable (social/equivalent) rent and intermediate) can be achieved with little or no grant, providing the overall affordable housing proportions sought (and other planning obligations requirements) are not too high. However, as above, we consider that there is a role for grant or other subsidy which is as a result of financial contributions.

3.9 Implications of the National Planning Policy Framework (NPPF)

3.9.1 This study was mainly carried out when the Government's previous statement on planning for housing (PPS3) was extant but following the recent introduction of the NPPF this work has been reviewed in light of it and remains relevant.

3.9.2 The extracts below from the NPPF outline the way in which policy and development management decisions should take account of viability issues. The critical phrases are outlined for emphasis.

3.9.3 Aims of NPPF - To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- Plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes),

- Identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and

- Where they have identified that affordable housing is needed, set policies for meeting this need on-site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.

3.9.4 SHLAA - Authorities should prepare a Strategic Housing Land Availability Assessment to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period.

3.9.5 The NPPF goes on to indicate that pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable.

3.9.6 The NPPF goes on to indicate that Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.

3.9.7 CIL - Where practical, Community Infrastructure Levy charges should be worked up and tested alongside the Local Plan. The Community Infrastructure Levy should support and incentivise new development, particularly by placing control over a meaningful proportion of the funds raised with the neighbourhoods where development takes place.

3.9.8 The NPPF goes on to indicate that where safeguards are necessary to make a particular development acceptable in planning terms (such as environmental mitigation or compensation), the development should not be approved if the measures required cannot be secured through appropriate conditions or agreements. The need for such safeguards should be clearly justified through discussions with the applicant, and the options for keeping such costs to a minimum fully explored, so that development is not inhibited unnecessarily.

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

4 CONCLUSIONS & RECOMMENDATIONS

4.1 Cannock Chase values and headlines for affordable housing proportions

4.1.1. Typical current new build value levels in Cannock (and to a degree, looking ahead at a potentially improving market) are best represented by our Value Points 2 to 5 from within the wider range we studied given the strategic context of this work

4.1.2 Within that part of our overall range of values assumptions, we consider that Value Points 3 and 4 are most relevant to the district and for the consideration of policy – not just now, but also looking ahead through scenario testing (with the acknowledgement that it is impossible to predict long-term market performance), but also allowing for a wide variety of scheme and location types. As appropriate to long-term policy formulation, the methodology employed in this study (whereby a range of value levels (Value Points) is reviewed and appraised) ensures that the results of the study cover not just short-term market conditions but also potential market fluctuations.

4.1.3 It follows that the results represent a wide range of scenarios and a mixed overall picture of scheme viability for the district, which we must be mindful of by not underpinning our thinking and recommendations based on new build value levels which may not be seen frequently enough in the areas most likely to deliver significant housing numbers in the Cannock context.

4.1.4 The following sub-section will develop this finding from the key base appraisal results. We have explored the wider potential options for the pitching of the headline policy in terms of higher target proportions.

<u>Recommendation 1:</u>

An appropriate headline policy target applicable to Cannock Chase Council would be to seek 20% affordable housing on sites of 15 or more dwellings.

4.1.5 Aside from the positioning of the policies, we consider there to be a key role for the Council in monitoring its local property market through regular/ongoing information reviews, i.e. keeping familiar with local development activity, pricing and trends; regular capturing of agents' views, developers' and RPs' feedback and the like, Land Registry house price and other indicator trends and other locally relevant information.

4.1.6 This is the type of information we have gathered and reviewed and could very usefully be kept "live" and topical. We feel that this would be very beneficial in providing expanded and local context for, and links with, the wider monitoring the Council carries out (it could also be related to local incomes and other economic trends, housing supply data, etc). If this is kept up-to-date, it will lead to a good base level of familiarity with values levels and other aspects likely to be relevant for ongoing site-specific discussions.

4.1.7 The 20% target takes account of the collective impacts on schemes with regard to the general direction of increasing planning obligations, build enhancements through increasing Building Regulations/Code for Sustainable Homes, etc. This study has tested Code Level 3 standards all the positive recommendations put forward here show the achievability of reasonable sustainable construction standards alongside market delivery of affordable housing.

4.1.8 In coming to this recommendation we are also bearing in mind that affordable housing is not just about numbers, but also about dwelling types and mix, tenure, affordability, quality and choice.

4.1.9 The above policy scope relates primarily to scenarios of 15 or more dwellings, rather than any smaller site releases.

4.1.10 The study has also investigated the scope for the Council to consider lowering the threshold for affordable housing contributions given the high frequency of schemes of fewer than 15 dwellings, including the incidence of schemes of fewer than 5. We consider that a widened scope of affordable housing policy – including a greater range of, smaller, sites - could have the potential to be a more equitable approach overall. It is our opinion that the lowering of thresholds district-wide would be more likely to enhance the planning-led delivery of affordable housing than looking to increase target proportions (e.g. to 25%) in the two typically higher Value Point areas.

4.1.11 Given the level of affordable housing need as identified within the Council's Strategic Housing Market Assessment (SHMA) we consider that a more equitable overall approach could well result from a lowered threshold for seeking affordable housing from market-led housing developments.

4.1.12 We consider that there is a range of mainly practical (integration, design, affordability and management) and sustainability reasons pointing away from a requirement for on-site affordable housing on developments of fewer than 15 dwellings. Our experience with RPs is that do not like to see less than 3 units on-site.

Recommendation 2:

We consider it to be appropriate for the Council to lower the affordable housing policy thresholds (retaining 20% affordable housing) to all new housing. Unless compelling local factors and evidence point to the workability and sustainability of potentially highly dispersed singles or pairs of affordable homes, our view is that schemes of fewer than 15 dwellings should not be expected to provide on-site affordable housing as a general rule **but should provide a financial contribution as per Recommendation 3 below at an amount equivalent to 20% affordable housing**.

4.1.13 In addition to the first-time impact effect on smaller sites, we also acknowledge the need to bear in mind that the residual land value produced by a residential development may be increasingly marginal compared with an existing or alternative use value (in terms of monetary (£ sum) rather than in £/Ha value).

4.1.14 There may be various workable options open to the Council to consider for an approach to targets and providing clarity, allied to lowered thresholds – as per the principles/alternatives indicated in the following recommendations:

Recommendation 3:

On sites in the range of 1–14 an alternative to on-site affordable housing provision (for example, the use of a financial contributions strategy) would be appropriate. Financial contributions can be related to the exact affordable housing equivalent produced by a calculation – numbers rounding need not affect their use.

4.1.15 Given the profile of housing needs in the district, in common with many other areas, the Council will be obliged to seek to optimise the rented tenure provision in the particular circumstances relevant to specific schemes.

4.1.16 Intermediate forms of affordable tenure have the capacity to contribute to improving scheme viability.

Recommendation 4:

The starting point for negotiation will generally be to expect 80% social rent and 20% intermediate tenure in line with the recommendations of the Council's existing policy.

4.1.17 Affordable housing tenure mix should be related to evidenced needs and high-level strategy rather than applied rigidly from site to site; much will depend on the specific circumstances.

4.1.18 All outcomes will be dependent on site specifics, not withstanding the certainty of expectations that is required alongside an appropriate balance between affordable housing need and viability.

4.1.19 Some flexibility may well be needed on the application of affordable housing targets particularly in the short-term (noting the ongoing market uncertainties) and especially if the collective costs burden on schemes is to rise significantly.

4.1.20 In all cases the policy positions should be set out as clear targets, to help inform land value expectations and form the basis for a continued practical, negotiated approach. Precise wording of policy is an important aspect, particularly in relation to the terms associated with the targets. It needs to create clarity.

<u>Recommendation 5:</u>

Policy should be clearly worded so as to set out genuine targets (but not by reference to ranges, minimums or other variables) with the approach acknowledging the role of viability and application of flexibility where required.

4.1.21 Policy wording will need to acknowledge the relevance of considering development viability on case specifics.

4.1.22 The cost of assessing the validity of a financial viability argument should be borne by the developer making the application.

<u>Recommendation 6:</u>

Where a developer considers a site has particular viability issues then the developer should put forward a case which will then be subject to independent assessment to enable full consideration by the Council. (The cost of any scheme specific viability assessment should be funded by the applicant).

4.2 Cannock Chase headlines for CIL rates

4.2.1 Given CIL's nature as a fixed tariff, it is important that the Council selects rates that are not on the limit of viability. The Council could in principle set a higher rate for residential schemes as the level of affordable housing could be adjusted in the case of marginally viable schemes. However, this approach runs the risk of frustrating one of the Council's other key objectives of delivering affordable housing. Consequently, sensitive CIL rate setting for residential schemes is vital

4.2.2 Our core recommendations on CIL levels are summarised as follows:

4.2.3 The ability of residential schemes to make CIL contributions varies significantly depending on size and type of scheme, area and the current use of the site.

Recommendation 7:

Having regard to these variations and reviewed the findings of this report our opinion is that the majority of residential schemes in the District should be able to absorb a CIL rate of £40 per m2 leaving a margin for site-specific factors that might affect viability. We recommend the Council consider this rate.

5 WIDER DISCUSSION

5.1.1 The “National indicative minimum” (site size) threshold for affordable housing is regarded as 15 dwellings, as set out by the Government’s previous statement on planning for housing (PPS3). It goes on to say, however, that local authorities can set lower thresholds “where viable and practicable”. The results discussed in this study show that lower thresholds could be considered, provided that the affordable housing target proportion is not viewed in isolation and rigidly and this is continued in the NPPF.

5.1.2 Where we have mentioned negotiation, that does not necessarily mean an overall reduction in affordable housing – it could mean changes to the tenure mix to provide an element of cross-subsidy into a scheme. Similarly, there may need to be a compromise position achievable rather than moving straight to an assumption that leaves a site contributing nothing to affordable housing needs, but that allows the affordable housing delivery on particular sites to react to changing viability and funding circumstances as more certainty is created with scheme progression.

5.1.3 If the policy targets cannot be met, then landowners and developers will need to clearly demonstrate why. In our view the final judgement on exactly where this element of the policy proposals will settle should be based on all the factors viewed together, i.e. alongside the viability outcomes. Included in these will be the key elements of forecasting of increased affordable housing units delivery based on the size and number of sites coming forward (site capture), local housing needs and practical thinking on the consequences of having small numbers of affordable homes distributed widely across a higher number of schemes.

5.1.4 Crucially, and regardless of detail, the policies should be worded in clear terms. They should not be expressed as a minimum level of provision or be capable of interpretation in an ambiguous way.

5.1.5 It is important that a flexible and negotiated approach to policy application is adopted to ensure the continued supply of residential development land, notwithstanding the very high priority that will be given to addressing affordable housing need. The policy or supporting text would need to make this flexible approach clear. The aim is to provide clear and robust targets for guidance to developers and landowners in appraising and bringing forward sites.

5.1.6 As part of providing clarity of expectations and to aid the smooth working of the approach, the Council will need to be clear about whether any new policy positions will be applied to the gross (total, irrespective of any dwellings existing prior to the scheme) number or net (i.e. deducting for any such dwellings) number of dwellings being provided by a development scheme.

5.1.7 It may be particularly relevant to clarify this in respect of the very smallest schemes including single dwellings, replacement dwellings, conversions, etc. In our experience, Examination Inspectors have been nervous about gross policies universally applied – particularly to the smallest schemes, because there can be such a significant difference in implications compared with a net new dwellings application.

5.1.8 We expect that in site-specific viability discussions, where necessary, the use of a toolkit (including but not limited to the HCA's "Economic Appraisal Tool" – or developer's own workings) will be encouraged. Developers will be encouraged to work closely with their RP partners, who will increasingly be using that type of appraisal work to support their decisions and approaches for social housing grant in conjunction with the Council.

5.1.9 The key factors influencing policy should be kept under review - including housing affordability and needs, site supply, economic trends/housing market and viability. Our recommendations are considered to be sound for the current stage of policy development, which is set in a strategic context. Their impact and the delivery resulting from them will need to be monitored with a view to longer-term future direction.

5.1.10 Where the Council collects financial contributions in lieu of affordable housing these monies may be ring-fenced and used to meet the Council's affordable housing objectives in partnership with RPs. The contributions should be used to provide affordable housing locally and within a predefined timescale (usually within 5 years). The Council will need to record the contributions collected and where those contributions have been allocated or spent.

5.1.11 The Council will expect developers and landowners to come to the table and be prepared to explain and justify why, in any relevant cases, the affordable housing targets and/or other planning obligations requirements cannot be met given other demands on a scheme. The onus will be on developers to clearly and fully demonstrate the issues, with evidence to back-up costs associated with abnormal site complexities and the like.

5.1.12 It is expected that a methodology similar to one we have used will be appropriate for this process, to explore the relationship between development costs and values. Again, however, we reiterate that whilst this methodology is generally accepted, and the assumptions we have used might guide the Council on starting/indicative parameters, there will be no substitute for site-specific appraisal work of this type. Such work would take into account appropriate specific assumptions.

5.1.13 Issues may arise on those sites which have already changed hands or are committed through option or similar arrangements, where figures may simply not work when set against the proposed policy requirements. In the same way, there will be some previous planning consents capable of implementation (where previous policy positions would have determined requirements).

5.1.14 Similarly, a degree of difficulty with increasing planning-led affordable housing supply may be experienced during the adjustment process where there may be issues whilst developers/landowners get accustomed to the new policies and expectations are modified.

5.1.15 Good practice points to bringing to life through appropriate Supplementary Planning Documents and/or Development Plan Documents the type of negotiated approach envisaged and supported by Government guidance.

5.1.16 This study has considered planning-led affordable housing in the context of integrated provision within market-led schemes, secured through planning obligations usually embodied in a Section 106 agreement. The Council, along with its partners, should also continue to consider the wider routes to affordable housing provision.

5.1.17 Housing Association or contractor/developer-led schemes can be successful in significantly bolstering local provision – sometimes on lower value, more difficult sites, for example as a part of removing non-conforming uses from older residential areas, recycling unviable former commercial land or making better use of existing estates.

5.1.18 The various supply sources of affordable housing need to be considered and encouraged. The use and role of local authority or other publicly owned land might also be very valuable in this sense. Affordable housing proportions and provision details sought on any Council-owned land could well be different to the headlines proposed in this study – using the landowner's right to control the bidding and disposal terms. There is also an emerging role for local authorities as key developers of housing again.

5.1.19 In addition, the role of exception to policy sites and specific allocations processes could be considered for rural affordable housing provision – as distinct extra tools.

5.1.20 RPs and others should be encouraged to be proactive in these areas, and supported by the Council where possible.

End of main – Final Report Study Text
Appendices follow
September 2013

Appendices

Appendix 1	**Table of Housing Mixes**
Appendix 2	**Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; <u>CIL Level £0</u>. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare**
Appendix 3	**Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; <u>CIL Level £40 per</u> m^2. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare**
Appendix 4	**Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; <u>CIL Level £60 per</u> m^2. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare**
Appendix 5	**Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; <u>CIL Level £80 per</u> m^2. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare**
Appendix 6	**Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; <u>CIL Level £100 per</u> m^2. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare**
Appendix 7	**Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; <u>CIL Level £150 per</u> m^2. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare**
Appendix 8	**Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 15%, 20% and 25% Affordable Housing; 80% Social Rent/20% Shared Ownership; <u>CIL Level £200 per</u> m^2. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare**

Appendix 9	**Cannock Chase Council – Property Values Report**
Appendix 10	**Details of Stakeholder Consultation**
Appendix 11	**Glossary**
Appendix 12	**Sample appraisal at Value Point 3 with £40 CIL**

Appendix 1

Table of housing mixes. All market housing

Densities:

Assume :	per ha	per acre
Urban edge	45	18.22

				2 b hse		3 b hse		4 b hse				
No units	Density	Land area	land area	number	Area sqm	number	Area sqm	number	Area sqm	Total No.	Total Area	Area/ha
		ha	ac									sq m
2	Medium	0.04	0.11	1	70	1	80		95	2	150	3375.00
5	Medium	0.11	0.27	2	70	2	80	1	95	5	395	3555.00
10	Medium	0.22	0.55	5	70	3	80	2	95	10	780	3510.00
15	Medium	0.33	0.82	7	70	5	80	3	95	15	1175	3525.00
20	Medium	0.44	1.10	9	70	7	80	4	95	20	1570	3532.50
50	Medium	1.11	2.74	23	70	17	80	10	95	50	3920	3528.00
100	Medium	2.22	5.49	45	70	35	80	20	95	100	7850	3532.50
200	Medium	4.44	10.98	90	70	70	80	40	95	200	15700	3532.50

Table of housing mixes. 10% affordable

Densities:

Assume :	per ha	per acre
Urban edge	45	18.22

				2 b hse	2 b hse	2 b hse		3 b hse	3 b hse	3 b hse		4 b hse	4 b hse	4 b hse					
No units	Density	Land area	land area	AF Rent	SO	Market	Area sqm	AF Rent	SO	Market	Area sqm	AF Rent	SO	Market	Area sqm	Area sqm	Total No.	Total Area	Area/ha
		ha	ac																sq m
10	Medium	0.22	0.55	1		4	70			3	80			2	95	158	10	780	3510.00
15	Medium	0.33	0.82	1		6	70	1		4	80			3	95	158	15	1175	3525.00
20	Medium	0.44	1.10	1		8	70	1		6	80			4	95	158	20	1570	3532.50
50	Medium	1.11	2.74	2	1	20	70	1		16	80	1		9	95	158	50	3920	3528.00
100	Medium	2.22	5.49	5	1	39	70	2	1	32	80	1		19	95	158	100	7850	3532.50
200	Medium	4.44	10.98	10	3	77	70	4	1	65	80	2		38	95	158	200	15700	3532.50

Table of housing mixes. 15% affordable

Densities:

Assume :	per ha	per acre
Urban edge	45	18.22

No units	Density	Land area ha	land area ac	2 b hse AF Rent	2 b hse SO	2 b hse Market	Area sqm	3 b hse AF Rent	3 b hse SO	3 b hse Market	Area sqm	4 b hse AF Rent	4 b hse SO	4 b hse Market	Area sqm	Area sqm	Total No.	Total Area	Area/ha sq m
10	Medium	0.22	0.55	1		4	70	1		2	80			2	95	158	10	780	3510.00
15	Medium	0.33	0.82	1		6	70	1		4	80			3	95	158	15	1175	3525.00
20	Medium	0.44	1.10	1	1	7	70	1		6	80			4	95	158	20	1570	3532.50
50	Medium	1.11	2.74	4	1	18	70	1	1	15	80	1		9	95	158	50	3920	3528.00
100	Medium	2.22	5.49	7	2	36	70	3	1	31	80	2		18	95	158	100	7850	3532.50
200	Medium	4.44	10.98	15	4	71	70	6	1	63	80	3	1	36	95	158	200	15700	3532.50

Table of housing mixes. 20% affordable

Densities:

Assume :	per ha	per acre
Urban edge	45	18.22

				2 b hse	2 b hse	2 b hse		3 b hse	3 b hse	3 b hse		4 b hse	4 b hse	4 b hse					
No units	Density	Land area ha	land area ac	AF Rent	SO	Market	Area sqm	AF Rent	SO	Market	Area sqm	AF Rent	SO	Market	Area sqm	Area sqm	Total No.	Total Area	Area/ha sq m
10	Medium	0.22	0.55	1		4	70	1		2	80			2	95	158	10	780	3510.00
15	Medium	0.33	0.82	1	1	5	70	1		4	80			3	95	158	15	1175	3525.00
20	Medium	0.44	1.10	2	1	6	70	1		6	80			4	95	158	20	1570	3532.50
50	Medium	1.11	2.74	5	1	17	70	2	1	14	80	1		9	95	158	50	3920	3528.00
100	Medium	2.22	5.49	10	3	32	70	4	1	30	80	2		18	95	158	100	7850	3532.50
200	Medium	4.44	10.98	20	5	65	70	8	2	60	80	4	1	35	95	158	200	15700	3532.50

Table of housing mixes. 25% affordable

Densities:

Assume :	per ha	per acre
Urban edge	45	18.22

				2 b hse	2 b hse	2 b hse		3 b hse	3 b hse	3 b hse		4 b hse	4 b hse	4 b hse					
No units	Density	Land area	land area	AF Rent	SO	Market	Area sqm	AF Rent	SO	Market	Area sqm	AF Rent	SO	Market	Area sqm	Area sqm	Total No.	Total Area	Area/ha
		ha	ac																sq m
10	Medium	0.22	0.55	1	1	3	70	1		2	80			2	95	158	10	780	3510.00
15	Medium	0.33	0.82	2	1	4	70	1		4	80			3	95	158	15	1175	3525.00
20	Medium	0.44	1.10	2	1	6	70	1		6	80	1		3	95	158	20	1570	3532.50
50	Medium	1.11	2.74	5	2	16	70	3	1	13	80	2		8	95	158	50	3920	3528.00
100	Medium	2.22	5.49	13	3	29	70	5	1	29	80	2	1	17	95	158	100	7850	3532.50
200	Medium	4.44	10.98	26	6	58	70	10	2	58	80	4	2	34	95	158	200	15700	3532.50

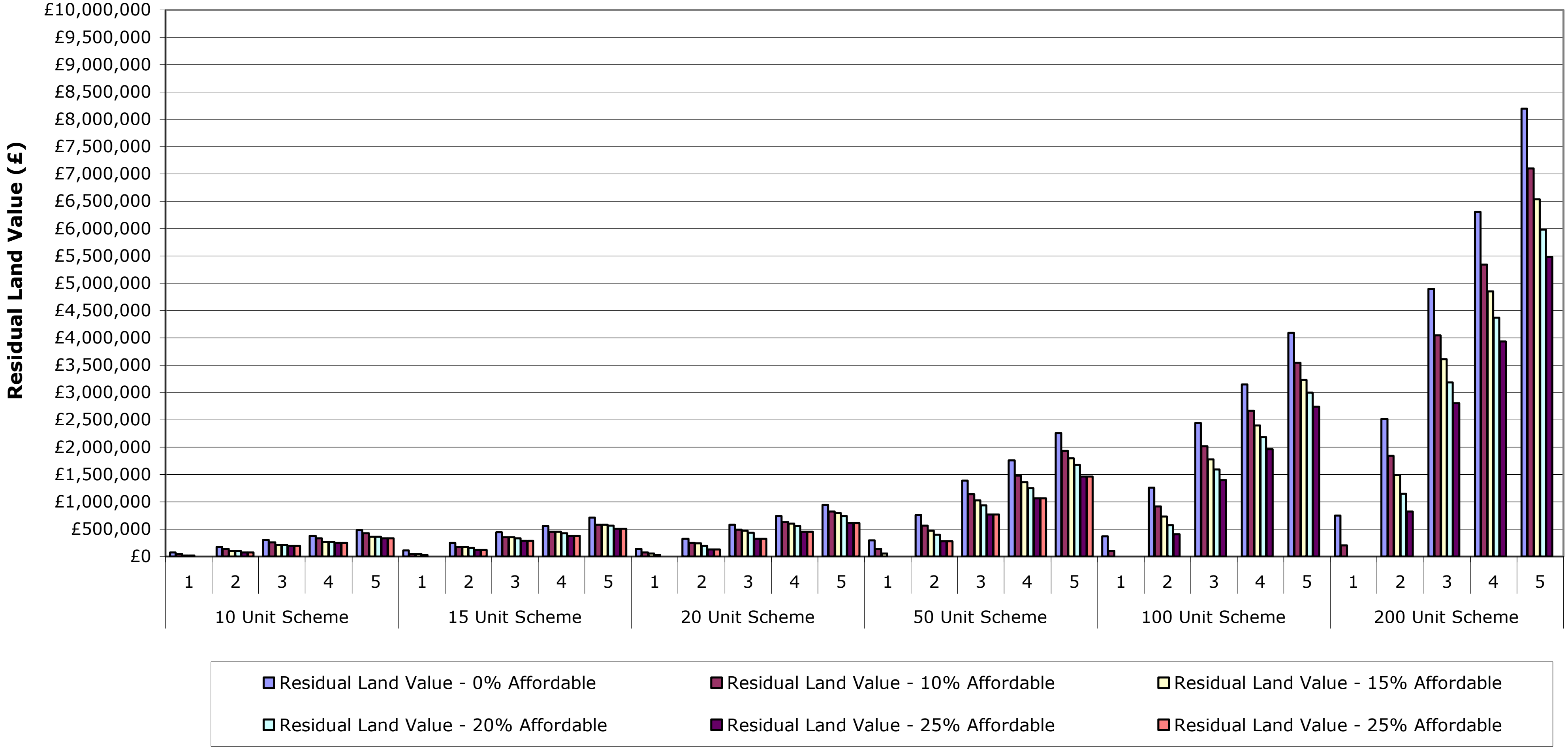
Appendix 2

Table 1: Summary of Residual Land Value (£) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £0 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£77,911	£46,260	£15,052	£15,052	£0
	2	£176,888	£140,075	£98,443	£98,443	£77,500
	3	£304,760	£260,577	£214,414	£214,414	£192,086
	4	£382,279	£331,355	£270,750	£270,750	£247,310
	5	£481,743	£429,097	£358,380	£358,380	£333,378
15 Unit Scheme	1	£107,134	£44,972	£44,972	£25,854	£0
	2	£250,574	£177,191	£177,191	£158,270	£120,098
	3	£447,224	£353,595	£353,595	£331,961	£288,268
	4	£558,067	£453,587	£453,587	£430,407	£380,048
	5	£713,105	£587,455	£587,455	£562,985	£506,547
20 Unit Scheme	1	£136,426	£74,612	£55,601	£24,477	£0
	2	£327,881	£251,349	£236,143	£198,564	£126,113
	3	£583,637	£491,493	£475,099	£431,651	£326,284
	4	£737,806	£629,261	£606,449	£556,888	£450,693
	5	£944,459	£819,513	£795,180	£739,058	£608,536
50 Unit Scheme	1	£295,814	£140,410	£59,900	£0	£0
	2	£761,371	£563,669	£476,322	£401,946	£273,750
	3	£1,389,367	£1,135,995	£1,028,769	£939,221	£769,427
	4	£1,762,340	£1,478,799	£1,356,605	£1,251,118	£1,063,907
	5	£2,262,824	£1,936,365	£1,799,202	£1,677,776	£1,460,397
100 Unit Scheme	1	£373,883	£98,000	£0	£0	£0
	2	£1,255,914	£913,422	£727,181	£573,018	£411,964
	3	£2,442,099	£2,018,048	£1,779,364	£1,596,782	£1,397,492
	4	£3,147,804	£2,666,218	£2,399,115	£2,188,113	£1,960,049
	5	£4,093,749	£3,542,616	£3,235,082	£2,995,661	£2,736,748
200 Unit Scheme	1	£751,160	£206,926	£0	£0	£0
	2	£2,522,930	£1,840,034	£1,488,492	£1,146,000	£826,535
	3	£4,895,300	£4,049,983	£3,612,009	£3,187,958	£2,806,086
	4	£6,306,710	£5,347,020	£4,851,852	£4,370,267	£3,931,201
	5	£8,198,600	£7,100,512	£6,534,065	£5,982,932	£5,484,598

Source: Adams Integra, August 2012

Graph 1: Summary of Residual Land Values at 0%, 10%, 15%, 20% & 25% Affordable Housing Across All Value Points 80% Social Rent/20% Shared Ownership Planning Infrastructure Level £0, £0 CIL



Appendix 2

Table 1a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £0 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	5.7%	3.6%	1.2%	1.2%	0.0%
	2	11.8%	9.7%	7.2%	7.2%	5.9%
	3	17.9%	16.1%	14.0%	14.0%	12.9%
	4	21.1%	19.2%	16.7%	16.7%	15.7%
	5	24.5%	22.9%	20.4%	20.4%	19.6%
15 Unit Scheme	1	5.2%	2.3%	2.3%	1.4%	0.0%
	2	11.1%	8.3%	8.3%	7.6%	6.0%
	3	17.5%	14.8%	14.8%	14.2%	12.7%
	4	20.4%	17.8%	17.8%	17.3%	15.8%
	5	24.0%	21.3%	21.3%	20.9%	19.5%
20 Unit Scheme	1	5.0%	2.9%	2.2%	1.0%	0.0%
	2	10.8%	8.7%	8.3%	7.2%	4.8%
	3	17.1%	15.1%	14.8%	13.8%	11.0%
	4	20.2%	18.2%	17.8%	16.7%	14.3%
	5	23.8%	21.8%	21.5%	20.5%	18.0%
50 Unit Scheme	1	4.3%	2.2%	0.9%	0.0%	0.0%
	2	10.1%	7.9%	6.8%	5.9%	4.1%
	3	16.3%	14.1%	13.1%	12.2%	10.4%
	4	19.3%	17.2%	16.2%	15.3%	13.6%
	5	22.8%	20.8%	19.8%	19.0%	17.3%
100 Unit Scheme	1	2.7%	0.8%	0.0%	0.0%	0.0%
	2	8.3%	6.3%	5.2%	4.2%	3.1%
	3	14.3%	12.4%	11.3%	10.4%	9.3%
	4	17.2%	15.4%	14.3%	13.3%	12.3%
	5	20.6%	18.9%	17.8%	16.9%	15.9%
200 Unit Scheme	1	2.8%	0.8%	0.0%	0.0%	0.0%
	2	8.3%	6.4%	5.3%	4.2%	3.1%
	3	14.3%	12.5%	11.4%	10.3%	9.3%
	4	17.3%	15.4%	14.4%	13.3%	12.3%
	5	20.7%	18.9%	17.9%	16.9%	15.9%

Source: Adams Integra, August 2012

Graph 1a: Summary of Residual Land Values (as % of GDV) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £0 CIL

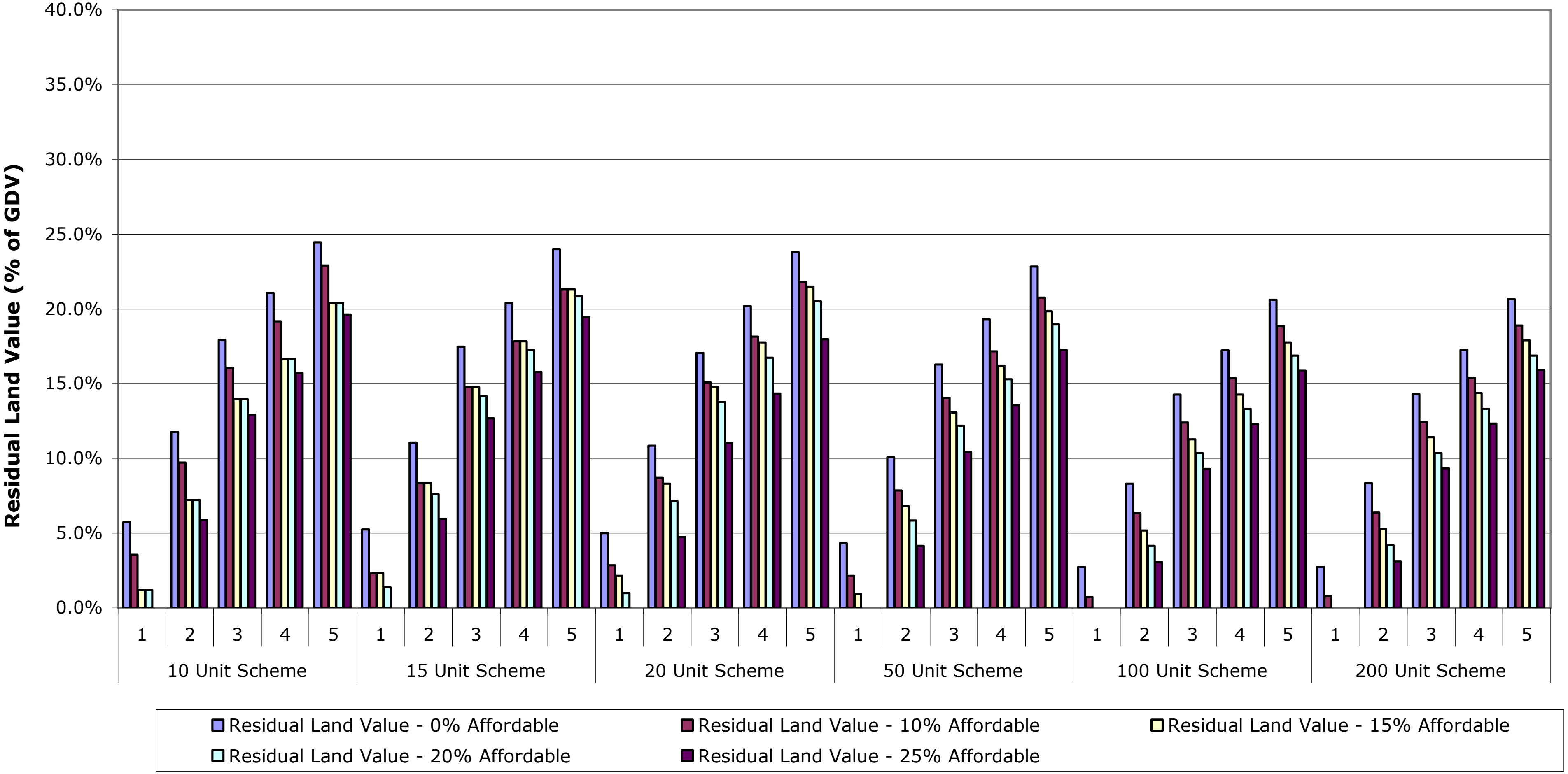


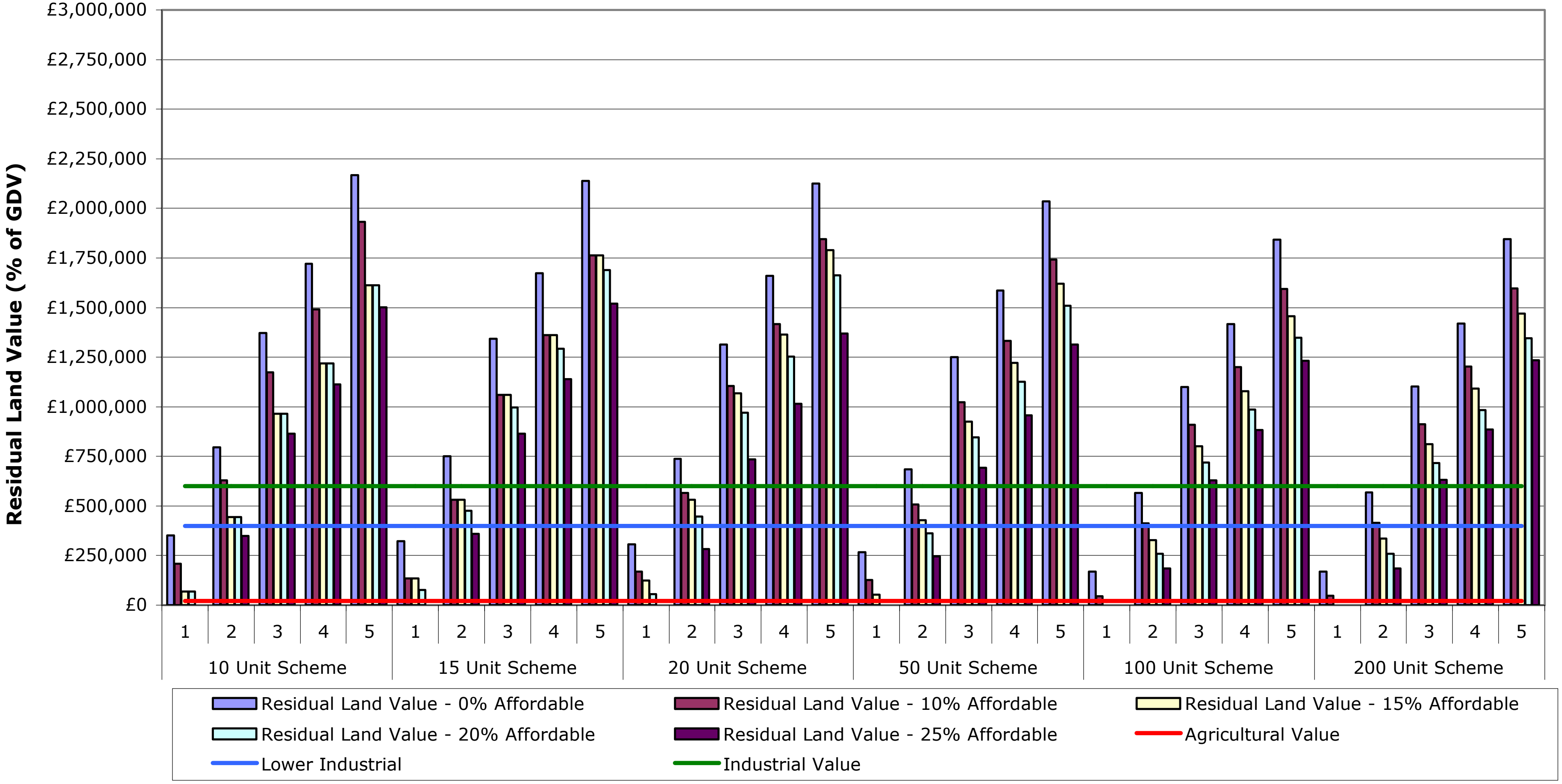
Table 1b: Summary of Residual Land Value (value per Hectare) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £0 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£350,600	£208,172	£67,734	£67,734	£0
	2	£795,998	£630,339	£442,993	£442,993	£348,752
	3	£1,371,420	£1,172,598	£964,865	£964,865	£864,389
	4	£1,720,255	£1,491,099	£1,218,374	£1,218,374	£1,112,896
	5	£2,167,842	£1,930,935	£1,612,709	£1,612,709	£1,500,200
15 Unit Scheme	1	£321,403	£134,915	£134,915	£77,563	£0
	2	£751,722	£531,572	£531,572	£474,810	£360,294
	3	£1,341,671	£1,060,786	£1,060,786	£995,883	£864,803
	4	£1,674,200	£1,360,760	£1,360,760	£1,291,221	£1,140,143
	5	£2,139,314	£1,762,365	£1,762,365	£1,688,955	£1,519,642
20 Unit Scheme	1	£306,959	£167,876	£125,103	£55,073	£0
	2	£737,732	£565,536	£531,322	£446,770	£283,755
	3	£1,313,182	£1,105,859	£1,068,973	£971,214	£734,139
	4	£1,660,063	£1,415,838	£1,364,510	£1,252,998	£1,014,060
	5	£2,125,032	£1,843,904	£1,789,154	£1,662,881	£1,369,207
50 Unit Scheme	1	£266,232	£126,369	£53,910	£0	£0
	2	£685,234	£507,302	£428,690	£361,751	£246,375
	3	£1,250,430	£1,022,396	£925,892	£845,299	£692,484
	4	£1,586,106	£1,330,920	£1,220,945	£1,126,006	£957,517
	5	£2,036,542	£1,742,728	£1,619,282	£1,509,999	£1,314,357
100 Unit Scheme	1	£168,247	£44,100	£0	£0	£0
	2	£565,161	£411,040	£327,231	£257,858	£185,384
	3	£1,098,944	£908,122	£800,714	£718,552	£628,871
	4	£1,416,512	£1,199,798	£1,079,602	£984,651	£882,022
	5	£1,842,187	£1,594,177	£1,455,787	£1,348,047	£1,231,536
200 Unit Scheme	1	£169,011	£46,558	£0	£0	£0
	2	£567,659	£414,008	£334,911	£257,850	£185,970
	3	£1,101,443	£911,246	£812,702	£717,291	£631,369
	4	£1,419,010	£1,203,079	£1,091,667	£983,310	£884,520
	5	£1,844,685	£1,597,615	£1,470,165	£1,346,160	£1,234,035

Agricultural value - £20k per hectare
Agricultural - Agricultural uplift £20k-£400k
Agricultural - Lower industrial £400k-£600k
Industrial value - £600k plus

Source: Adams Integra, August 2012

Graph 1b: Summary of Residual Land Values (value per Hectare) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £0 CIL



Appendix 3

Table 2: Summary of Residual Land Value (£) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £40 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£49,753	£18,102	£0	£0	£0
	2	£150,517	£111,917	£70,285	£70,285	£49,342
	3	£277,447	£238,074	£186,538	£186,538	£165,869
	4	£354,966	£304,042	£243,437	£243,437	£224,533
	5	£459,448	£401,783	£331,067	£331,067	£306,064
15 Unit Scheme	1	£65,187	£3,024	£3,024	£0	£0
	2	£214,213	£137,033	£137,033	£116,323	£78,150
	3	£406,535	£312,906	£312,906	£291,272	£247,579
	4	£517,797	£412,898	£412,898	£389,718	£339,359
	5	£672,835	£547,185	£547,185	£522,715	£471,135
20 Unit Scheme	1	£80,691	£18,877	£0	£0	£0
	2	£273,818	£201,354	£180,966	£144,835	£70,378
	3	£530,131	£442,550	£421,036	£377,588	£272,221
	4	£684,300	£575,756	£552,943	£503,382	£396,630
	5	£890,953	£766,007	£741,674	£685,553	£555,031
50 Unit Scheme	1	£169,723	£5,170	£0	£0	£0
	2	£631,540	£438,358	£345,139	£270,763	£146,976
	3	£1,259,537	£1,006,165	£898,939	£809,390	£639,597
	4	£1,632,509	£1,348,969	£1,226,775	£1,121,288	£934,077
	5	£2,132,994	£1,806,534	£1,669,372	£1,547,946	£1,330,567
100 Unit Scheme	1	£130,322	£0	£0	£0	£0
	2	£1,010,994	£668,502	£482,261	£331,516	£169,580
	3	£2,197,179	£1,773,128	£1,534,444	£1,351,862	£1,152,572
	4	£2,902,884	£2,421,298	£2,154,195	£1,943,193	£1,715,129
	5	£3,848,829	£3,297,696	£2,990,162	£2,750,741	£2,491,828
200 Unit Scheme	1	£264,042	£0	£0	£0	£0
	2	£2,033,090	£1,350,194	£998,652	£656,160	£340,203
	3	£4,405,460	£3,560,143	£3,122,169	£2,698,118	£2,316,246
	4	£5,816,870	£4,857,180	£4,362,012	£3,880,427	£3,441,361
	5	£7,708,760	£6,610,672	£6,044,225	£5,493,092	£4,994,758

Source: Adams Integra, August 2012

Graph 2: Summary of Residual Land Values at 0%, 10%, 15%, 20% & 25% Affordable Housing Across All Value Points 80% Social Rent/20% Shared Ownership Planning Infrastructure Level £0, £40 CIL

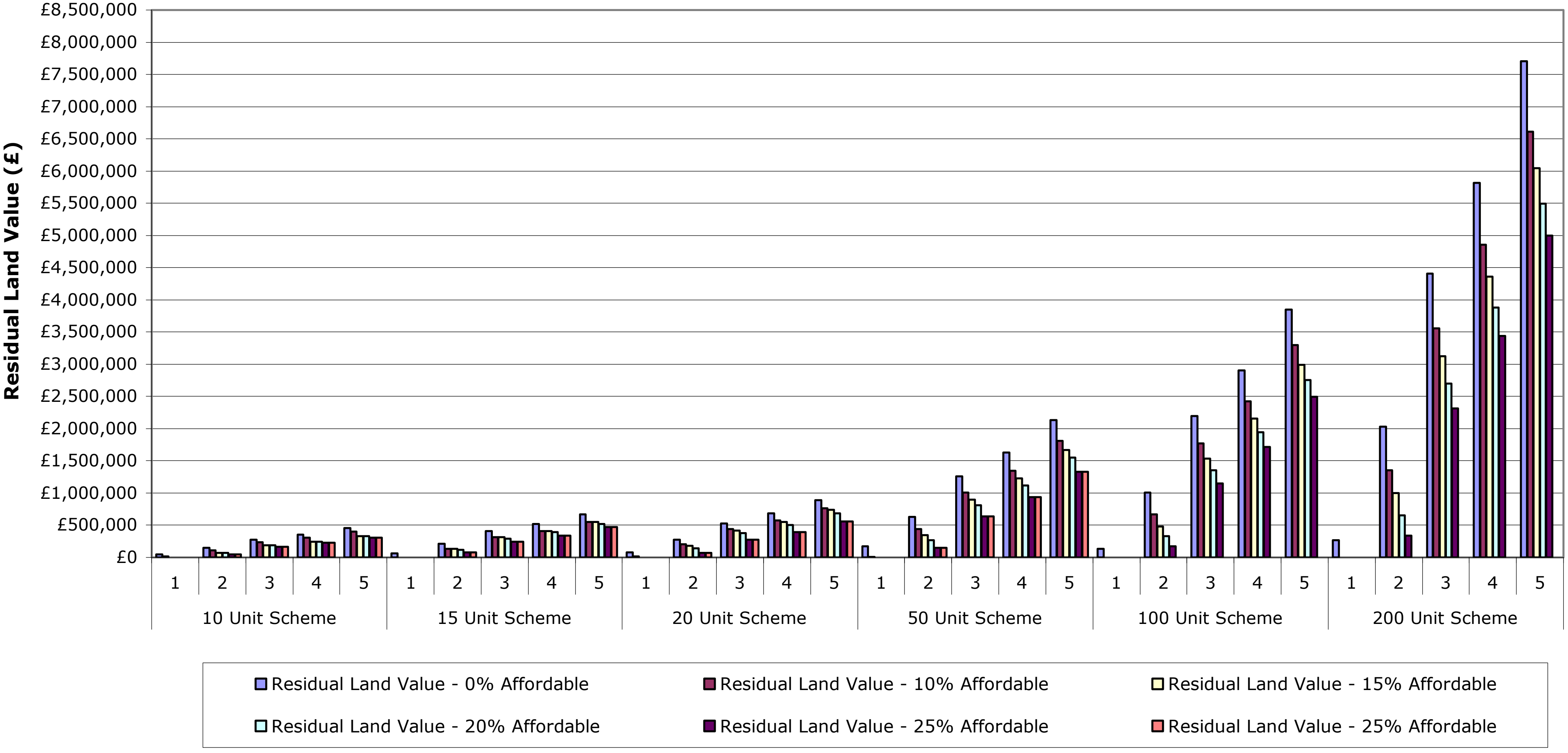


Table 2a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £40 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	3.7%	1.4%	0.0%	0.0%	0.0%
	2	10.0%	7.8%	5.1%	5.1%	3.7%
	3	16.3%	14.7%	12.2%	12.2%	11.2%
	4	19.6%	17.6%	15.0%	15.0%	14.3%
	5	23.3%	21.5%	18.9%	18.9%	18.0%
15 Unit Scheme	1	3.2%	0.2%	0.2%	0.0%	0.0%
	2	9.5%	6.4%	6.4%	5.6%	3.9%
	3	15.9%	13.1%	13.1%	12.4%	10.9%
	4	18.9%	16.2%	16.2%	15.6%	14.1%
	5	22.7%	19.9%	19.9%	19.4%	18.1%
20 Unit Scheme	1	3.0%	0.7%	0.0%	0.0%	0.0%
	2	9.1%	7.0%	6.4%	5.2%	2.7%
	3	15.5%	13.6%	13.1%	12.1%	9.2%
	4	18.7%	16.6%	16.2%	15.1%	12.6%
	5	22.4%	20.4%	20.1%	19.0%	16.4%
50 Unit Scheme	1	2.5%	0.1%	0.0%	0.0%	0.0%
	2	8.4%	6.1%	4.9%	4.0%	2.2%
	3	14.7%	12.5%	11.4%	10.5%	8.7%
	4	17.9%	15.7%	14.6%	13.7%	11.9%
	5	21.5%	19.4%	18.4%	17.5%	15.7%
100 Unit Scheme	1	1.0%	0.0%	0.0%	0.0%	0.0%
	2	6.7%	4.6%	3.4%	2.4%	1.3%
	3	12.8%	10.9%	9.7%	8.8%	7.7%
	4	15.9%	14.0%	12.8%	11.8%	10.8%
	5	19.4%	17.5%	16.4%	15.5%	14.5%
200 Unit Scheme	1	1.0%	0.0%	0.0%	0.0%	0.0%
	2	6.7%	4.7%	3.6%	2.4%	1.3%
	3	12.9%	10.9%	9.9%	8.8%	7.7%
	4	15.9%	14.0%	12.9%	11.8%	10.8%
	5	19.4%	17.6%	16.6%	15.5%	14.5%

Source: Adams Integra, August 2012

Graph 2a: Summary of Residual Land Values (as % of GDV) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £40 CIL

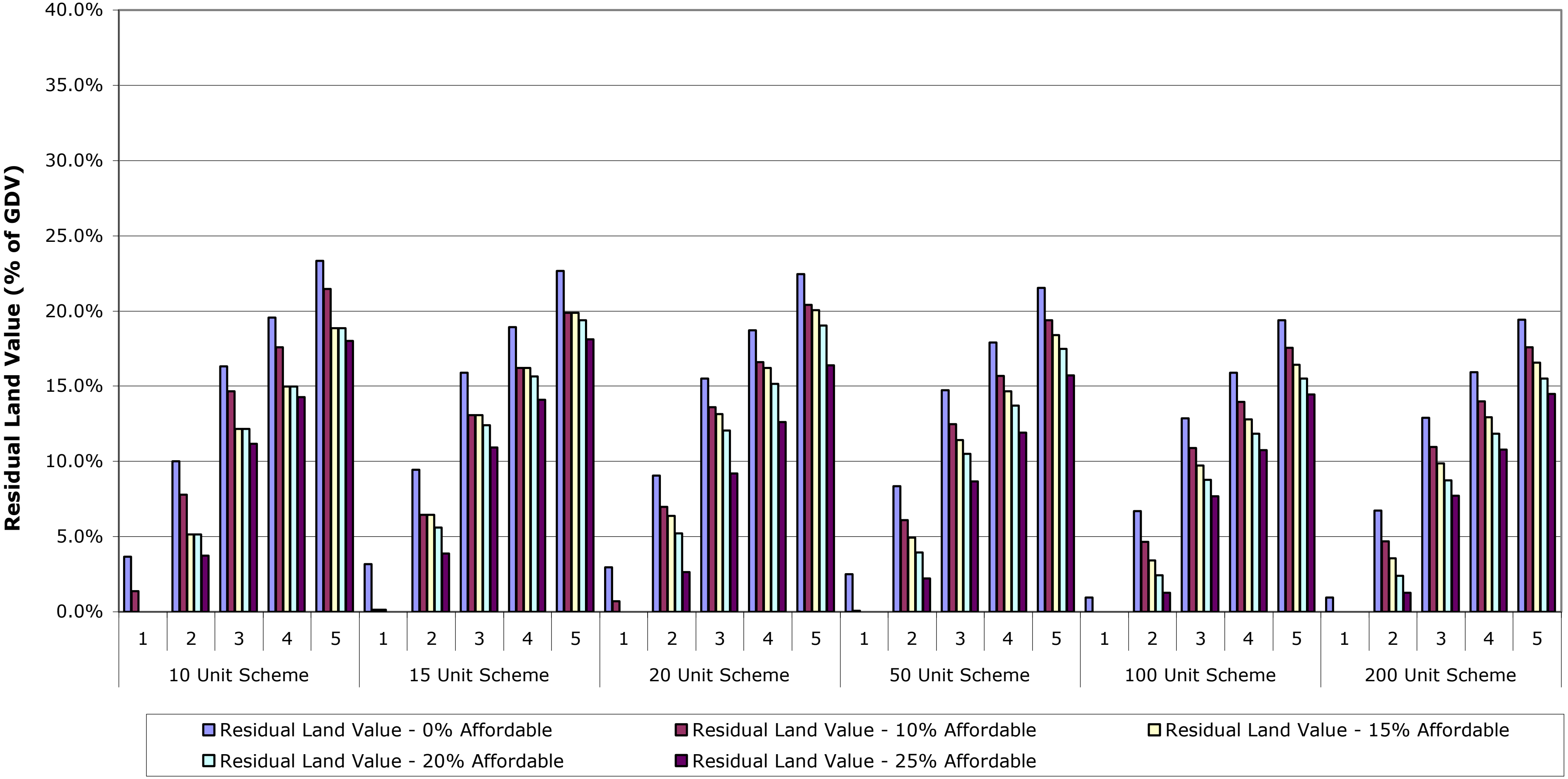


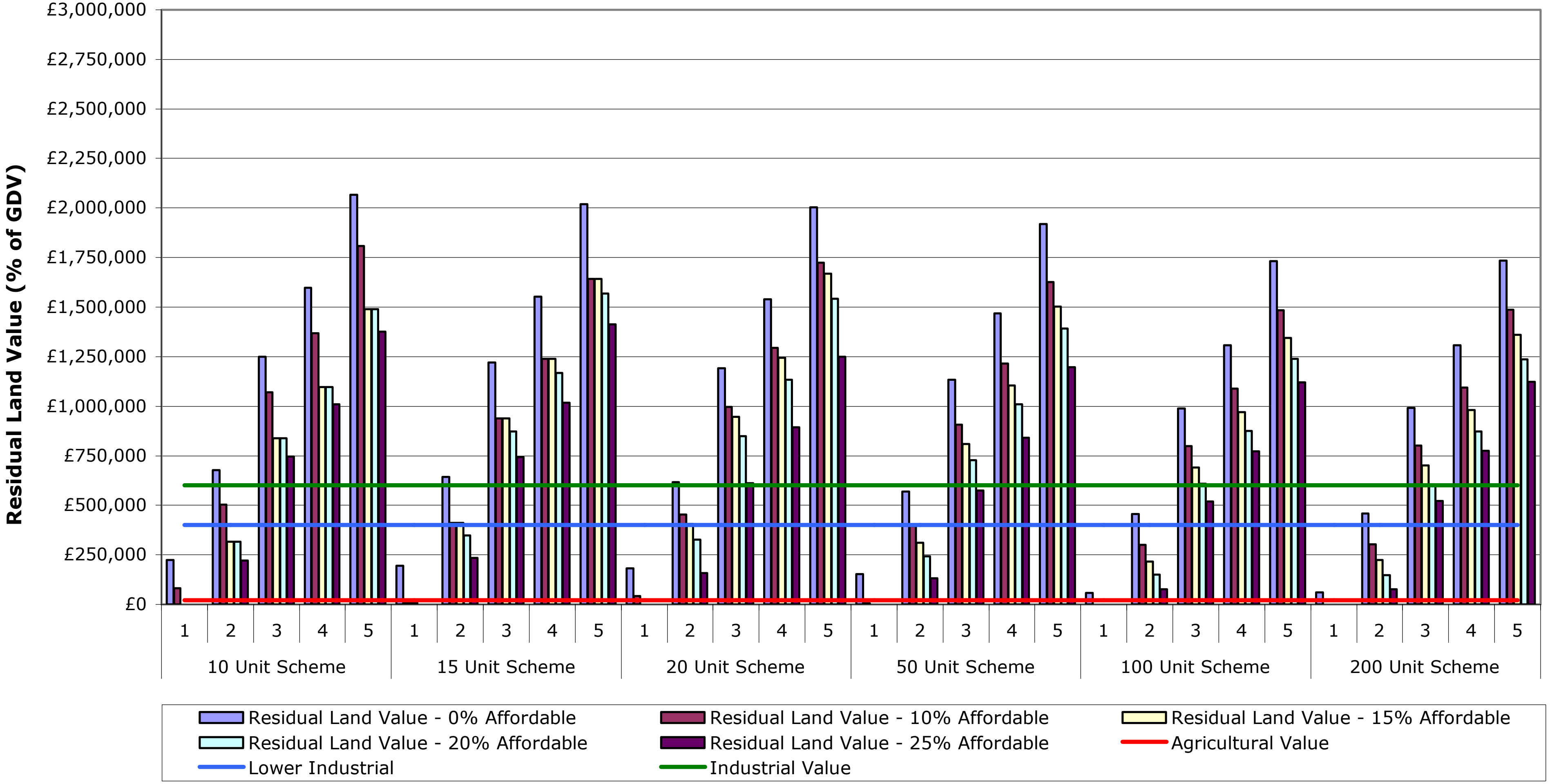
Table 2b: Summary of Residual Land Value (value per Hectare) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £40 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£223,889	£81,461	£0	£0	£0
	2	£677,328	£503,628	£316,282	£316,282	£222,041
	3	£1,248,510	£1,071,331	£839,421	£839,421	£746,409
	4	£1,597,345	£1,368,190	£1,095,464	£1,095,464	£1,010,399
	5	£2,067,514	£1,808,025	£1,489,799	£1,489,799	£1,377,290
15 Unit Scheme	1	£195,561	£9,073	£9,073	£0	£0
	2	£642,638	£411,099	£411,099	£348,968	£234,451
	3	£1,219,604	£938,719	£938,719	£873,816	£742,736
	4	£1,553,392	£1,238,693	£1,238,693	£1,169,153	£1,018,076
	5	£2,018,506	£1,641,556	£1,641,556	£1,568,146	£1,413,405
20 Unit Scheme	1	£181,555	£42,472	£0	£0	£0
	2	£616,091	£453,047	£407,172	£325,879	£158,351
	3	£1,192,795	£995,736	£947,332	£849,573	£612,498
	4	£1,539,676	£1,295,450	£1,244,122	£1,132,610	£892,419
	5	£2,004,644	£1,723,516	£1,668,767	£1,542,494	£1,248,819
50 Unit Scheme	1	£152,750	£4,653	£0	£0	£0
	2	£568,386	£394,522	£310,625	£243,687	£132,279
	3	£1,133,583	£905,548	£809,045	£728,451	£575,637
	4	£1,469,258	£1,214,072	£1,104,097	£1,009,159	£840,669
	5	£1,919,695	£1,625,881	£1,502,435	£1,393,151	£1,197,510
100 Unit Scheme	1	£58,645	£0	£0	£0	£0
	2	£454,947	£300,826	£217,017	£149,182	£76,311
	3	£988,730	£797,908	£690,500	£608,338	£518,657
	4	£1,306,298	£1,089,584	£969,388	£874,437	£771,808
	5	£1,731,973	£1,483,963	£1,345,573	£1,237,833	£1,121,322
200 Unit Scheme	1	£59,409	£0	£0	£0	£0
	2	£457,445	£303,794	£224,697	£147,636	£76,546
	3	£991,229	£801,032	£702,488	£607,077	£521,155
	4	£1,308,796	£1,092,865	£981,453	£873,096	£774,306
	5	£1,734,471	£1,487,401	£1,359,951	£1,235,946	£1,123,821

Agricultural value - £20k per hectare
Agricultural - Agricultural uplift £20k-£400k
Agricultural - Lower industrial £400k-£600k
Industrial value - £600k plus

Source: Adams Integra, August 2012

Graph 2b: Summary of Residual Land Values (value per Hectare) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £40 CIL



Appendix 4

Table 3: Summary of Residual Land Value (£) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £60 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£35,674	£4,023	£0	£0	£0
	2	£136,438	£97,838	£56,206	£56,206	£35,263
	3	£263,790	£224,135	£174,343	£174,343	£151,790
	4	£341,309	£290,386	£234,518	£234,518	£210,595
	5	£445,791	£388,127	£317,410	£317,410	£292,408
15 Unit Scheme	1	£44,213	£0	£0	£0	£0
	2	£193,449	£116,059	£116,059	£95,349	£57,177
	3	£386,190	£292,562	£292,562	£270,927	£231,919
	4	£497,662	£392,553	£392,553	£369,373	£319,014
	5	£652,700	£527,051	£527,051	£502,580	£450,790
20 Unit Scheme	1	£52,824	£0	£0	£0	£0
	2	£246,787	£173,765	£154,926	£116,968	£42,511
	3	£503,378	£415,518	£394,005	£350,556	£245,190
	4	£657,548	£549,003	£526,190	£481,595	£369,599
	5	£864,200	£739,254	£714,921	£658,800	£528,278
50 Unit Scheme	1	£102,103	£0	£0	£0	£0
	2	£566,625	£372,766	£279,548	£209,402	£79,356
	3	£1,194,622	£941,249	£834,023	£744,475	£574,681
	4	£1,567,594	£1,284,054	£1,161,860	£1,056,373	£869,162
	5	£2,068,079	£1,741,619	£1,604,457	£1,483,031	£1,265,652
100 Unit Scheme	1	£2,759	£0	£0	£0	£0
	2	£888,534	£546,042	£363,549	£212,064	£42,017
	3	£2,074,719	£1,650,668	£1,411,984	£1,229,402	£1,030,112
	4	£2,780,424	£2,298,838	£2,031,735	£1,820,733	£1,592,669
	5	£3,726,369	£3,175,236	£2,867,702	£2,628,281	£2,369,368
200 Unit Scheme	1	£17,083	£0	£0	£0	£0
	2	£1,788,170	£1,105,274	£753,732	£415,524	£95,599
	3	£4,160,540	£3,315,223	£2,877,249	£2,453,198	£2,071,326
	4	£5,571,950	£4,612,260	£4,117,092	£3,635,507	£3,196,441
	5	£7,463,840	£6,365,752	£5,799,305	£5,248,172	£4,749,838

Source: Adams Integra, August 2012

Graph 3: Summary of Residual Land Values at 0%, 10%, 15%, 20% & 25% Affordable Housing Across All Value Points 80% Social Rent/20% Shared Ownership Planning Infrastructure Level £0, £60 CIL

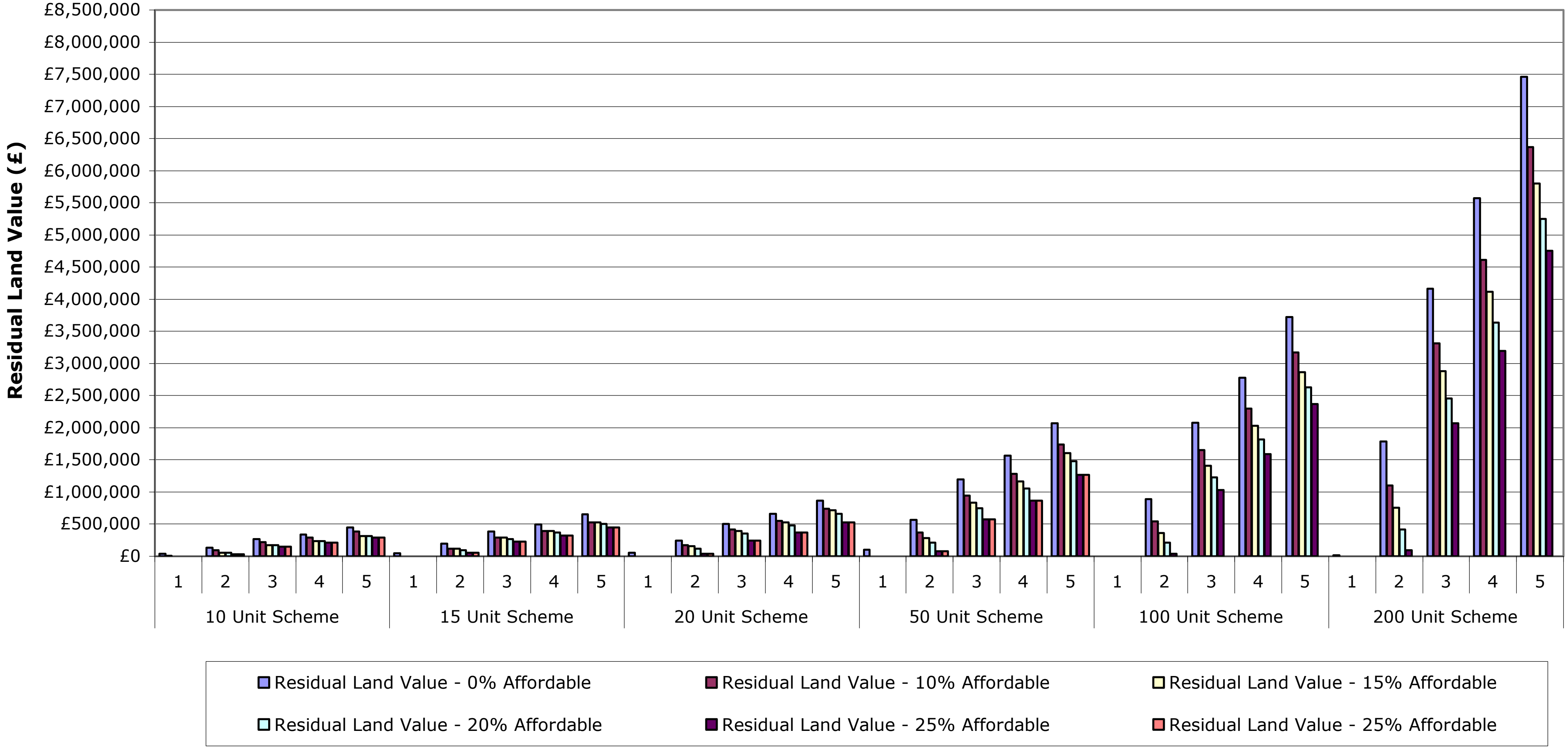


Table 3a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £60 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	2.6%	0.3%	0.0%	0.0%	0.0%
	2	9.1%	6.8%	4.1%	4.1%	2.7%
	3	15.5%	13.8%	11.4%	11.4%	10.2%
	4	18.8%	16.8%	14.4%	14.4%	13.4%
	5	22.6%	20.7%	18.1%	18.1%	17.2%
15 Unit Scheme	1	2.2%	0.0%	0.0%	0.0%	0.0%
	2	8.5%	5.5%	5.5%	4.6%	2.8%
	3	15.1%	12.2%	12.2%	11.5%	10.2%
	4	18.2%	15.4%	15.4%	14.8%	13.3%
	5	22.0%	19.1%	19.1%	18.6%	17.3%
20 Unit Scheme	1	1.9%	0.0%	0.0%	0.0%	0.0%
	2	8.2%	6.0%	5.5%	4.2%	1.6%
	3	14.7%	12.8%	12.3%	11.2%	8.3%
	4	18.0%	15.8%	15.4%	14.5%	11.8%
	5	21.8%	19.7%	19.3%	18.3%	15.6%
50 Unit Scheme	1	1.5%	0.0%	0.0%	0.0%	0.0%
	2	7.5%	5.2%	4.0%	3.1%	1.2%
	3	14.0%	11.7%	10.6%	9.7%	7.8%
	4	17.2%	14.9%	13.9%	12.9%	11.1%
	5	20.9%	18.7%	17.7%	16.8%	15.0%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	5.9%	3.8%	2.6%	1.5%	0.3%
	3	12.1%	10.2%	8.9%	8.0%	6.9%
	4	15.2%	13.3%	12.1%	11.1%	10.0%
	5	18.8%	16.9%	15.7%	14.8%	13.8%
200 Unit Scheme	1	0.1%	0.0%	0.0%	0.0%	0.0%
	2	5.9%	3.8%	2.7%	1.5%	0.4%
	3	12.2%	10.2%	9.1%	8.0%	6.9%
	4	15.2%	13.3%	12.2%	11.1%	10.0%
	5	18.8%	16.9%	15.9%	14.8%	13.8%

Source: Adams Integra, August 2012

Graph 3a: Summary of Residual Land Values (as % of GDV) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £60 CIL

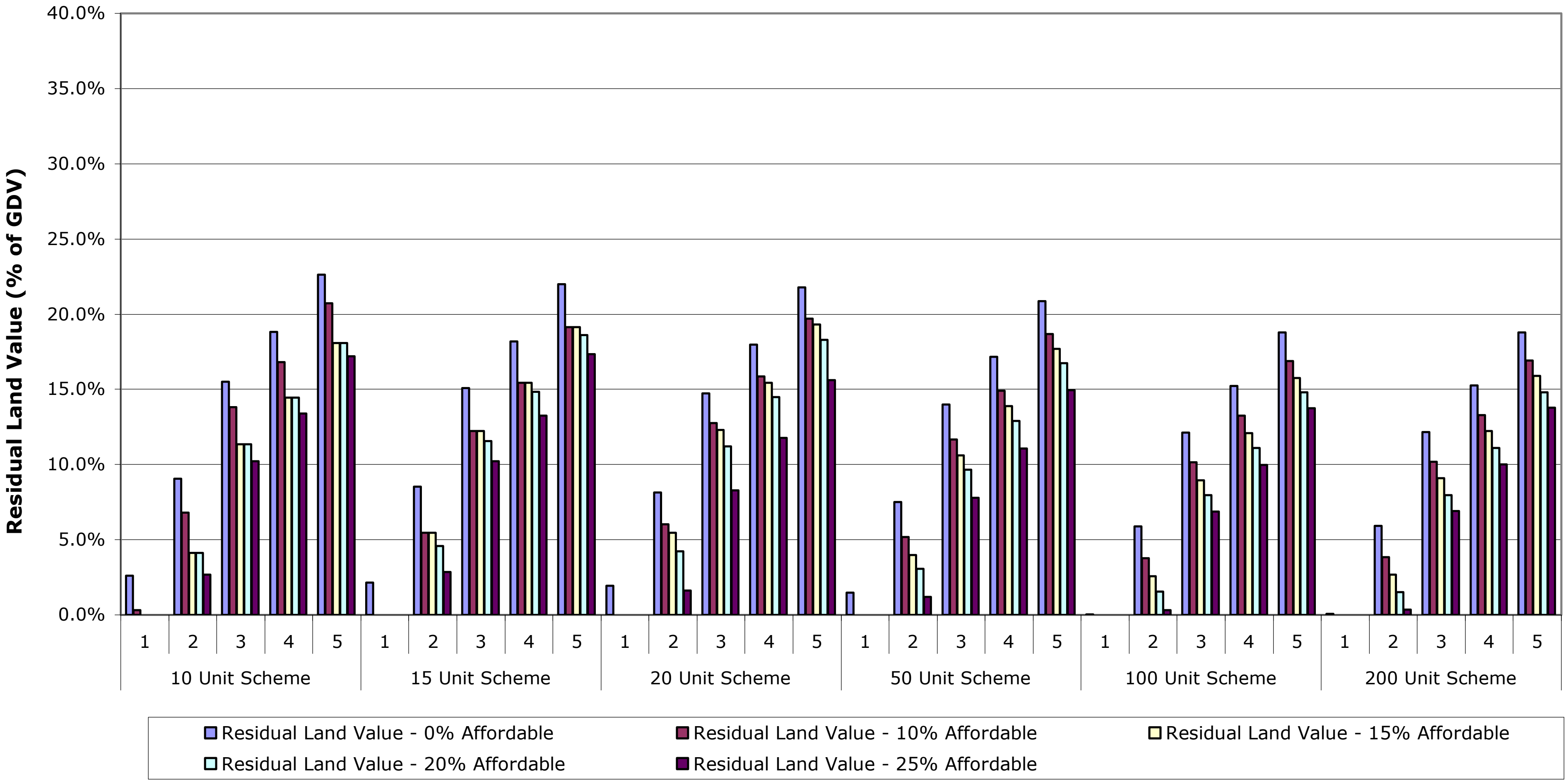


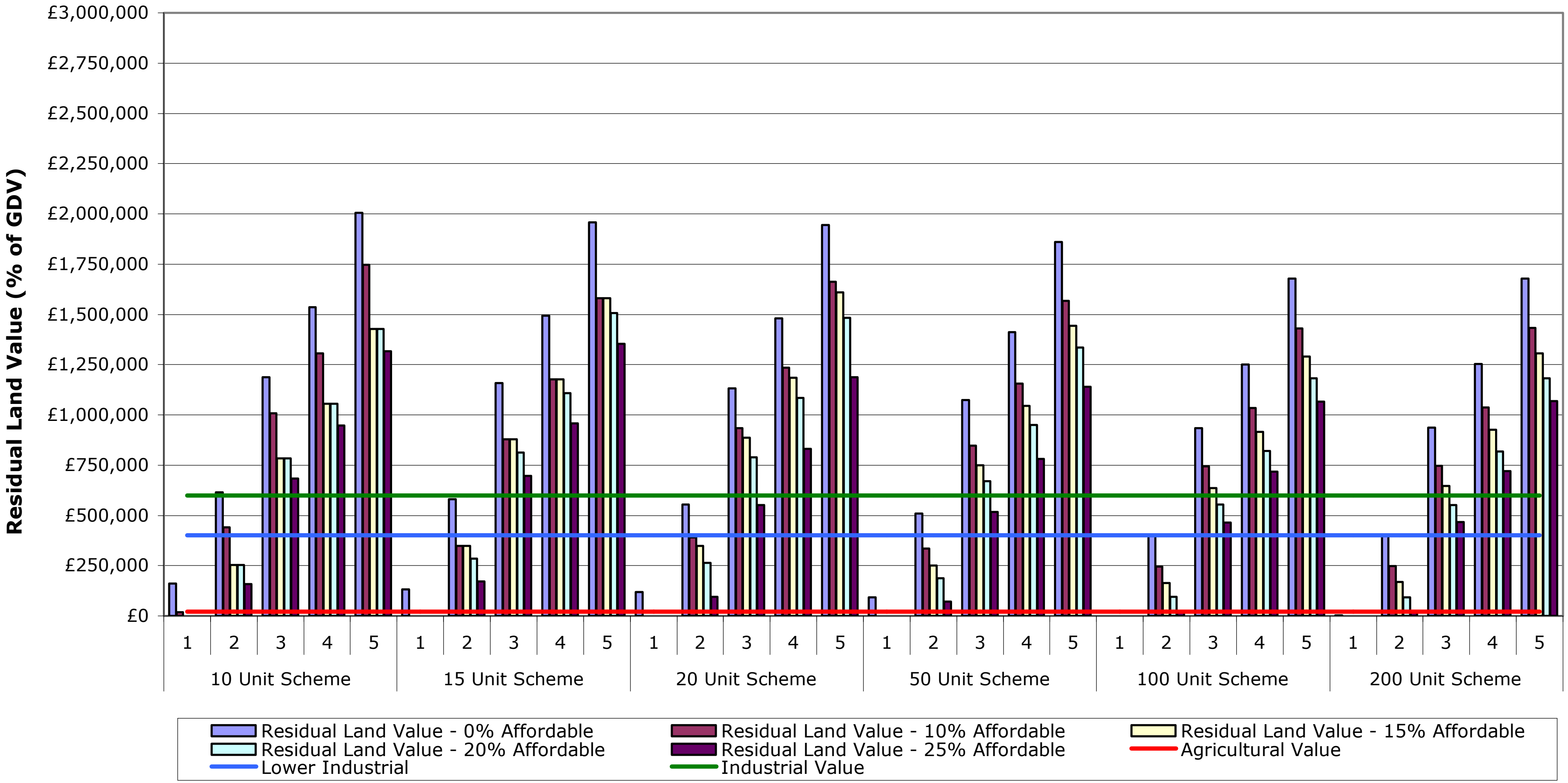
Table 3b: Summary of Residual Land Value (value per Hectare) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £60 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£160,533	£18,105	£0	£0	£0
	2	£613,972	£440,272	£252,927	£252,927	£158,686
	3	£1,187,056	£1,008,609	£784,545	£784,545	£683,054
	4	£1,535,891	£1,306,735	£1,055,329	£1,055,329	£947,677
	5	£2,006,059	£1,746,570	£1,428,345	£1,428,345	£1,315,835
15 Unit Scheme	1	£132,639	£0	£0	£0	£0
	2	£580,346	£348,178	£348,178	£286,047	£171,530
	3	£1,158,570	£877,685	£877,685	£812,782	£695,758
	4	£1,492,987	£1,177,659	£1,177,659	£1,108,120	£957,042
	5	£1,958,101	£1,581,152	£1,581,152	£1,507,741	£1,352,371
20 Unit Scheme	1	£118,853	£0	£0	£0	£0
	2	£555,270	£390,972	£348,583	£263,177	£95,649
	3	£1,132,601	£934,916	£886,511	£788,752	£551,677
	4	£1,479,482	£1,235,256	£1,183,929	£1,083,588	£831,598
	5	£1,944,450	£1,663,322	£1,608,573	£1,482,300	£1,188,625
50 Unit Scheme	1	£91,892	£0	£0	£0	£0
	2	£509,963	£335,490	£251,593	£188,462	£71,421
	3	£1,075,159	£847,125	£750,621	£670,028	£517,213
	4	£1,410,835	£1,155,648	£1,045,674	£950,735	£782,246
	5	£1,861,271	£1,567,457	£1,444,011	£1,334,728	£1,139,086
100 Unit Scheme	1	£1,242	£0	£0	£0	£0
	2	£399,840	£245,719	£163,597	£95,429	£18,908
	3	£933,623	£742,801	£635,393	£553,231	£463,550
	4	£1,251,191	£1,034,477	£914,281	£819,330	£716,701
	5	£1,676,866	£1,428,856	£1,290,466	£1,182,726	£1,066,215
200 Unit Scheme	1	£3,844	£0	£0	£0	£0
	2	£402,338	£248,687	£169,590	£93,493	£21,510
	3	£936,122	£745,925	£647,381	£551,970	£466,048
	4	£1,253,689	£1,037,758	£926,346	£817,989	£719,199
	5	£1,679,364	£1,432,294	£1,304,844	£1,180,839	£1,068,714

Agricultural value - £20k per hectare
Agricultural - Agricultural uplift £20k-£400k
Agricultural - Lower industrial £400k-£600k
Industrial value - £600k plus

Source: Adams Integra, August 2012

Graph 3b: Summary of Residual Land Values (value per Hectare) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £60 CIL



Appendix 5

Table 4: Summary of Residual Land Value (£) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £80 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£21,595	£0	£0	£0	£0
	2	£122,359	£83,759	£42,127	£42,127	£21,184
	3	£250,134	£210,197	£160,264	£160,264	£137,711
	4	£327,652	£276,729	£220,579	£220,579	£196,657
	5	£432,134	£374,470	£303,753	£303,753	£278,751
15 Unit Scheme	1	£23,239	£0	£0	£0	£0
	2	£174,429	£95,086	£95,086	£74,375	£36,203
	3	£365,845	£272,217	£272,217	£250,583	£211,155
	4	£482,502	£372,209	£372,209	£349,029	£298,669
	5	£632,566	£506,916	£506,916	£482,446	£430,446
20 Unit Scheme	1	£24,956	£0	£0	£0	£0
	2	£224,286	£147,653	£127,058	£89,100	£14,643
	3	£481,590	£388,487	£366,973	£323,525	£222,656
	4	£630,795	£522,250	£499,438	£454,563	£342,568
	5	£837,447	£712,502	£688,168	£632,047	£501,525
50 Unit Scheme	1	£34,483	£0	£0	£0	£0
	2	£501,710	£307,175	£218,368	£143,897	£11,736
	3	£1,129,706	£876,334	£769,108	£679,560	£509,766
	4	£1,502,679	£1,219,139	£1,096,945	£991,457	£804,247
	5	£2,003,164	£1,676,704	£1,539,542	£1,418,115	£1,200,736
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£766,074	£427,994	£244,758	£86,644	£0
	3	£1,952,259	£1,528,208	£1,289,524	£1,106,942	£907,652
	4	£2,657,964	£2,176,378	£1,909,275	£1,698,273	£1,470,209
	5	£3,603,909	£3,052,776	£2,745,242	£2,505,821	£2,246,908
200 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£1,543,250	£860,354	£508,812	£173,250	£0
	3	£3,915,620	£3,070,303	£2,632,329	£2,208,278	£1,826,406
	4	£5,327,030	£4,367,340	£3,872,172	£3,390,587	£2,951,521
	5	£7,218,920	£6,120,832	£5,554,385	£5,003,252	£4,504,918

Source: Adams Integra, August 2012

Graph 4: Summary of Residual Land Values at 0%, 10%, 15%, 20% & 25% Affordable Housing Across All Value Points 80% Social Rent/20% Shared Ownership Planning Infrastructure Level £0, £80 CIL

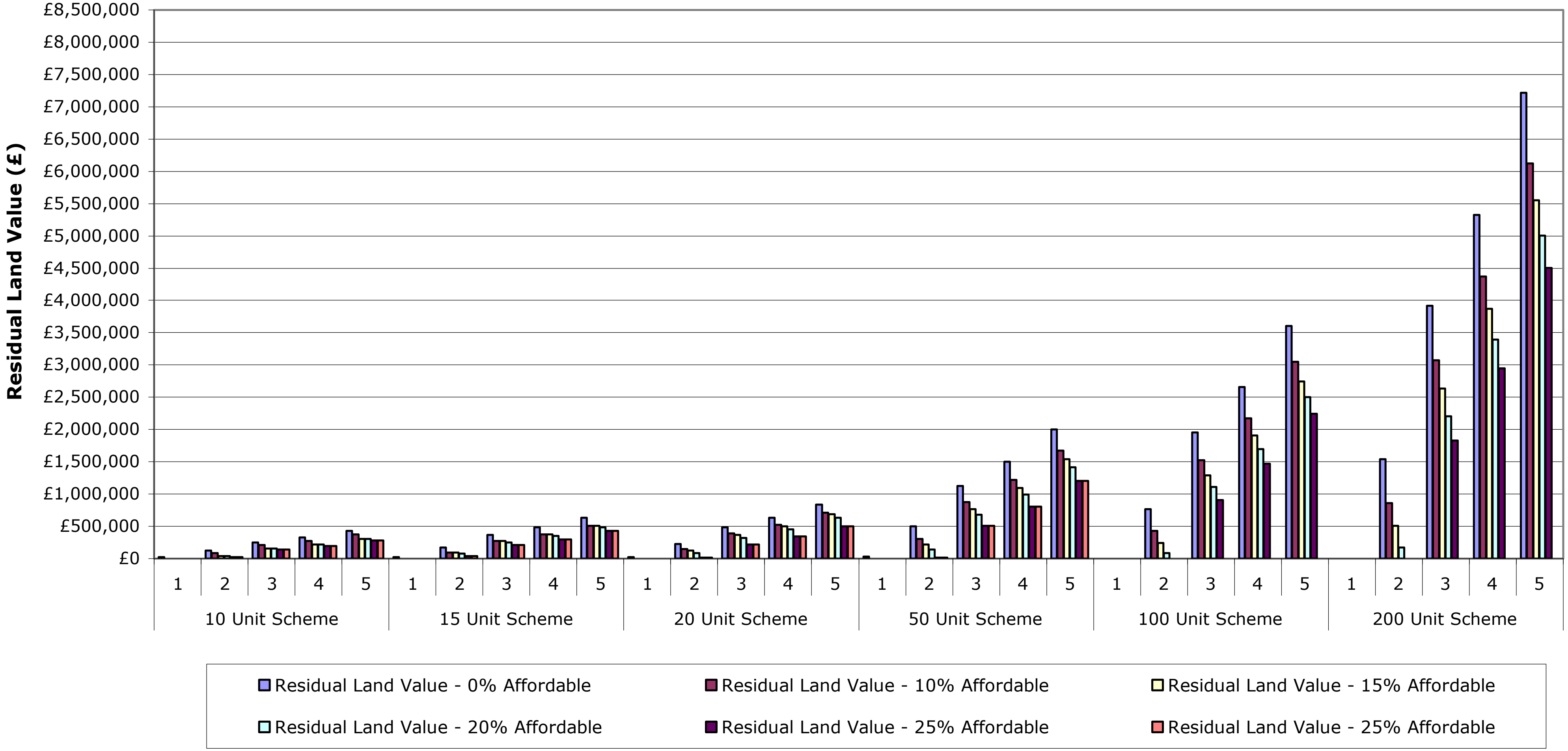


Table 4a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £80 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	1.6%	0.0%	0.0%	0.0%	0.0%
	2	8.1%	5.8%	3.1%	3.1%	1.6%
	3	14.7%	13.0%	10.4%	10.4%	9.3%
	4	18.1%	16.0%	13.6%	13.6%	12.5%
	5	21.9%	20.0%	17.3%	17.3%	16.4%
15 Unit Scheme	1	1.1%	0.0%	0.0%	0.0%	0.0%
	2	7.7%	4.5%	4.5%	3.6%	1.8%
	3	14.3%	11.4%	11.4%	10.7%	9.3%
	4	17.6%	14.6%	14.6%	14.0%	12.4%
	5	21.3%	18.4%	18.4%	17.9%	16.5%
20 Unit Scheme	1	0.9%	0.0%	0.0%	0.0%	0.0%
	2	7.4%	5.1%	4.5%	3.2%	0.6%
	3	14.1%	11.9%	11.4%	10.3%	7.5%
	4	17.3%	15.1%	14.6%	13.7%	10.9%
	5	21.1%	19.0%	18.6%	17.5%	14.8%
50 Unit Scheme	1	0.5%	0.0%	0.0%	0.0%	0.0%
	2	6.6%	4.3%	3.1%	2.1%	0.2%
	3	13.2%	10.9%	9.8%	8.8%	6.9%
	4	16.5%	14.2%	13.1%	12.1%	10.3%
	5	20.2%	18.0%	17.0%	16.0%	14.2%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	5.1%	3.0%	1.7%	0.6%	0.0%
	3	11.4%	9.4%	8.2%	7.2%	6.0%
	4	14.5%	12.6%	11.4%	10.4%	9.2%
	5	18.2%	16.2%	15.1%	14.1%	13.0%
200 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	5.1%	3.0%	1.8%	0.6%	0.0%
	3	11.4%	9.4%	8.3%	7.2%	6.1%
	4	14.6%	12.6%	11.5%	10.3%	9.3%
	5	18.2%	16.3%	15.2%	14.1%	13.1%

Source: Adams Integra, August 2012

Graph 4a: Summary of Residual Land Values (as % of GDV) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £80 CIL

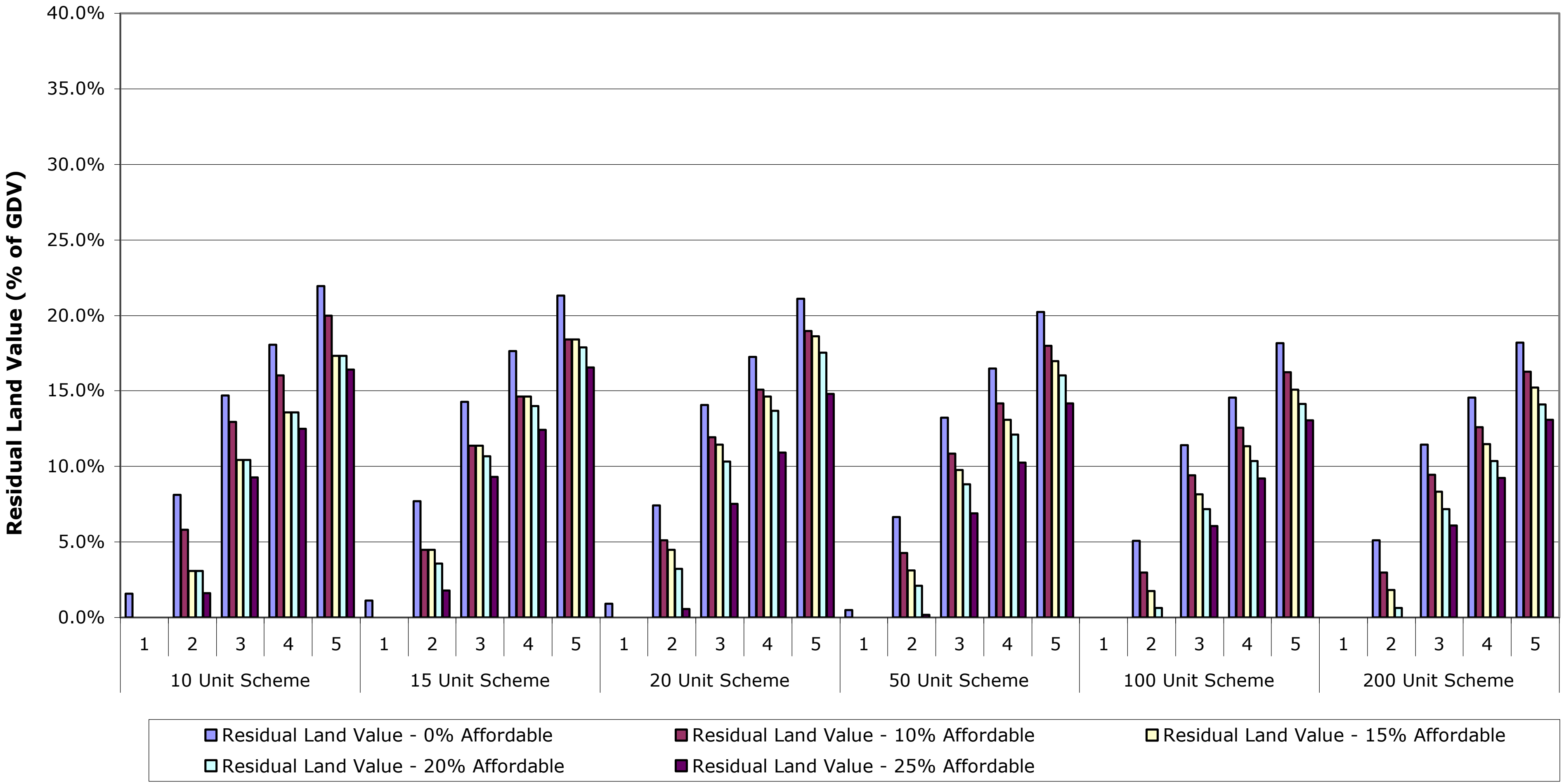


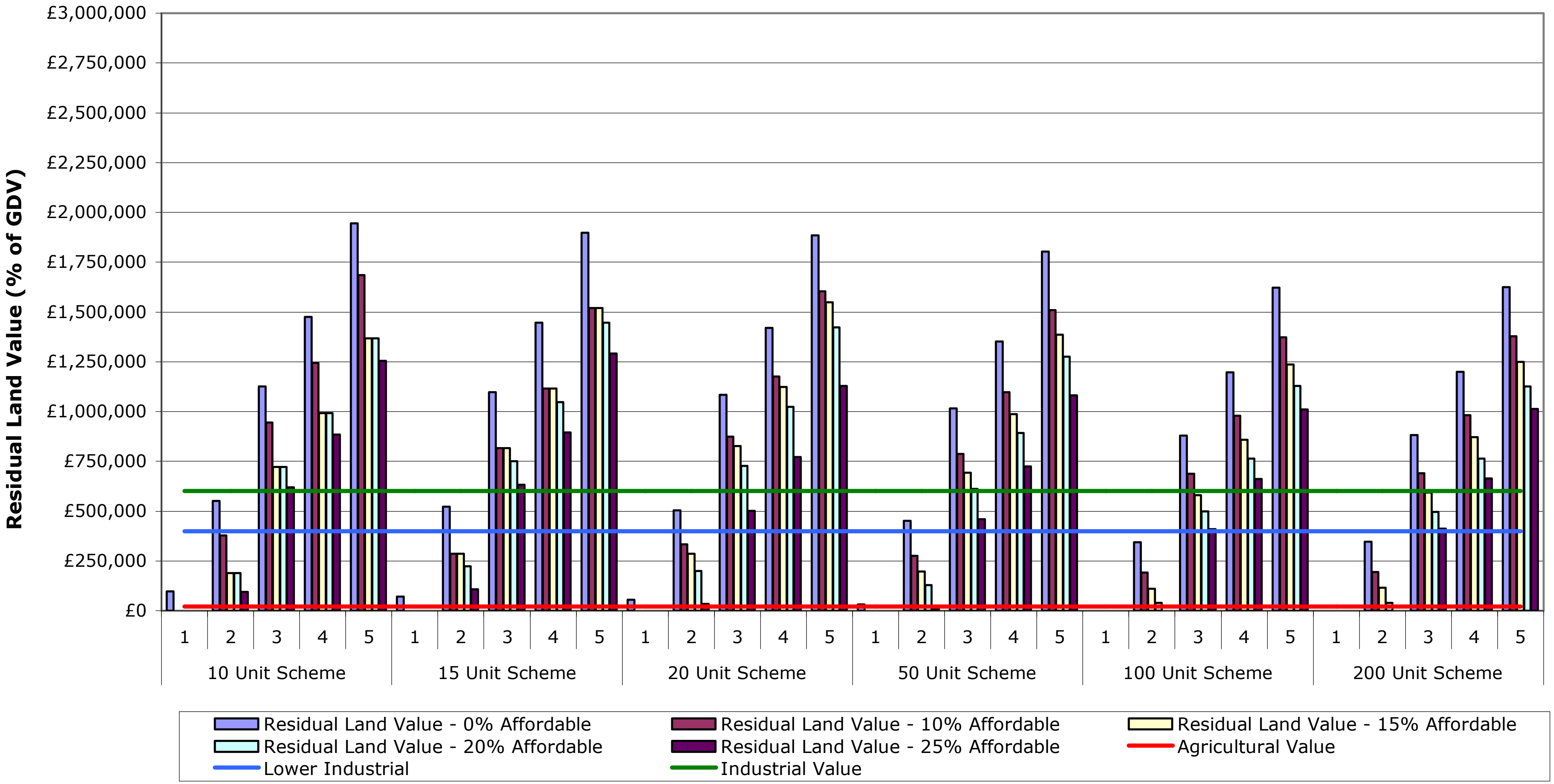
Table 4b: Summary of Residual Land Value (value per Hectare) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £80 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£97,178	£0	£0	£0	£0
	2	£550,617	£376,917	£189,571	£189,571	£95,330
	3	£1,125,601	£945,887	£721,189	£721,189	£619,698
	4	£1,474,436	£1,245,280	£992,607	£992,607	£884,955
	5	£1,944,605	£1,685,116	£1,366,890	£1,366,890	£1,254,380
15 Unit Scheme	1	£69,718	£0	£0	£0	£0
	2	£523,287	£285,257	£285,257	£223,125	£108,609
	3	£1,097,536	£816,652	£816,652	£751,748	£633,466
	4	£1,447,506	£1,116,626	£1,116,626	£1,047,086	£896,008
	5	£1,897,697	£1,520,748	£1,520,748	£1,447,337	£1,291,337
20 Unit Scheme	1	£56,151	£0	£0	£0	£0
	2	£504,644	£332,219	£285,882	£200,475	£32,947
	3	£1,083,578	£874,095	£825,690	£727,931	£500,977
	4	£1,419,288	£1,175,062	£1,123,735	£1,022,767	£770,777
	5	£1,884,257	£1,603,129	£1,548,379	£1,422,106	£1,128,431
50 Unit Scheme	1	£31,034	£0	£0	£0	£0
	2	£451,539	£276,457	£196,531	£129,507	£10,563
	3	£1,016,736	£788,701	£692,197	£611,604	£458,790
	4	£1,352,411	£1,097,225	£987,250	£892,312	£723,822
	5	£1,802,847	£1,509,034	£1,385,587	£1,276,304	£1,080,663
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£344,733	£192,597	£110,141	£38,990	£0
	3	£878,516	£687,694	£580,286	£498,124	£408,443
	4	£1,196,084	£979,370	£859,174	£764,223	£661,594
	5	£1,621,759	£1,373,749	£1,235,359	£1,127,619	£1,011,108
200 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£347,231	£193,580	£114,483	£38,981	£0
	3	£881,015	£690,818	£592,274	£496,863	£410,941
	4	£1,198,582	£982,651	£871,239	£762,882	£664,092
	5	£1,624,257	£1,377,187	£1,249,737	£1,125,732	£1,013,607

Agricultural value - £20k per hectare
Agricultural - Agricultural uplift £20k-£400k
Agricultural - Lower industrial £400k-£600k
Industrial value - £600k plus

Source: Adams Integra, August 2012

Graph 4b: Summary of Residual Land Values (value per Hectare) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £80 CIL



Appendix 6

Table 5: Summary of Residual Land Value (£) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £100 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£7,516	£0	£0	£0	£0
	2	£108,280	£69,680	£28,048	£28,048	£7,105
	3	£241,353	£196,259	£146,185	£146,185	£123,632
	4	£313,996	£263,072	£206,641	£206,641	£182,718
	5	£418,478	£360,813	£290,097	£290,097	£265,095
15 Unit Scheme	1	£2,266	£0	£0	£0	£0
	2	£153,455	£74,112	£74,112	£53,401	£15,229
	3	£345,501	£251,873	£251,873	£234,985	£190,391
	4	£462,157	£351,864	£351,864	£328,684	£278,325
	5	£612,431	£486,781	£486,781	£467,127	£410,101
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£196,697	£119,785	£99,191	£61,233	£0
	3	£454,559	£361,455	£339,942	£296,493	£195,067
	4	£604,042	£495,497	£477,609	£427,532	£315,536
	5	£810,695	£685,749	£661,416	£605,294	£479,718
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£441,345	£246,565	£152,953	£76,277	£0
	3	£1,064,791	£811,419	£704,193	£614,645	£449,485
	4	£1,437,764	£1,154,223	£1,032,029	£926,542	£739,331
	5	£1,938,248	£1,611,789	£1,474,626	£1,353,200	£1,135,821
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£643,614	£304,258	£119,668	£0	£0
	3	£1,829,799	£1,405,748	£1,167,064	£984,482	£785,192
	4	£2,535,504	£2,053,918	£1,786,815	£1,575,813	£1,347,749
	5	£3,481,449	£2,930,316	£2,622,782	£2,383,361	£2,124,448
200 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£1,298,330	£615,434	£266,641	£0	£0
	3	£3,670,700	£2,825,383	£2,387,409	£1,963,358	£1,581,486
	4	£5,082,110	£4,122,420	£3,627,252	£3,145,667	£2,706,601
	5	£6,974,000	£5,875,912	£5,309,465	£4,758,332	£4,259,998

Source: Adams Integra, August 2012

Graph 5: Summary of Residual Land Values at 0%, 10%, 15%, 20% & 25% Affordable Housing Across All Value Points 80% Social Rent/20% Shared Ownership Planning Infrastructure Level £0, £100 CIL

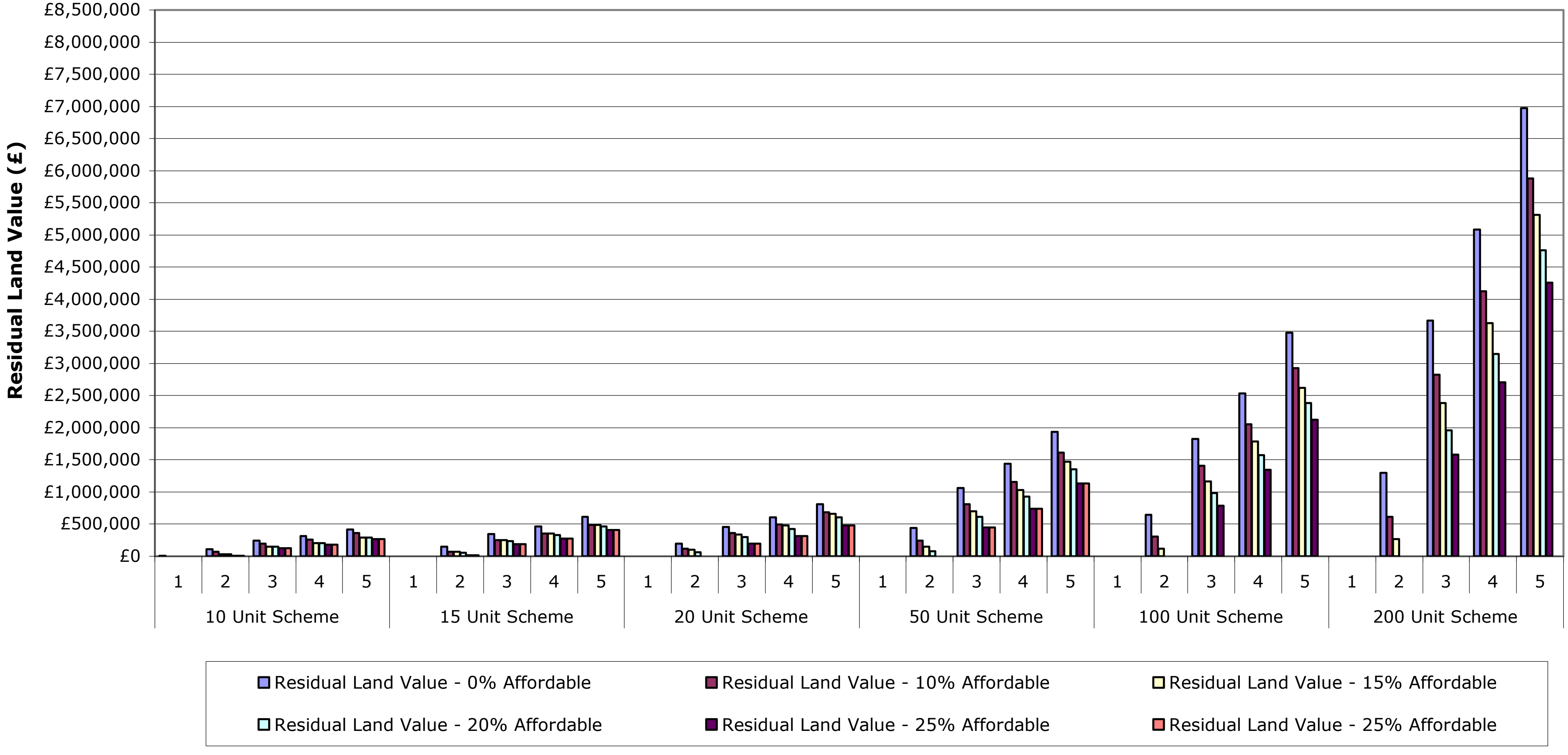


**Table 5a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £100 CIL**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	0.6%	0.0%	0.0%	0.0%	0.0%
	2	7.2%	4.8%	2.1%	2.1%	0.5%
	3	14.2%	12.1%	9.5%	9.5%	8.3%
	4	17.3%	15.2%	12.7%	12.7%	11.6%
	5	21.2%	19.3%	16.5%	16.5%	15.6%
15 Unit Scheme	1	0.1%	0.0%	0.0%	0.0%	0.0%
	2	6.8%	3.5%	3.5%	2.6%	0.8%
	3	13.5%	10.5%	10.5%	10.0%	8.4%
	4	16.9%	13.8%	13.8%	13.2%	11.6%
	5	20.6%	17.7%	17.7%	17.3%	15.8%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	6.5%	4.2%	3.5%	2.2%	0.0%
	3	13.3%	11.1%	10.6%	9.5%	6.6%
	4	16.5%	14.3%	14.0%	12.9%	10.0%
	5	20.4%	18.3%	17.9%	16.8%	14.2%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	5.8%	3.4%	2.2%	1.1%	0.0%
	3	12.5%	10.0%	9.0%	8.0%	6.1%
	4	15.8%	13.4%	12.3%	11.3%	9.4%
	5	19.6%	17.3%	16.3%	15.3%	13.4%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	4.3%	2.1%	0.9%	0.0%	0.0%
	3	10.7%	8.6%	7.4%	6.4%	5.2%
	4	13.9%	11.8%	10.6%	9.6%	8.5%
	5	17.5%	15.6%	14.4%	13.4%	12.3%
200 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	4.3%	2.1%	0.9%	0.0%	0.0%
	3	10.7%	8.7%	7.5%	6.4%	5.3%
	4	13.9%	11.9%	10.8%	9.6%	8.5%
	5	17.6%	15.6%	14.5%	13.4%	12.4%

Source: Adams Integra, August 2012

Graph 5a: Summary of Residual Land Values (as % of GDV) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points 80% Social Rent/20% Shared Ownership Planning Infrastructure Level £0, £100 CIL

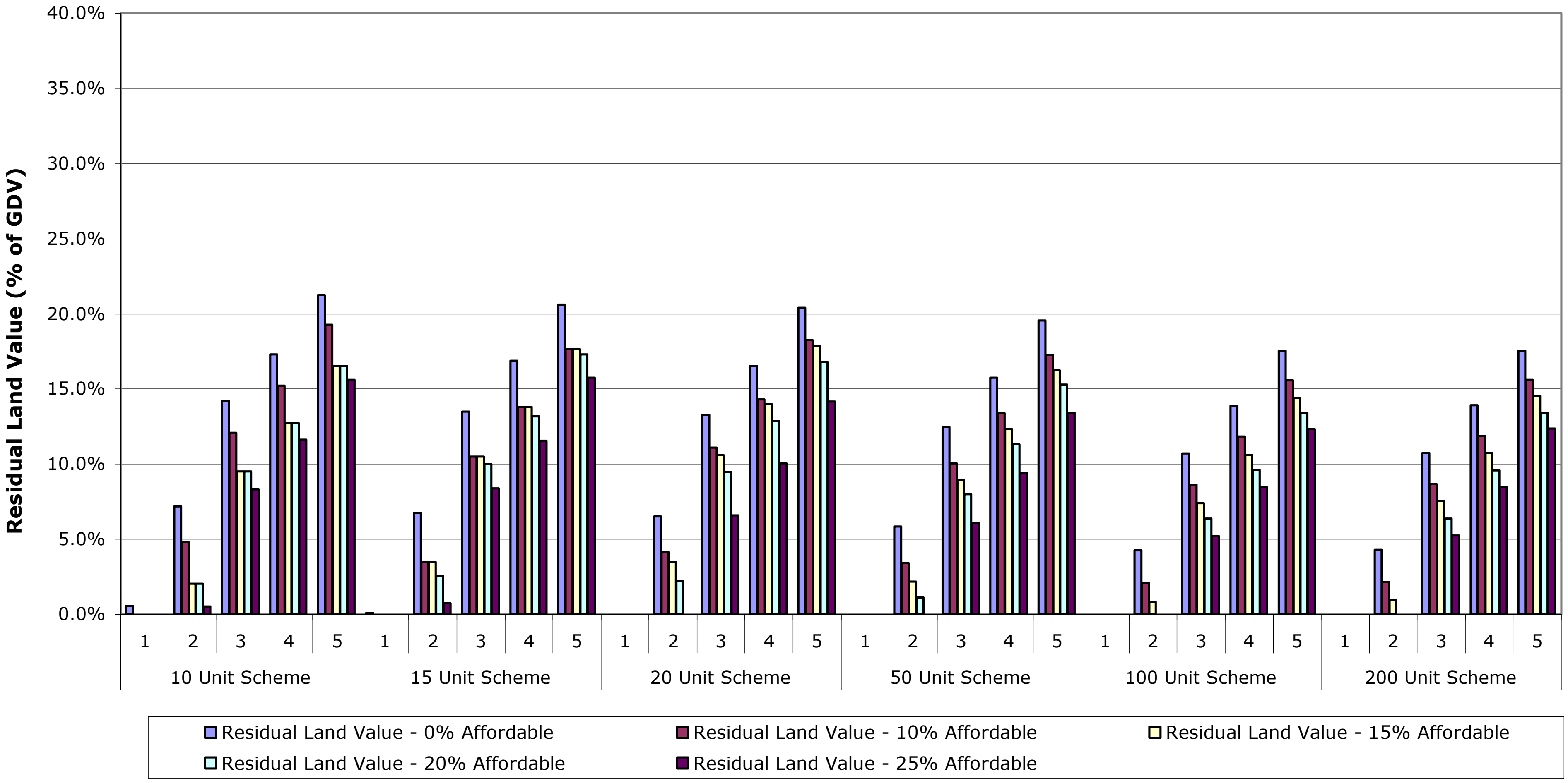


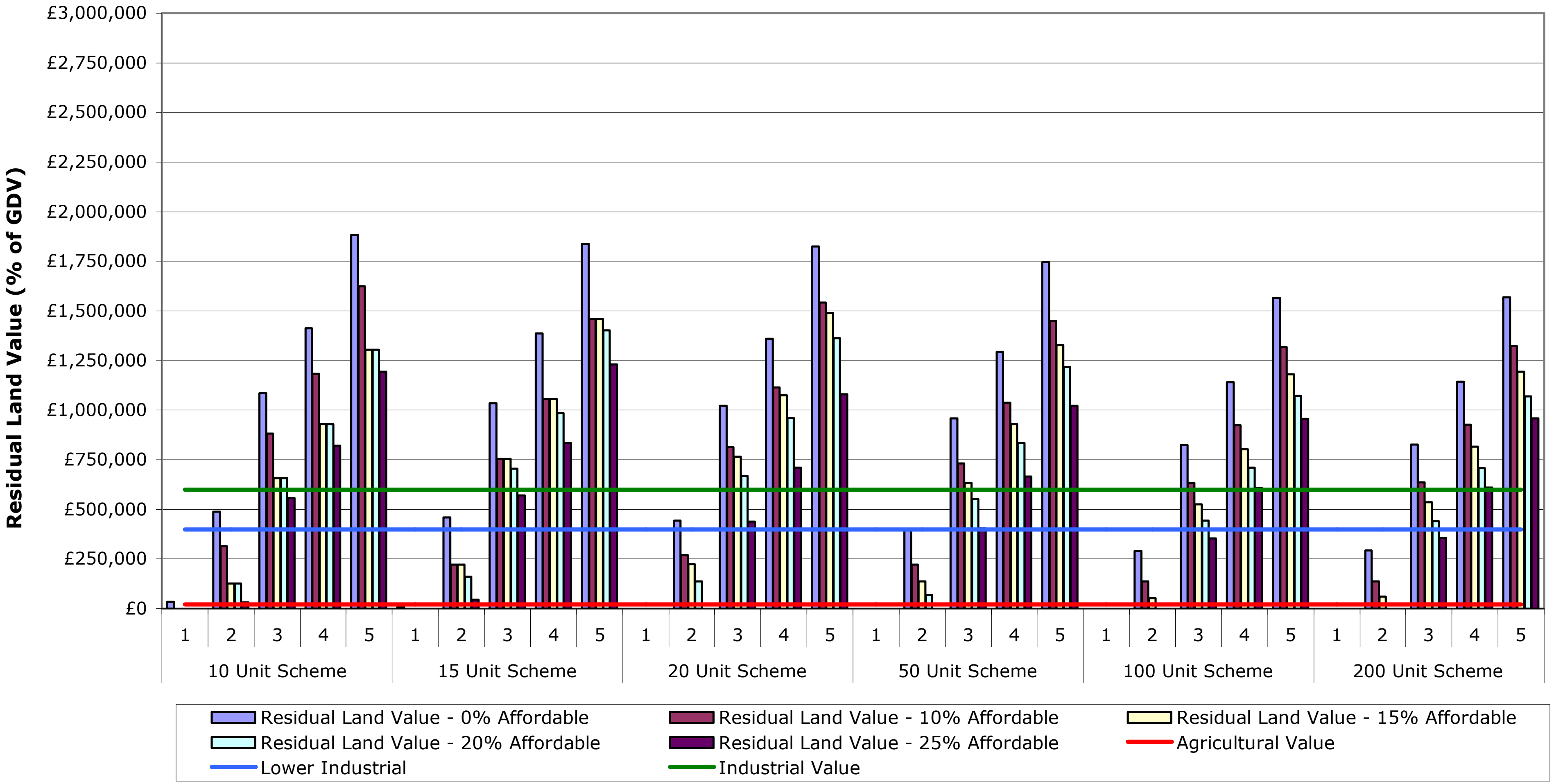
Table 5b: Summary of Residual Land Value (value per Hectare) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £100 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£33,822	£0	£0	£0	£0
	2	£487,261	£313,561	£126,216	£126,216	£31,975
	3	£1,086,087	£883,166	£657,834	£657,834	£556,343
	4	£1,412,981	£1,183,825	£929,885	£929,885	£822,233
	5	£1,883,150	£1,623,661	£1,305,435	£1,305,435	£1,192,925
15 Unit Scheme	1	£6,797	£0	£0	£0	£0
	2	£460,365	£222,336	£222,336	£160,204	£45,688
	3	£1,036,503	£755,618	£755,618	£704,956	£571,174
	4	£1,386,472	£1,055,592	£1,055,592	£986,053	£834,975
	5	£1,837,292	£1,460,343	£1,460,343	£1,401,380	£1,230,304
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£442,569	£269,517	£223,180	£137,773	£0
	3	£1,022,757	£813,274	£764,869	£667,110	£438,902
	4	£1,359,094	£1,114,869	£1,074,620	£961,946	£709,956
	5	£1,824,063	£1,542,935	£1,488,185	£1,361,912	£1,079,365
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£397,210	£221,908	£137,658	£68,649	£0
	3	£958,312	£730,277	£633,774	£553,180	£404,536
	4	£1,293,987	£1,038,801	£928,826	£833,888	£665,398
	5	£1,744,424	£1,450,610	£1,327,164	£1,217,880	£1,022,239
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£289,626	£136,916	£53,851	£0	£0
	3	£823,409	£632,587	£525,179	£443,017	£353,336
	4	£1,140,977	£924,263	£804,067	£709,116	£606,487
	5	£1,566,652	£1,318,642	£1,180,252	£1,072,512	£956,001
200 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£292,124	£138,473	£59,994	£0	£0
	3	£825,908	£635,711	£537,167	£441,756	£355,834
	4	£1,143,475	£927,544	£816,132	£707,775	£608,985
	5	£1,569,150	£1,322,080	£1,194,630	£1,070,625	£958,500

Agricultural value - £20k per hectare
Agricultural - Agricultural uplift £20k-£400k
Agricultural - Lower industrial £400k-£600k
Industrial value - £600k plus

Source: Adams Integra, August 2012

**Graph 5b: Summary of Residual Land Values (value per Hectare) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £100 CIL**



Appendix 7

Table 6: Summary of Residual Land Value (£) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £150 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£73,083	£34,483	£0	£0	£0
	3	£206,507	£163,044	£110,988	£110,988	£88,434
	4	£279,854	£233,651	£173,531	£173,531	£149,367
	5	£384,336	£326,672	£255,955	£255,955	£235,715
15 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£101,021	£21,677	£21,677	£967	£0
	3	£294,640	£205,156	£205,156	£183,075	£139,880
	4	£411,296	£301,003	£301,003	£277,823	£232,154
	5	£562,094	£440,990	£440,990	£416,265	£359,240
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£129,015	£50,117	£29,522	£0	£0
	3	£386,980	£293,876	£272,363	£233,635	£127,369
	4	£537,160	£433,080	£410,030	£359,953	£247,957
	5	£743,813	£618,867	£594,534	£538,412	£412,139
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£277,366	£80,005	£0	£0	£0
	3	£902,503	£649,131	£541,905	£457,069	£285,506
	4	£1,275,476	£991,935	£869,741	£764,254	£577,043
	5	£1,775,960	£1,449,501	£1,312,338	£1,190,912	£973,533
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£340,979	£0	£0	£0	£0
	3	£1,523,649	£1,099,598	£860,914	£678,332	£484,032
	4	£2,229,354	£1,747,768	£1,480,665	£1,269,663	£1,041,599
	5	£3,175,299	£2,624,166	£2,316,632	£2,077,211	£1,818,298
200 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£686,030	£3,265	£0	£0	£0
	3	£3,058,400	£2,213,083	£1,775,109	£1,351,058	£969,186
	4	£4,469,810	£3,510,120	£3,014,952	£2,533,367	£2,094,301
	5	£6,361,700	£5,263,612	£4,697,165	£4,146,032	£3,647,698

Source: Adams Integra, August 2012

Graph 6: Summary of Residual Land Values at 0%, 10%, 15%, 20% & 25% Affordable Housing Across All Value Points 80% Social Rent/20% Shared Ownership Planning Infrastructure Level £0, £150 CIL

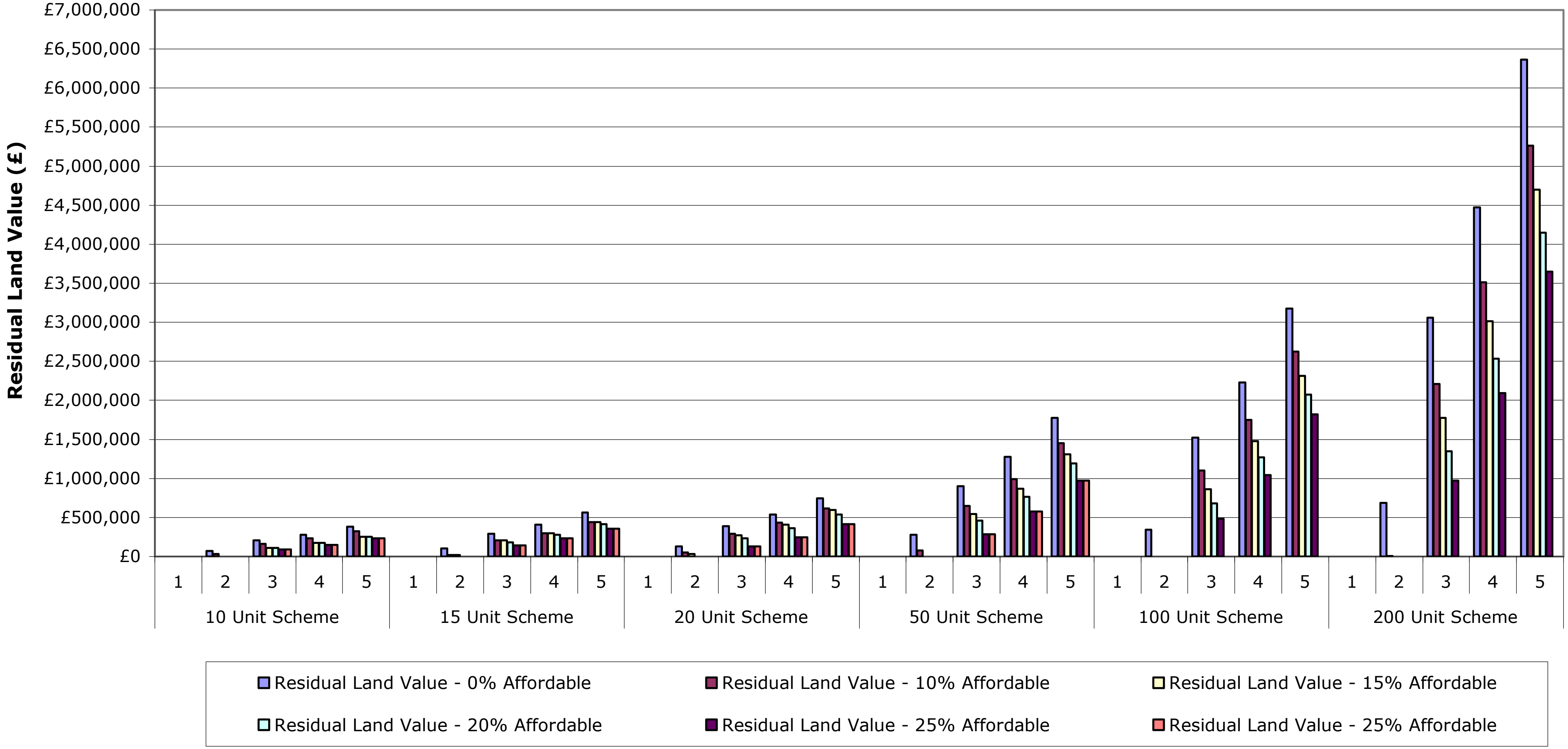


Table 6a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £150 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	4.9%	2.4%	0.0%	0.0%	0.0%
	3	12.1%	10.0%	7.2%	7.2%	6.0%
	4	15.4%	13.5%	10.7%	10.7%	9.5%
	5	19.5%	17.4%	14.6%	14.6%	13.9%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	4.5%	1.0%	1.0%	0.0%	0.0%
	3	11.5%	8.6%	8.6%	7.8%	6.2%
	4	15.0%	11.8%	11.8%	11.1%	9.7%
	5	18.9%	16.0%	16.0%	15.4%	13.8%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	4.3%	1.7%	1.0%	0.0%	0.0%
	3	11.3%	9.0%	8.5%	7.5%	4.3%
	4	14.7%	12.5%	12.0%	10.8%	7.9%
	5	18.7%	16.5%	16.1%	14.9%	12.2%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	3.7%	1.1%	0.0%	0.0%	0.0%
	3	10.6%	8.0%	6.9%	5.9%	3.9%
	4	14.0%	11.5%	10.4%	9.3%	7.4%
	5	17.9%	15.5%	14.5%	13.5%	11.5%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	2.3%	0.0%	0.0%	0.0%	0.0%
	3	8.9%	6.8%	5.5%	4.4%	3.2%
	4	12.2%	10.1%	8.8%	7.7%	6.5%
	5	16.0%	14.0%	12.7%	11.7%	10.6%
200 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	2.3%	0.0%	0.0%	0.0%	0.0%
	3	8.9%	6.8%	5.6%	4.4%	3.2%
	4	12.2%	10.1%	8.9%	7.7%	6.6%
	5	16.0%	14.0%	12.9%	11.7%	10.6%

Source: Adams Integra, August 2012

Graph 6a: Summary of Residual Land Values (as % of GDV) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £150 CIL

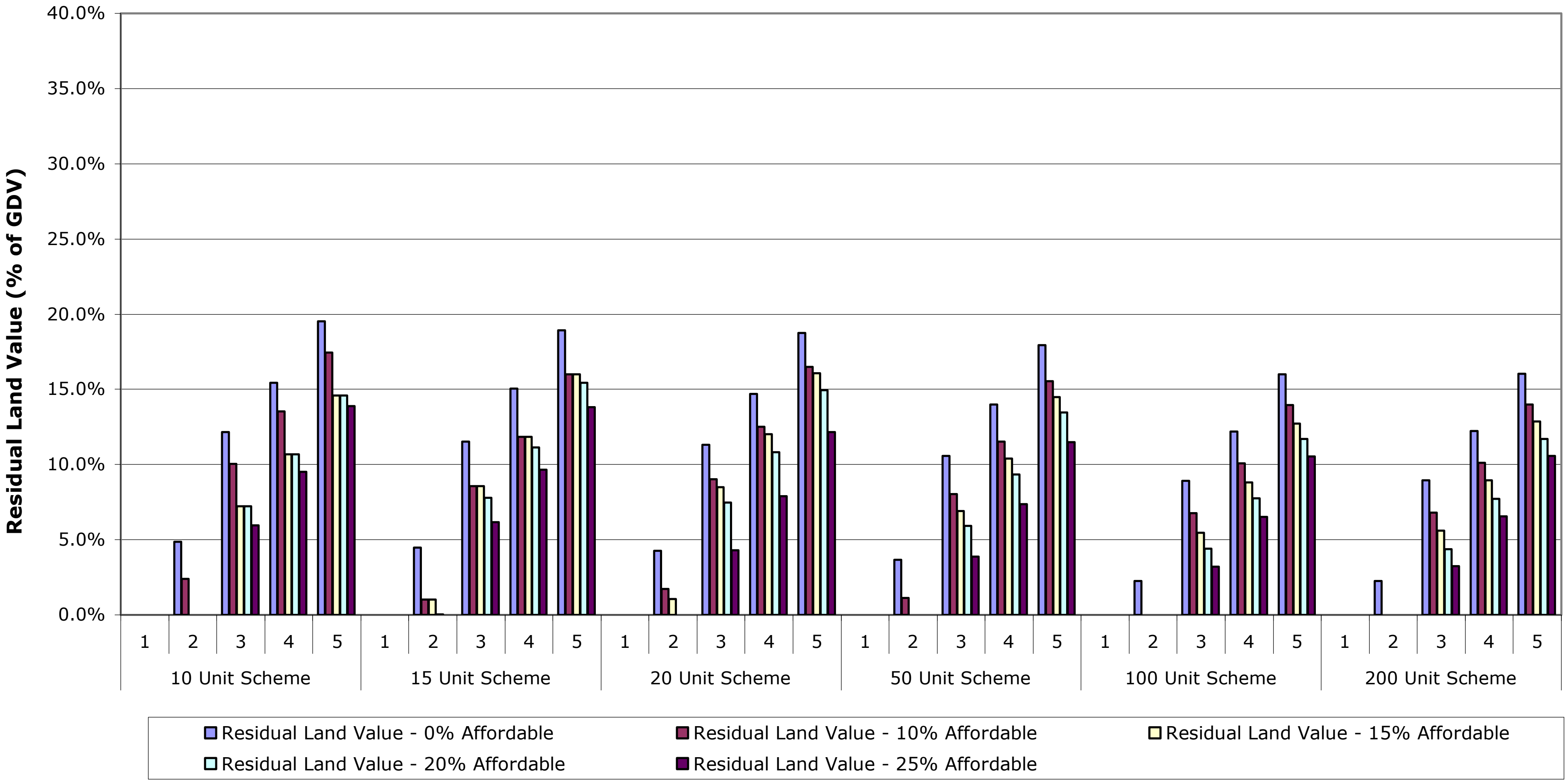


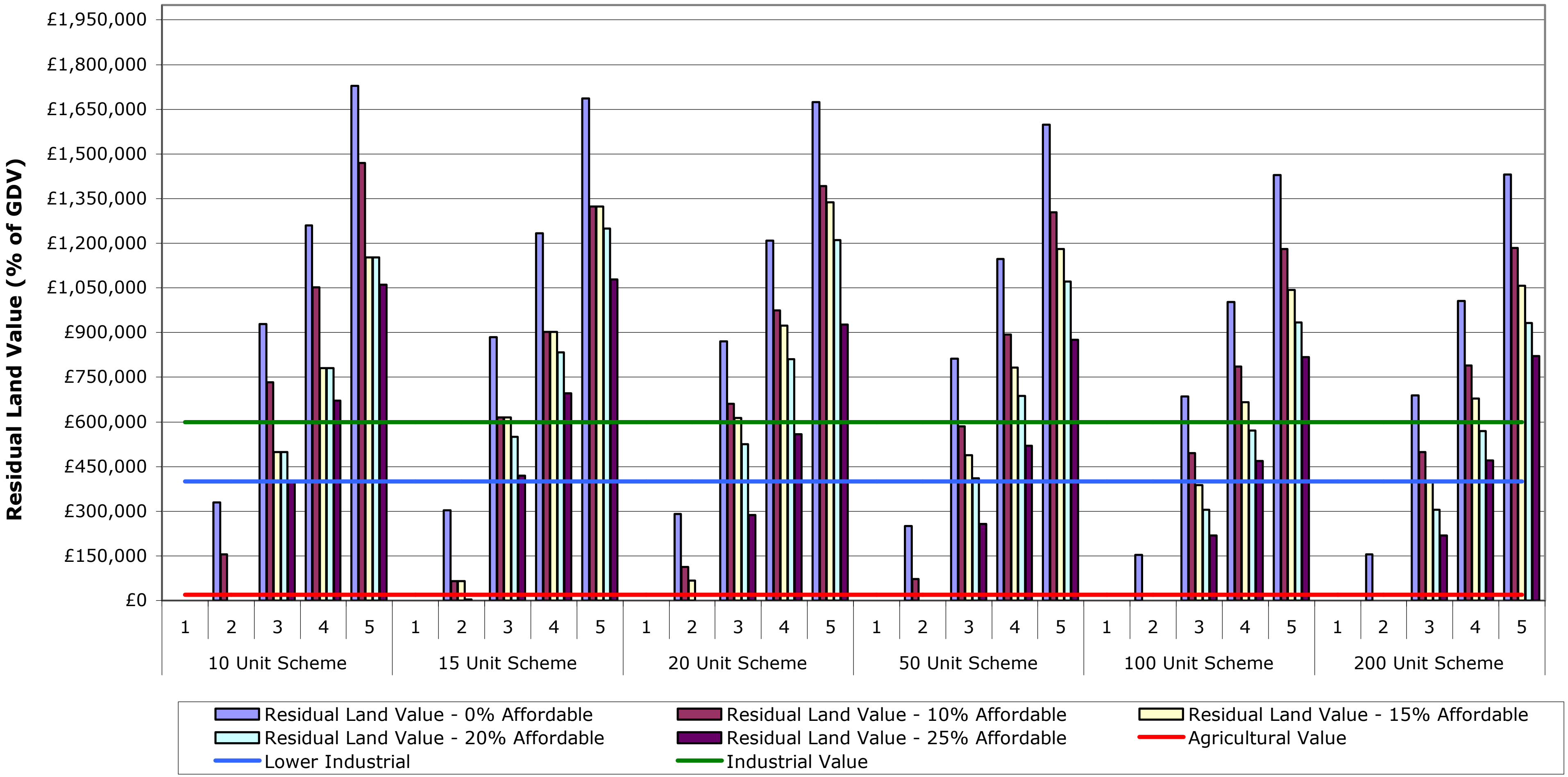
Table 6b: Summary of Residual Land Value (value per Hectare) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £150 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£328,872	£155,173	£0	£0	£0
	3	£929,282	£733,698	£499,445	£499,445	£397,954
	4	£1,259,344	£1,051,429	£780,889	£780,889	£672,149
	5	£1,729,513	£1,470,024	£1,151,798	£1,151,798	£1,060,717
15 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£303,062	£65,032	£65,032	£2,901	£0
	3	£883,919	£615,468	£615,468	£549,226	£419,641
	4	£1,233,888	£903,008	£903,008	£833,469	£696,461
	5	£1,686,281	£1,322,971	£1,322,971	£1,248,796	£1,077,720
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£290,285	£112,762	£66,425	£0	£0
	3	£870,705	£661,222	£612,817	£525,678	£286,580
	4	£1,208,610	£974,430	£922,567	£809,894	£557,904
	5	£1,673,578	£1,392,450	£1,337,701	£1,211,428	£927,313
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£249,629	£72,005	£0	£0	£0
	3	£812,253	£584,218	£487,715	£411,362	£256,956
	4	£1,147,928	£892,742	£782,767	£687,829	£519,339
	5	£1,598,364	£1,304,551	£1,181,105	£1,071,821	£876,180
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£153,441	£0	£0	£0	£0
	3	£685,642	£494,819	£387,411	£305,249	£217,814
	4	£1,003,209	£786,496	£666,299	£571,348	£468,720
	5	£1,428,884	£1,180,875	£1,042,484	£934,745	£818,234
200 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£154,357	£735	£0	£0	£0
	3	£688,140	£497,944	£399,400	£303,988	£218,067
	4	£1,005,707	£789,777	£678,364	£570,007	£471,218
	5	£1,431,383	£1,184,313	£1,056,862	£932,857	£820,732

(red)	Agricultural value - £20k per hectare
(yellow)	Agricultural - Agricultural uplift £20k-£400k
(blue)	Agricultural - Lower industrial £400k-£600k
(green)	Industrial value - £600k plus

Source: Adams Integra, August 2012

Graph 6b: Summary of Residual Land Values (value per Hectare) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points 80% Social Rent/20% Shared Ownership Planning Infrastructure Level £0, £150 CIL



Appendix 8

Table 7: Summary of Residual Land Value (£) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £200 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£37,885	£0	£0	£0	£0
	3	£173,396	£127,846	£75,790	£75,790	£53,237
	4	£245,713	£198,805	£138,333	£138,333	£114,169
	5	£350,195	£292,530	£226,387	£226,387	£200,869
15 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£48,586	£0	£0	£0	£0
	3	£243,778	£154,794	£154,794	£132,490	£87,446
	4	£360,435	£250,141	£250,141	£231,641	£180,244
	5	£511,757	£390,129	£390,129	£365,404	£308,379
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£59,347	£0	£0	£0	£0
	3	£319,401	£230,964	£209,007	£166,326	£57,700
	4	£475,177	£365,501	£342,451	£292,374	£184,098
	5	£676,931	£551,985	£527,652	£476,442	£344,560
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£116,894	£0	£0	£0	£0
	3	£740,215	£486,843	£383,571	£293,090	£125,287
	4	£1,113,188	£829,647	£707,453	£601,966	£419,076
	5	£1,613,672	£1,287,213	£1,150,050	£1,028,624	£811,245
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£32,619	£0	£0	£0	£0
	3	£1,217,499	£793,448	£554,764	£376,059	£178,295
	4	£1,923,204	£1,441,618	£1,174,515	£963,513	£735,449
	5	£2,869,149	£2,318,016	£2,010,482	£1,771,061	£1,512,148
200 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£76,802	£0	£0	£0	£0
	3	£2,446,100	£1,600,783	£1,162,809	£738,758	£360,603
	4	£3,857,510	£2,897,820	£2,402,652	£1,921,067	£1,482,001
	5	£5,749,400	£4,651,312	£4,084,865	£3,533,732	£3,035,398

Source: Adams Integra, August 2012

Graph 7: Summary of Residual Land Values at 0%, 10%, 15%, 20% & 25% Affordable Housing Across All Value Points 80% Social Rent/20% Shared Ownership Planning Infrastructure Level £0, £200 CIL

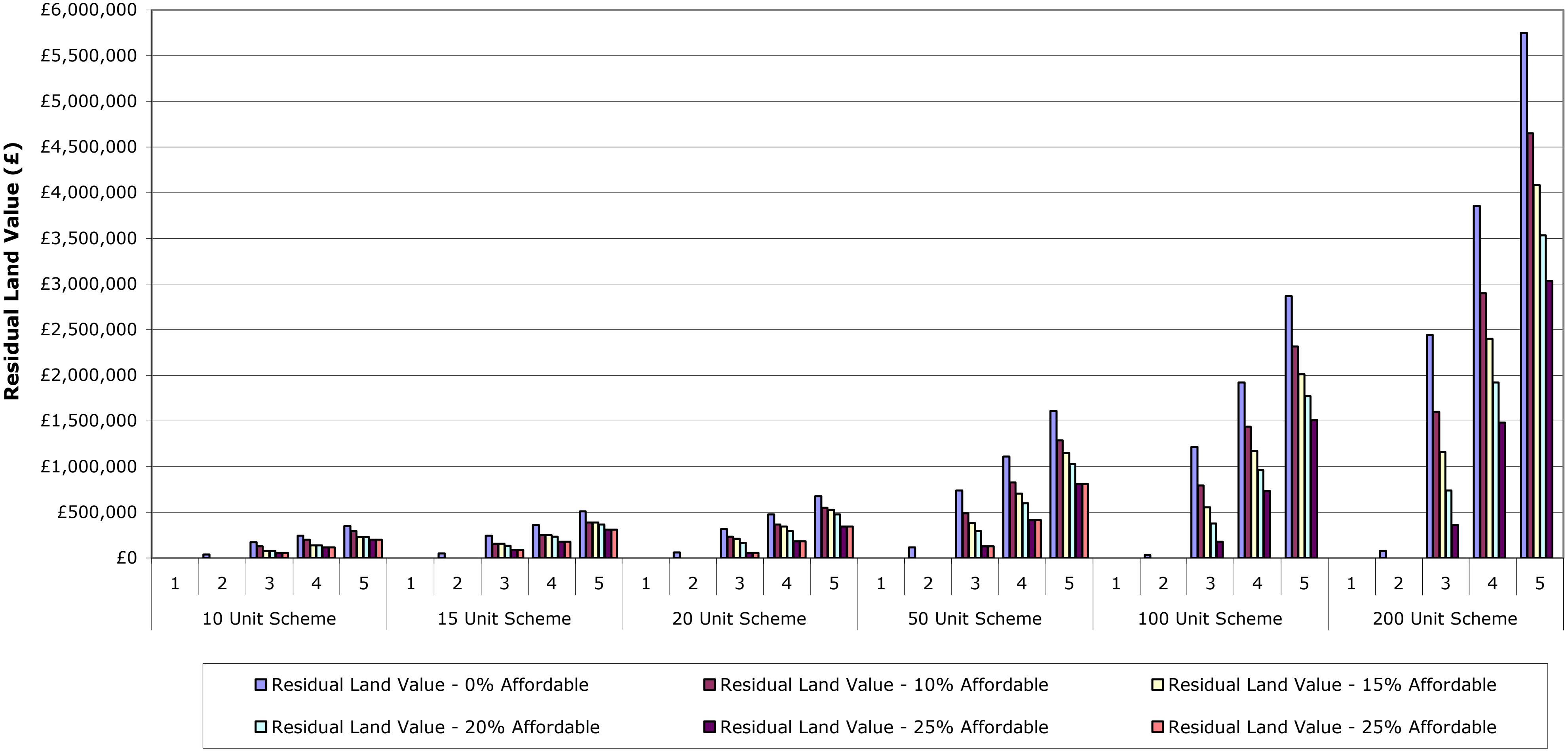


Table 7a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £200 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	2.5%	0.0%	0.0%	0.0%	0.0%
	3	10.2%	7.9%	4.9%	4.9%	3.6%
	4	13.5%	11.5%	8.5%	8.5%	7.3%
	5	17.8%	15.6%	12.9%	12.9%	11.8%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	2.1%	0.0%	0.0%	0.0%	0.0%
	3	9.5%	6.5%	6.5%	5.6%	3.9%
	4	13.2%	9.8%	9.8%	9.3%	7.5%
	5	17.2%	14.2%	14.2%	13.5%	11.9%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	2.0%	0.0%	0.0%	0.0%	0.0%
	3	9.3%	7.1%	6.5%	5.3%	2.0%
	4	13.0%	10.5%	10.0%	8.8%	5.9%
	5	17.1%	14.7%	14.3%	13.2%	10.2%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	1.5%	0.0%	0.0%	0.0%	0.0%
	3	8.7%	6.0%	4.9%	3.8%	1.7%
	4	12.2%	9.6%	8.4%	7.4%	5.3%
	5	16.3%	13.8%	12.7%	11.6%	9.6%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	0.2%	0.0%	0.0%	0.0%	0.0%
	3	7.1%	4.9%	3.5%	2.4%	1.2%
	4	10.5%	8.3%	7.0%	5.9%	4.6%
	5	14.5%	12.3%	11.0%	10.0%	8.8%
200 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	0.3%	0.0%	0.0%	0.0%	0.0%
	3	7.2%	4.9%	3.7%	2.4%	1.2%
	4	10.6%	8.4%	7.1%	5.9%	4.6%
	5	14.5%	12.4%	11.2%	10.0%	8.8%

Source: Adams Integra, August 2012

Graph 7a: Summary of Residual Land Values (as % of GDV) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points 80% Social Rent/20% Shared Ownership Planning Infrastructure Level £0, £200 CIL

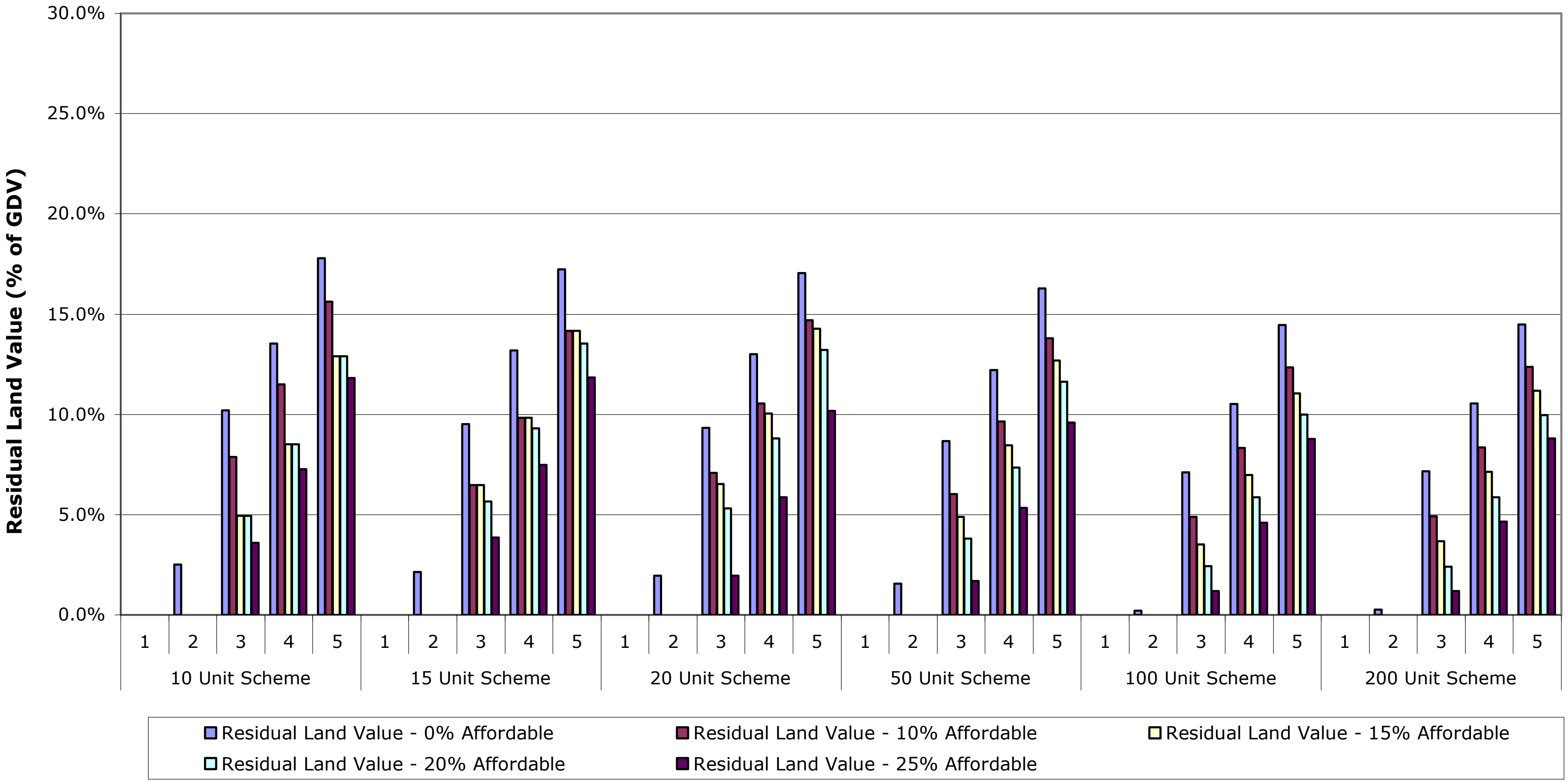


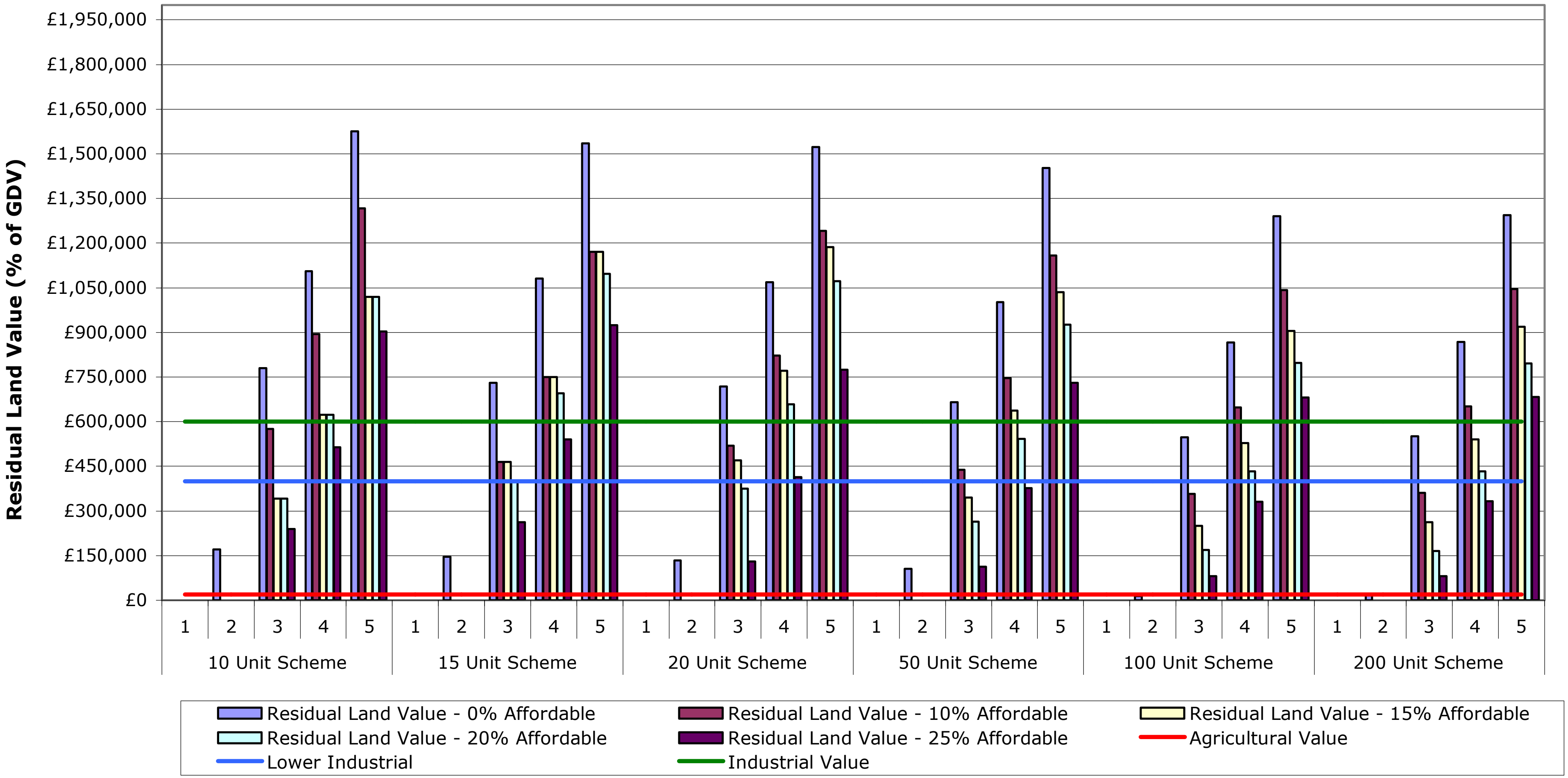
Table 7b: Summary of Residual Land Value (value per Hectare) Appraisals for All Value Points
0%, 10%, 15%, 20% and 25% Affordable Housing
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £200 CIL

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 15% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 25% Affordable
10 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£170,484	£0	£0	£0	£0
	3	£780,280	£575,309	£341,056	£341,056	£239,565
	4	£1,105,707	£894,624	£622,501	£622,501	£513,761
	5	£1,575,876	£1,316,387	£1,018,741	£1,018,741	£903,912
15 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£145,759	£0	£0	£0	£0
	3	£731,335	£464,382	£464,382	£397,471	£262,337
	4	£1,081,304	£750,424	£750,424	£694,923	£540,731
	5	£1,535,270	£1,170,387	£1,170,387	£1,096,212	£925,136
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£133,530	£0	£0	£0	£0
	3	£718,653	£519,668	£470,265	£374,233	£129,826
	4	£1,069,148	£822,378	£770,515	£657,842	£414,220
	5	£1,523,094	£1,241,966	£1,187,216	£1,071,995	£775,261
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£105,205	£0	£0	£0	£0
	3	£666,194	£438,159	£345,214	£263,781	£112,758
	4	£1,001,869	£746,683	£636,708	£541,769	£377,168
	5	£1,452,305	£1,158,491	£1,035,045	£925,762	£730,121
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£14,678	£0	£0	£0	£0
	3	£547,874	£357,052	£249,644	£169,226	£80,233
	4	£865,442	£648,728	£528,532	£433,581	£330,952
	5	£1,291,117	£1,043,107	£904,717	£796,977	£680,466
200 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£17,280	£0	£0	£0	£0
	3	£550,373	£360,176	£261,632	£166,221	£81,136
	4	£867,940	£652,009	£540,597	£432,240	£333,450
	5	£1,293,615	£1,046,545	£919,095	£795,090	£682,965

Agricultural value - £20k per hectare
Agricultural - Agricultural uplift £20k-£400k
Agricultural - Lower industrial £400k-£600k
Industrial value - £600k plus

Source: Adams Integra, August 2020

Graph 7b: Summary of Residual Land Values (value per Hectare) at 0%, 10%, 15%, 20% & 25% Affordable Housing Across all Value Points
80% Social Rent/20% Shared Ownership
Planning Infrastructure Level £0, £200 CIL



Appendix 9

Appendix 9

Cannock Chase Council - Property Values Report

Introduction

Adams Integra was asked to prepare an Economic Viability Assessment of future development in Cannock Chase on behalf of Cannock Chase Council.

To inform the wide range of viability appraisals, and as a key part of our methodology, research was required to determine the level of new build housing values within the District. As context for the viability study work, we needed to understand the level and range of values as seen at present, and that may be seen as we move ahead through varied market conditions. The range of information considered is outlined here, and informed our judgements as to the spread of value levels most appropriate to use in our appraisal modelling. We use our established Value Points methodology. This looks at how residual land values (RLVs) and therefore likely scheme viability alter as the key driver of the new build property value levels varies – by location (or scheme type) and/or with time (i.e. as potentially influenced by varying market conditions).

As part of the review, so that we could better understand the value patterns locally that might also be relevant to new builds, desktop research was also undertaken to enable us to consider the overall housing (resales dominated) market in the District - through considering house prices and their variation by area. Values trends are considered by reference to the Land Registry House Prices Index so that trends can be considered – in the context of the national and regional pictures as well.

The initial desktop research involved looking at an overview of values in different locations across the District using property search websites (for example, Rightmove). Our interpretation of the data is shown below, indicating the variation in values across the area. This process enabled us to develop a wider understanding of the local market, to verify and supplement the new build property values research and consider alongside that. It is acknowledged that much of this information is marketing price based. The key here is that we have to make judgements on an appropriate range of values to consider at this strategic level of review – what particular schemes with specific characteristics have sold for at a given point in time is less useful for this purpose and could only form part of a wider information set. We seek to add to our research by contacting and visiting local agents and others active in the market. We make appropriate allowances in arriving at the range of values we apply and, our experience is that this process, overall, gives us a more up-to-date and dynamic picture than we get through relying on historic data which often does not clearly reflect property types and sizes, or latest knowledge and experience of market conditions. The objective is to select an appropriate range of values at which to study viability.

Stakeholder consultation was also carried out.

Wider market overview information has also been included, as drawn from market reports provided by the organisations such as the RICS and Land Registry.

The study process involved reviewing and fixing assumptions in the Summer of 2012, so those were necessarily supported by such information as was available up to that period. Market reporting is included as available at that time, which is set out first – see below. However, our consultants have maintained an awareness of market conditions throughout the study period.

As this part of the work was kept open while the study proceeded, this Appendix may contain some information gaps where details were incomplete, not available or not received following enquiries we made. This is not an exhaustive piece of property market research, but aimed to sweep up information as was readily available as a key part of the process of informing a suitable range of values assumptions and assessment judgements.

<u>RICs Housing Market Surveys</u>

June 2012

Activity continues to contract

- ***Price balance deteriorates to 8 month low***
- ***Activity levels continue to contract***
- ***12 month outlook deteriorates***

The June 2012 RICS Housing Market Survey shows a deterioration in the headline price balance, along with a further slide in all activity indicators. This is in line with the softening economic dataflow and the continuing uncertainty emanating from the euro crisis.

The seasonally adjusted net price balance turned more negative in June, from -17 to -22 i.e. 22% more surveyors recorded price falls rather than rises. That said, whilst the price balance is negative, 63% of all surveyors recorded unchanged prices for the three months up to June. Additionally, of the respondents that did report a price fall, 83% of them did so in the 0 to -2% range.

Activity contracted in June, with all indicators continuing to lose momentum after the temporary spike in the lead up to the expiry of the stamp duty exemption (at the end of March). Starting with demand and supply, both new buyer enquiries and new vendor instructions declined this month, recording their lowest net balances in over 18 months. Turning to transactions, newly agreed sales decreased in June, with the net balance falling from -5 to -12. Average sales per surveyor (per branch) edged down from 15.6 to 15.5, while average stocks on surveyors books (per branch) fell by 0.8% from 67.6 to 67. This resulted in the *sales to stock ratio - an indicator of market slack – remaining unchanged at 23.1%, considerably less than the long run average of 33%.*

The outlook for the next three months remains broadly unchanged, with sales expectations turning slightly more positive and price expectations remaining negative albeit less so. The longer term 12 month outlook deteriorated, with price expectations falling further into negative territory and sales expectations broadly flat after rising the previous month.

At the regional level, London remains the only region in the survey where the price balance is positive, a trend that has continued more or less uninterrupted since February 2011. Of those regions recording negative balances, the South East was least negative, reinforcing the notion of a North/South price divide across England. The West and East Midlands recorded the most negative price net balances. Outside of England & Wales, Scotland and Northern Ireland continued to see falls in house values.

Source: RICs Economics – June 2012 RICs Housing Market Survey

July 2012

Activity contracts further

- *Price balance deteriorates to 12 month low*
- *Activity levels continue to contract*
- *Near term price outlook deteriorates although sales expectations remain positive*

The July 2012 RICS UK Housing Market Survey highlights four main trends. Firstly, the headline price balance edged down to -24 in July. Secondly, activity levels dipped further, with transactions slipping for the fourth consecutive month. Thirdly, London remains the only region recording rising prices. Finally, respondents expect prices to fall further in the coming months, although sales expectations remain positive.

The seasonally adjusted net price balance turned slightly more negative in July, from -22 to -24 i.e. 24% more surveyors reported falling rather than rising prices. That said, whilst the price balance remains in negative territory, 61% of all respondents reported unchanged prices for the three months up to July.

Additionally, of the respondents that did report a price fall, 73% of them did so in the 0 to -2% range.

Activity slowed further in July, with the weak picture exacerbated by the start of the school holidays and the Olympics. Indeed, new vendor instructions (supply) declined more notably whilst new buyer enquiries (demand) fell more modestly *during the month; both indicators have now recorded three successive negative readings.*

Interestingly, there has been a marked regional divergence in enquiries, with the North and North West recording broadly rising demand for the last four consecutive months, with the other regions all recording either flat or falling demand in the same time period.

Turning to transactions, newly agreed sales declined in July, with the net balance falling to a four year low. Average sales per surveyor (per branch) edged down from 15.4 to 15.1, whilst average stocks on surveyors books (per branch) increased from 67.5 to 68 (in line with its three month average). This resulted in the sales to stock ratio - an indicator of market slack - edging down from 22.9% to 22.2%, the worst reading since November 2011.

The outlook for the next three months remains broadly unchanged, with sales expectations turning slightly more positive and price expectations falling further into negative territory. The longer term 12 month outlook shows a marked deterioration, with both price and sales expectations now negative.

At the regional level, London remains the only region in the survey where the price balance is positive, a trend that has continued more or less uninterrupted since February 2011. Of those regions recording negative balances, the South East was least negative, reinforcing the notion of a North/South price divide across England.

The West & East Midlands and Yorkshire & Humberside recorded the most negative price net balances. Outside of England and Wales, Scotland and Northern Ireland continued to see a deterioration in house values in July.

Source: RICs Economics – July 2012 RICs Housing Market Survey

August 2012

Indicators point to a broadly stable national price trend

- ***Sales to stock ratio edges up in August***
- ***Close to two thirds of respondents report unchanged prices***
- ***New buyer enquiries dip for fourth successive month***

The headline indicators in the August RICS Housing Market Report were little changed from the previous month's survey when measured on a seasonally adjusted basis despite the distraction of the Olympic Games. The closely-watched net price balance was slightly less negative with a reading of -19 compared to -23 in July.

Meanwhile the proportion of respondents to the survey suggesting that prices were unchanged (in the three months to August) edged up from 61% to 62%. Alongside this, the sales to stock ratio rose slightly from July but has effectively shown little change since the spring; the ratio is down on where it was earlier in the year but above the reading recorded in the comparable period of 2011.

These series together, point to a broadly flat trend in prices at a national level. However, this inevitably masks significant regional variations. The only part of the country where the RICS net price balance is in positive territory is London and this has pretty much been the case since the beginning of last year. This chimes with Land Registry figures showing London house prices to have climbed by more than 6% over the past twelve months.

Key activity indicators from the Housing Market Survey suggest that the more sluggish picture on sales is continuing with new buyer enquiries edging lower for the fourth consecutive month and new instructions unchanged; the latter series has been either negative or flat in each of the last six months. These results are broadly consistent with HMRC figures which show residential transactions have slipped from on average 82k in the first three months of the year to an average of 75k in the three months to July. The agreed sales series did edge upwards in August for the first time since March but only did so in a modest way and on in its own is not a strong enough signal to point to a reversal in the activity trend. That said, it is still too early to judge the impact of the recently introduced Funding for Lending scheme which has the potential to both lower borrowing costs and increase access to mortgage finance.

The forward looking indicators for sales (over both a three and twelve month period) suggest that respondents to the survey are indeed hopeful that a combination of a more stable economy and an improvement in the funding climate will help support activity. Interestingly, this appears to be a uniform message across the country. However, there is a little more caution on the price picture with London continuing to be the only region where further increases are anticipated over both the near and medium term. That said, prices are generally expected to be pretty stable across the rest of the South East over the next year.

Source: RICs Economics – August 2012 RICs Housing Market Survey

<u>July 2012 Market Trend Data from Land Registry</u>

- *July house prices up 0.8 per cent since June: average house price in England and Wales now £162,900.*
- *South East tops the table of regional applications with 263,214 in July.*
- *Over 62,000 residential properties in England and Wales lodged for registration in July.*

The July data from Land Registry's flagship House Price Index *shows an annual price increase of 0.3 per cent which takes the average property value in England and Wales to £162,900. The monthly change from June to July is an increase of 0.8 per cent.*

- *The region in England and Wales which experienced the highest increase in its average property value over the last 12 months is London with a movement of 6.5 per cent.*
- *London also experienced the greatest monthly rise with an increase of 2.7 per cent.*
- *The North West experienced the greatest annual price fall with a decrease of 3.9 per cent.*
- *The North East saw the most significant monthly price fall with a decrease of 2.1 per cent.*
- *The most up-to-date figures available show that during May 2012, the number of completed house sales in England and Wales increased by 2 per cent to 50,083 compared with 48,974 in May 2011.*
- *The number of properties sold in England and Wales for over £1 million in May 2012 increased by 107 per cent to 562 from 271 in May 2011.*

Region	**Monthly change (since June 2012)**	**Annual change (since July 2011)**	**Average price (July 2012)**
London	2.7%	6.5%	£367,785
Wales	2.3%	-1.3%	£118,896
East Midlands	1.2%	0.4%	£124,080
England & Wales	**0.8%**	**0.3%**	**£162,900**
East	0.4%	0.8%	£175,051
South East	0.4%	0.7%	£209,532
West Midlands	0.3%	-0.8%	£130,124
Yorkshire & The Humber	-0.1%	-2.5%	£117,865
South West	-0.6%	-1.9%	£171,326

Region	Monthly change (since June 2012)	Annual change (since July 2011)	Average price (July 2012)
North West	-1.7%	-3.9%	£109,235
North East	-2.1%	-3.8%	£98,557

Average price by property type (England and Wales)	July 2012	July 2011	Difference
Detached	£256,496	£256,405	-
Semi-detached	£153,339	£153,156	0.1%
Terraced	£123,097	£123,548	-0.4%
Flat/maisonette	£155,314	£151,981	2.2%
All	**£162,900**	**£162,345**	**0.3%**

Month	Sales 2011 (England and Wales)	Sales 2010 (England and Wales)	Difference
January	37,613	35,886	5%
February	39,680	42,579	-7%
March	46,745	51,472	-9%
April	50,725	52,344	-3%
May	48,974	52,237	-6%
June	57,691	62,785	-8%
July	62,280	67,546	-8%
August	64,374	61,526	5%
September	63,500	57,522	10%
October	57,895	58,680	-1%

Month	Sales 2011 (England and Wales)	Sales 2010 (England and Wales)	Difference
November	60,267	56,362	7%
December	63,403	56,917	11%
Total	**653,147**	**655,856**	**0%**

Month	Sales 2012 (England and Wales)	Sales 2011 (England and Wales)	Difference
January	43,537	37,613	16%
February	44,554	39,680	12%
March	60,476	46,745	29%
April	42,260	50,725	-17%
May	50,083	48,974	2%

Source: Land Registry House Price Index, July 2012

June 2012 Market Trend Data from Land Registry

- *June house prices up 0.1 per cent since May: average house price in England and Wales now £161,777.*

- *South East tops the table of regional applications with 222,280 in June.*

- *Over 50,000 residential property sale prices in England and Wales lodged for registration in June.*

The June data from Land Registry's flagship House Price Index *shows an annual price increase of 0.9 per cent which takes the average property value in England and Wales to £161,777. The monthly change from May to June is an increase of 0.1 per cent.*

- *The region in England and Wales which experienced the highest increase in its average property value over the last 12 months is London with a movement of 6.3 per cent.*

- *Wales experienced the greatest monthly rise with an increase of 2.5 per cent.*

- *Yorkshire & The Humber experienced the greatest annual price fall with a decrease of 1.9 per cent.*

- *Yorkshire & The Humber also saw the most significant monthly price fall with a decrease of 0.3 per cent.*

- *The most up-to-date figures available show that during April 2012, the number of completed house sales in England and Wales decreased by 19 per cent to 41,244 compared with 50,721 in April 2011.*

- *The number of properties sold in England and Wales for over £1 million in April 2012 decreased by 43 per cent to 468 from 825 in April 2011.*

Region	Monthly change (since May 2012)	Annual change (since June 2011)	Average price (June 2012)
Wales	2.5%	0.2%	£118,847
North East	1.7%	-0.9%	£101,689
West Midlands	1.4%	0.4%	£131,159
North West	1.1%	-1.3%	£111,167
London	0.2%	6.3%	£359,476
South East	0.1%	1.4%	£209,069
England & Wales	**0.1%**	**0.9%**	**£161,777**
East	0.1%	0.6%	£173,183
East Midlands	-0.1%	-0.2%	£123,166
South West	-0.2%	1.2%	£172,405
Yorkshire & The Humber	-0.3%	-1.9%	£117,908

Average prices by property type (England and Wales)	June 2012	June 2011	Difference
Detached	£254,780	£252,494	0.9%
Semi-detached	£153,673	£152,556	0.7%
Terraced	£123,355	£121,380	1.6%
Flat/maisonette	£150,289	£150,745	-0.3%
All	**£161,777**	**£160,362**	**0.9%**

Month	Sales 2011 (England and Wales)	Sales 2010 (England and Wales)	Difference
January	37,606	35,885	5%
February	39,676	42,576	-7%
March	46,740	51,466	-9%
April	50,721	52,335	-3%
May	48,968	52,234	-6%
June	57,685	62,783	-8%
July	62,273	67,541	-8%
August	64,350	61,525	5%
September	63,481	57,518	10%
October	57,874	58,676	-1%
November	60,218	56,357	7%
December	63,324	56,910	11%
Total	**652,916**	**655,806**	**0%**

Month	Sales 2012 (England and Wales)	Sales 2011 (England and Wales)	Difference
January	43,446	37,606	16%
February	44,367	39,676	12%
March	59,912	46,740	28%
April	41,244	50,721	-19%

Source: Land Registry House Price Index, June 2012

<u>Rightmove House Price Index</u>

September 2012

Key points

New sellers drop average asking prices for the third consecutive month, down by 0.6% (-£1,402) on the month and 4.6% (-£11,377) on the quarter.

The fifth anniversary of the run on Northern Rock provides an opportunity to reflect on the pre and post credit-crunch property market landscape:

- Average price of a property coming to market this September is virtually unchanged on a year ago at £234,858 (+0.7%).

- Prices this month also unchanged on five years ago (Sep 2007) at £235,176 – down just 0.1%.

- In contrast average asking prices in previous five years (Sep 2002 to Sep 2007) saw a 55% rise.

Average price 'standstill' in the last five years masks credit-crunch winners and losers.

Source: The Rightmove House Price Index – September 2012

June 2012

Key points

Price of new property coming to market up by £2,476 (+1.0%), a third consecutive national high buoyed by more robust southern regions with new asking price records in London and the South East.

Sellers' record asking price aspirations fail to keep pace with retail price inflation, the national average is now 13% behind inflation-adjusted peak of August 2007.

London the only inflation-proof hedge seeing average asking prices 3% ahead of RPI since August 2007, with Wales falling furthest in real terms over this period.

29,394 sellers a week come to market prior to Jubilee break, the highest new listing run-rate for two years, suggesting further increases in asking prices unlikely as fresh supply exceeds summer demand.

Source: The Rightmove House Price Index – June 2012

CLG House Price Index

January 2012

Summary

The latest UK house price index statistics produced by the Department for Communities and Local Government were released on Tuesday 13 March 2012.

The latest statistics release includes data based on mortgage completions during the month of January 2012.

The key points from the release are:

- *In January UK house prices increased by 0.2 per cent over the year and decreased by 0.7 per cent over the month (seasonally adjusted).*

- *The average mix-adjusted UK house price was £206,523 (not seasonally adjusted).*

- *Average house prices increased by 0.2 per cent over the quarter to January, compared to an increase of 0.6 per cent over the quarter to October (seasonally adjusted).*

- *Average prices decreased during the year in three UK countries; Wales (-0.5 per cent), Scotland (-1.7 per cent) and Northern Ireland (-7.6 per cent). However, there was an increase of 0.4 per cent in average house prices in England.*

- *Prices paid by first time buyers were 0.8 per cent higher on average than a year earlier whilst there was no change in the prices paid by former owner occupiers.*

- *Prices for new properties were 8.8 per cent higher on average than a year earlier whilst prices for pre-owned dwellings decreased by 0.4 per cent.*

Source: Communities and Local Government Statistical Release – House Price Index January 2012

New Builds Research

Address	Description	Price	Size (m2)	Price per m2	Less 20%	Less 10%	Plus 10%	Developer/ Agent	Incentives
Cannock									
Houses									
Oakwood House, Sandy Lane, Cannock, Staffordshire	5 bed detached	£795,000	247.1	£3,218	£2,574	£2,896	£3,539	Boot & Son	
New Hayes Road, New Hayes, Cannock	5 bed detached	£475,000						Connells	
Monarch Park, Limepit Lane, Cannock, WS11 4RE	3 bed detached	£170,000						Lovell/ Bairstow Eves	
	3 bed detached	£175,000							
	2 bed semi detached	£142,000	62.8	£2,261	£1,809	£2,035	£2,487		
	2 bed terrace	£133,000	67.8	£1,963	£1,570	£1,766	£2,159		
Filey Close, Cannock, Staffordshire	3 bed semi detached	£146,950	69.9	£2,103	£1,683	£1,893	£2,314	Boot & Son	
	3 bed semi detached	£145,000	69.9	£2,074	£1,660	£1,867	£2,282		
	3 bed semi detached	£145,000	69.9	£2,074	£1,660	£1,867	£2,282		
	3 bed semi detached	£139,950	69.9	£2,002	£1,602	£1,802	£2,202		
Average		**£246,690**	**93.9**	**£2,242**	**£1,794**	**£2,018**	**£2,466**		
Rugeley									
Flats									
Brindley Rise Brereton Road, Rugeley, WS15	1 & 2 bed flats	Not available						Walton Homes	
Houses									
Levett Grange, Wolseley Road, Rugeley, WS15	4 bed detached (from)	£267,995	121.6	£2,204	£1,763	£1,984	£2,424	Taylor Wimpey/ Your Move/Reeds Rains	
	4 bed detached (from)	£257,995	111.5	£2,314	£1,851	£2,082	£2,545		
	4 bed detached	£249,995	111.5	£2,242	£1,794	£2,018	£2,466		
	4 bed detached (from)	£249,995	107.1	£2,335	£1,868	£2,101	£2,568		
	4 bed detached (from)	£236,995	107.7	£2,201	£1,761	£1,981	£2,421		
	4 bed detached (from)	£198,995	93.3	£2,133	£1,707	£1,920	£2,347		
	3 bed semi detached (from)	£141,995							
	2 bed terrace (from)	£129,995	57.7	£2,253	£1,803	£2,028	£2,479		
Brindley Rise Brereton Road, Rugeley WS15	3 bed terrace	£144,460						Reeds Rains/ Walton Homes	
	3 bed detached (from)	£127,495	63.1	£2,021	£1,617	£1,819	£2,223		
	3 bed town house	£169,950							
	3 bed town house	£139,950							
	1 bed coach house (from)	£84,957							
Sheep Fair, Rugeley	2 bed mews (from)	£119,995						C Residential Ltd	
Sheringham Drive, Rugeley	3 bed detached	£179,950						Vision Estates	
Average		**£180,048**	**96.7**	**£2,213**	**£1,770**	**£1,992**	**£2,434**		
Hednesford									
Houses									
The Willows, Hednesford, Staffordshire	5 bed detached	£299,950	137.8	£2,176	£1,741	£1,958	£2,394	Boot & Son	
	5 bed detached	£299,950	163.7	£1,832	£1,466	£1,649	£2,016		
93 & 107 High Mount Street, Hednesford, Staffordshire	4 bed detached	£249,950						Boot & Son	Part exchange
	4 bed detached	£239,950	105.3	£2,279	£1,823	£2,051	£2,507		

	4 bed detached	£224,950							
Average		**£262,950**	**135.6**	**£2,096**	**£1,677**	**£1,886**	**£2,305**		
Bridgtown									
Houses									
Lakeside, Walkmill Lane, Cannock, WS11	5 bed detached	£269,995	138.6	£1,948	£1,558	£1,753	£2,143	Bellway	Part exchange
	4 bed detached	£245,500	106.4	£2,308	£1,846	£2,077	£2,538		
	4 bed detached	£244,995	121.2	£2,021	£1,617	£1,819	£2,223		
	3 bed end terrace	£184,995	88.3	£2,096	£1,677	£1,886	£2,306		
	3 bed terrace	£174,995	81.2	£2,155	£1,724	£1,940	£2,371		
	3 bed terrace	£154,995	72.6	£2,136	£1,709	£1,923	£2,350		
Average		**£212,579**	**101.4**	**£2,111**	**£1,689**	**£1,900**	**£2,322**		

		Price	Size (m2)	Price per m2	Less 20%	Less 10%	Plus 10%
Overall Averages		£215,496	101.90	£2,181	£1,745	£1,963	£2,399
Overall Minimum		£84,957	57.69	£1,832	£1,466	£1,649	£2,016
Overall Maximum		£795,000	247.08	£3,218	£2,574	£2,896	£3,539

Source: www.rightmove.co.uk, August 2012

Resales Research

Cannock

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	£155,000	£259,480	£359,995
Semi-Detached		£118,074	£147,989	-	-
Terraced		£91,633	-	-	-
Flats	£79,986	£175,000			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£79,986	£60,000	£72,500	£85,000	£89,950	£90,000
2-Bed Flats	£175,000	£175,000	£175,000	£175,000	£175,000	£175,000
2-Bed Houses	£109,261	£89,950	£95,000	£115,000	£117,500	£129,995
3-Bed Houses	£149,992	£124,950	£141,250	£150,000	£161,250	£169,995
4-Bed Houses	£259,480	£217,500	£229,950	£249,950	£250,000	£350,000
5-Bed Houses	£359,995	£359,995	£359,995	£359,995	£359,995	£359,995

Rugeley

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	£161,617	£209,956	£295,390
Semi-Detached		£125,000	£134,293	£162,950	-
Terraced		£111,991	£138,069	£159,950	-
Flats	#DIV/0!	£77,748			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	£77,748	£75,500	£76,624	£77,748	£78,871	£79,995
2-Bed Houses	£113,849	£85,000	£107,973	£117,000	£121,250	£136,500
3-Bed Houses	£140,596	£112,950	£133,711	£139,950	£146,211	£189,950
4-Bed Houses	£205,914	£159,950	£183,725	£206,750	£219,238	£264,995
5-Bed Houses	£295,390	£225,000	£310,000	£310,000	£312,950	£319,000

Hednesford

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	-	-	-
Semi-Detached		£109,975	-	-	-
Terraced		-	£133,500	-	-
Flats	£83,967	£110,775			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£83,967	£74,950	£77,475	£80,000	£88,475	£96,950
2-Bed Flats	£110,775	£88,000	£101,213	£112,475	£119,950	£130,000
2-Bed Houses	£109,975	£105,000	£107,488	£109,975	£112,463	£114,950
3-Bed Houses	£133,500	£133,500	£133,500	£133,500	£133,500	£133,500
4-Bed Houses	£209,950	£209,950	£209,950	£209,950	£209,950	£209,950
5-Bed Houses	-	-	-	-	-	-

Bridgtown

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	-	-	-
Semi-Detached		-	-	-	-
Terraced		-	£125,000	-	-
Flats	-	£89,998			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	£89,998	£89,995	£89,998	£90,000	£90,000	£90,000
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	£125,000	£125,000	£125,000	£125,000	£125,000	£125,000
4-Bed Houses	-	-	-	-	-	-
5-Bed Houses	-	-	-	-	-	-

Brindley Heath

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	-	-	-
Semi-Detached		-	-	-	-
Terraced		-	-	-	-
Flats	-	£74,950			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	£74,950	£74,950	£74,950	£74,950	£74,950	£74,950
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	-	-	-	-	-	-
4-Bed Houses	-	-	-	-	-	-
5-Bed Houses	-	-	-	-	-	£0

Cannock Wood

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	-	£399,950	-
Semi-Detached		-	-	-	-
Terraced		-	-	-	-
Flats	-	-			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	-			-	-	-
3-Bed Houses	-	-	-	-	-	-
4-Bed Houses	£399,950	£399,950	£399,950	£399,950	£399,950	£399,950
5-Bed Houses	-	-	-	-	-	-

Heath Hayes

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	£171,650	£212,026	-
Semi-Detached		-	£158,332	-	-
Terraced		£114,880	£154,149	£168,000	-
Flats	£84,967	£95,992			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£84,967	£69,950	£77,450	£84,950	£92,475	£100,000
2-Bed Flats	£95,992	£79,950	£82,500	£95,000	£109,000	£114,000
2-Bed Houses	£114,880	£110,000	£114,950	£115,000	£116,950	£117,500
3-Bed Houses	£159,570	£140,000	£153,713	£157,498	£166,249	£180,000
4-Bed Houses	£208,358	£168,000	£202,463	£213,748	£224,961	£229,950
5-Bed Houses	-	-	-	-	-	-

Wimblebury

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	£184,995	£203,539	£190,000
Semi-Detached		£113,748	-	-	-
Terraced		£116,632	£137,475	-	-
Flats	-	-			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£115,478	£109,995	£114,950	£114,950	£117,500	£119,995
3-Bed Houses	£153,315	£137,000	£137,475	£137,950	£161,473	£184,995
4-Bed Houses	£203,539	£190,000	£194,950	£200,000	£210,000	£225,000
5-Bed Houses	£190,000	£190,000	£190,000	£190,000	£190,000	£190,000

Norton Canes

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	£175,000	£202,492	-
Semi-Detached		-	£147,950	-	-
Terraced		£107,475	-	-	-
Flats	-	£119,995			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	£119,995	£119,995	£119,995	£119,995	£119,995	£119,995
2-Bed Houses	£107,475	£99,950	£103,713	£107,475	£111,238	£115,000
3-Bed Houses	£161,475	£147,950	£154,713	£161,475	£168,238	£175,000
4-Bed Houses	£202,492	£180,000	£187,500	£195,000	£209,963	£245,000
5-Bed Houses	-	-	-	-	-	-

Average Asking Prices Analysis								
Rank	**Settlement**	**1 Bed Flats**	**2 Bed Flats**	**2 Bed House**	**3 Bed House**	**4 Bed House**	**5 Bed House**	**All Properties**
1	**Brindley Heath**	-	£74,950	-	-	-	-	£74,950
2	**Bridgtown**	-	£89,998	-	£125,000	-	-	£98,749
3	**Hednesford**	£83,967	£110,775	£109,975	£133,500	£209,950	-	£113,120
4	**Cannock**	£79,986	£175,000	£109,261	£149,992	£259,480	£359,995	£147,520
5	**Heath Hayes**	£84,967	£95,992	£114,880	£159,570	£208,358	-	£153,168
6	**Wimblebury**	-	-	£115,478	£153,315	£203,539	£190,000	£169,955
7	**Norton Canes**	-	£119,995	£107,475	£161,475	£202,492	-	£170,259
8	**Rugeley**	-	£77,748	£113,849	£140,596	£205,914	£295,390	£178,164
9	**Cannock Wood**	-	-	-	-	£399,950	-	£399,950
-	**Overall**	**£82,054**	**£103,297**	**£112,233**	**£148,946**	**£213,730**	**£289,564**	**£158,574**

Average Asking Price Analysis		
1 Bed Flat	-	£82,054
2 Bed Flat	-	£103,297
2 Bed House	Terraced	£109,794
	Semi-Detached	£116,445
	Detached	-
3 Bed House	Terraced	£143,246
	Semi-Detached	£143,366
	Detached	£166,980
4 Bed House	Terraced	£163,975
	Semi-Detached	£162,950
	Detached	£216,583
5 Bed House	Terraced	-
	Semi-Detached	-
	Detached	£289,564

Source: www.rightmove.co.uk, August 2012

Appendix 10

Appendix 10

Details of Stakeholder Consultation

Dear All

Would you be kind enough to help us with some information in respect of the viability assessment work we're involved with for Cannock District Council.

Attached is a value points table, which we think are the sorts of values that represent new build properties across the district. It would be very helpful if you could provide us with the prices that you as Registered Providers could pay for social rented units and shared ownership units.

I would be very grateful if you could return the information to me at dcoate@adamsintegra.co.uk as soon as possible.

Thanking you all in advance.
Best regards

David Coate
Adams Integra
07811 951315

Cannock Chase District Council

Table of values for maket housing and affordable at different Value Points

Type	Area sq m		VP1	VP2	VP3	VP4	VP5
1 bed flat	47	Market sale	£80,000	£90,000	£100,000	£110,000	£120,000
		Shared ownership					
		Rent					
2 bed flat	61	Market sale	£100,000	£110,000	£120,000	£130,000	£140,000
		Shared ownership					
		Rent					
2 bed house	70	Market sale	£120,000	£130,000	£140,000	£150,000	£160,000
		Shared ownership					
		Rent					
3 bed house	80	Market sale	£130,000	£145,000	£160,000	£175,000	£190,000
		Shared ownership					
		Rent					
4 bed house	95	Market sale	£185,000	£210,000	£260,000	£300,000	£270,000
		Shared ownership					
		Rent					
5 bed house	130	Market sale	£250,000	£300,000	£350,000	£400,000	£450,000

Appendix 11

Appendix 11

CANNOCK CHASE COUNCIL

ECONOMIC VIABILITY ASSESSMENT OF FUTURE DEVELOPMENT IN CANNOCK CHASE

GLOSSARY OF TERMS

(The scope of this glossary is restricted to terms used in the study)

A

Abnormal Development Costs - Costs that are not allowed for specifically within normal development costs. These can include costs associated with unusual ground conditions, contamination, etc.

Affordable Housing (also see Intermediate Affordable Housing and Social Rented Housing) - 'PPS3 – Housing' (November 2006) defines affordable housing as housing that includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.

- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

Affordable Rented Housing/Homes - distinct from *Intermediate* or wider affordable housing provision, this is most often the priority need – see *Social Rented Housing.* Note that we also use the term *'General Needs Rented' ('GNR')* for appraisal summary information referring to this tenure type – we mean the same (as opposed to affordable rented homes that are to meet a special need).

B

Base Build Costs - for construction only (excluding fees, contingencies and extras) as explained in the study.

BH/BF - preceded by a number – abbreviations used to indicate how many bedrooms a dwelling has.

C

Cascade Mechanism/Principle - A Cascade is a mechanism which enables the form and/or quantum of affordable housing provision to be varied according to the availability of grant funding, thus ensuring that at least a base level of need-related accommodation is provided without compromising overall scheme viability. The approach aids delivery of both the market and affordable tenures by providing adaptability where needed, thus avoiding the need to renegotiate Section 106 agreements with the time delays and cost issues that process brings.

Code for Sustainable Homes ('CfSH', 'CSH' or 'Code') - CLG is proposing to gradually tighten building regulations to increase the energy efficiency of new homes and thus reduce their carbon impact. In parallel with these changes to the building regulations, the CfSH has been introduced as a tool to encourage house builders to create more sustainable dwellings, and to inform buyers/occupiers about the green credentials of new housing. CfSH compliance, to levels over those generally operated in the market, is also compulsory for all public (HCA) funded affordable housing development. The Code is intended to provide a route map, signalling the direction of change towards low carbon sustainable homes that will become mandatory under the building regulations. The Code, again in parallel with building regulations and other initiatives, also covers a wider range of sustainability requirements – beyond lower carbon.

Commuted Sum - See "Payment in lieu" below.

Core Strategy - The key *Development Plan Document* ('*DPD*') through which a local authority sets out its strategic planning approach for its area. Accompanied by other DPDs, usually dealing with aspects such as site allocations or regeneration areas, and in some cases covering particular topics such as affordable housing (see below for other definitions).

D

Density ('Indicative Density') - Represents the intensity of use of a site by way of how many dwellings (or in some cases other measures such as habitable rooms) are provided on it. Usually described by reference to *'dwellings per hectare' (DPH).*

Developer Appraisal - An appraisal carried out by a developer to determine the approximate value of land in order that an offer can be made to a landowner. The appraisal(s) would normally look to determine an approximate *Residual Land Value* (RLV). Assuming a developer has already reached the initial conclusion that, in principle, a site is likely to be suitable and viable for development, an appraisal is then carried out to fine tune scheme feasibility and discover what sum they can afford to pay for the site. This would normally be subject to a range of caveats and clauses based on circumstances unknown to the developer at the time of making an offer. As an example, an offer could be subject to the granting of planning permission or subject to no abnormal conditions existing, etc.

Development Plan Document (DPD) - Spatial planning documents that are subject to independent examination, and together with the relevant Regional Spatial Strategy (*RSS*), will inform the planning policies for a local authority. They include a Core Strategy and also often cover site-specific allocations of land, area action plans and generic development control policies.

Developer Payment (Type) - The sums applied to the appraisals in terms of payment to the developer in return for completed affordable units. The form modelled is based on the Mortgage Funded by Rental Stream. The Mortgage Funded by Rental Stream subsidy only pays the developer a sum per unit that is equivalent to the RP's ability to fund the units through capitalisation of the (affordable) net rental stream from those units. The rental flows for this are based on Homes and Communities Agency Target Rents, after e.g. management, maintenance costs and voids allowances. In this regard see also *Payment Table.* The study refers also to this payment as the "affordable housing unit transfer".

Developer's Profit - The developer's reward for risk taken in pursuing and running the project, required to secure project funding. This is the gross profit, before tax. It will usually cover an element of overheads, but varies. The profit element used in these appraisals is profit expressed as a percentage of Gross Development Value (the most commonly expressed way) although developers will sometimes use other methods, for example a certain return on capital employed (ROCE).

Development Cost - This is the cost associated with the development of a scheme and includes professional fees (engineering, design, project management), contingencies, sale agency fees, legal fees on unit sales and of course build costs (materials, labour, etc).

Development Plan ('Plan') - The statutory plan through which a local authority determines planning policy for its area over the life of the plan (*plan period*).

Development Viability (or 'Viability') - The viability of the development (in this case a market-led housing scheme) – meaning its health in financial terms. A viable development would normally be one which proceeds (or at least there is no financial reason for it not to proceed) – it would show the correct relationship between GDV (see below) and Development Cost. There would be a sufficient gap between the GDV and Development Cost to support a sufficient return (developer's profit) for the risk taken by the developer in pursuing the scheme (and possibly in this connection to support funding requirements), and a sufficiently attractive land value for the landowner. An un-viable scheme is one where a poor relationship exists between GDV and Development Cost, so that insufficient profit rewards and/or land value can be generated.

Dwellings per Hectare ('DPH') – see *Density.*

E

F

Finance - Costs associated with financing the development cost. Varying views are taken on the length of the relevant construction projects as to how long these costs need to be carried for on each occasion.

Financial Contribution - see "Payment in lieu".

G

Gross Internal Area (GIA) - Broadly speaking GIA is the whole enclosed area of a building within the external walls taking each floor into account and excluding the thickness of the external walls. GIA will include: Areas occupied by internal walls (whether structural or not) and partitions; service accommodation such as WCs, showers, changing rooms and the like; columns, piers, whether free standing or projecting inwards from an external wall, chimney breasts, lift wells, stairwells etc; lift rooms, plant rooms, tank rooms, fuel stores, whether or not above roof level; open-sided covered areas.

Gross Development Value (GDV) - The amount the developer ultimately receives on completion or sale of the scheme whether through open market sales alone or a combination of those and the receipt from a RP for completed affordable housing units - before all costs are subtracted.

H

Homes and Communities Agency (HCA) - The Government's Agency charged with delivering the national affordable housing (investment) programme (*'NAHP'*) and the vehicle through which public funs in the form of Social Housing Grant (*'SHG'*) are allocated, where available and where the HCA's investment criteria are met, for affordable housing development. The HCA is relatively new – was formed from a merger of English Partnerships and relevant function areas of The Housing Corporation.

I

Intermediate Affordable Housing (*Intermediate Tenure)* - "PPS3 Housing" defines intermediate affordable housing as Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale; and intermediate rent (property made available to rent, usually at no more than 80% of open market rental prices).

J

K

L

Land Costs - Costs associated with securing the land and bringing it forward – activities which precede the construction phase, and, therefore, costs which are usually borne for a longer period than the construction phase (a lead in period). They include financing the land acquisition and associated costs such as land surveys, planning application and sometimes infrastructure costs, land acquisition expenses and stamp duty land tax.

Land Residual as a percentage (%) of GDV - The amount left for land purchase expressed as a percentage of the Gross Development Value. A common guideline used in the development industry. Readers may be familiar with the rule of thumb that upwards of approximately one third of development value is comprised of land value. In practice this has always varied, but with increasing burdens on land value from a range of planning infrastructure requirements (including affordable housing) traditional views on where land values lie are having to be revised.

Local Plan **-** The plan for the future development of the local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. Current core strategies or other planning policies, which under the regulations would be considered to be development plan documents, form part of the Local Plan. The term includes old policies which have been saved under the 2004 Act.

M

N

NPPF **-** National Planning Policy Framework – published 27 March 2012. The National Planning Policy Framework sets out the Government's planning policies for England and how these are expected to be applied.

O

Open Market Value ('OMV') – the value of a property on the basis that it is offered for sale on the open market – the usual measure of value in this study context. Used here to build up the development scheme's *GDV* and also to distinguish between this level of value and the lower level of receipt usually associated with the affordable dwellings (see *Developer Payment*).

P

Payment in lieu - A financial payment made by a developer or landowners instead of providing the planning-led affordable housing requirement on the site of the market (private sale) housing scheme (*see also "Commuted Sum/Financial Contribution"*).

Payment Table - This is normally referred to where a local authority prescribes or guides as to the levels of receipt the developer will get for selling completed affordable housing units of set types and sizes to a Housing Association. In this context it normally relates to an approach which assumes nil grant and is based on what the Housing Association can afford to pay through finance raised (mortgage funded) against the rental or shared ownership income flow. See also *Developer Payment.* It is sometimes used in a looser context, for example in the setting out of financial contribution levels for payments in lieu of on-site affordable housing provision.

Percentage (%) Reduction in Residual Land Value (RLV) - The percentage by which the residual land value falls as a result of the impacts from the range of affordable housing policy options. This is expressed as the fall in residual land value compared to a site that previously required zero affordable housing or a site that was required to provide affordable housing previously, but at a lower percentage.

Planning Infrastructure - We refer to this because affordable housing is one of a set of requirements which usually need to be met by new housing developments, and are secured through obligations set out within *Section 106* agreements. The terms "planning obligations", "planning gain", "infrastructure" tend to be used to describe the same. Also covers a wide range of community requirements needed to support development – highways, education, open space, public art, and the like.

Planning-led Affordable Housing - Affordable housing required on new market (private sale) housing developments of certain types (which are set locally – see "Threshold" and "Proportion" below) as set out by "PPS3".

Planning Policy Statement 3: Housing ('PPS3') - National statement of the Government's planning policy on Housing – including the planning-led affordable housing we consider here.

Proportion (or percentage/%) of Affordable Housing - The percentage or proportion of affordable housing sought on site. The appraisals model a range of scenarios across the Value Points investigating the impact of a range of proportions of affordable housing on scheme viability, for example from 10% to 50%, depending on local circumstances. Each scenario usually also investigates the "no affordable housing" (0%) position as a benchmark.

Q

R

Recycled Capital Grant ('RCG') - An internal fund within the accounts of an RP used to recycle SHG in accordance with Homes and Communities Agency policies and procedures.

Renewable Energy/Renewal Energy Measures - Measures which are required for developments to ensure that a proportion (often expressed as a % target) of total energy needs of the scheme are supplied through renewable sources (for example solar, wind, ground heat, biomass, etc) rather than through conventional energy supply means. Usually in the context of this study we are referring to small scale *on-site* measures or equipment that will supply a proportion of the development's needs. Increasingly, there are also moves to investigate the potential for larger developments or groups of developments to benefit from similar principles but through group/combined/communal schemes usually involving significant plant installations.

Residual Valuation - The process by which *Residual Land Value ('RLV')* is estimated. So called because it starts with the *GDV* at the top of the calculation and deducts all *Development Costs* and *Developer's Profit* so as to indicate the amount left remaining (hence "residual") for land purchase – including land value.

Residual Land Value (RLV) - The amount left for land purchase once all development, finance and land costs have been deducted from the *GDV,* normally expressed in monetary terms (£). This acknowledges the sum subtracted for affordable housing and other infrastructure payments/requirements where applicable. It is relevant to calculate land value in this way as land value is a direct result of what *scheme type* specifically can be created on a site, the issues that have to be dealt with to create it and costs associated with those.

Registered Provider (RP) - A housing association or a not-for-profit company registered by the Homes and Communities Agency ('HCA') to provide social housing.

Regional Spatial Plan ('RSS') - The spatial plan for a region, promoted and managed by the relevant regional assembly, and in the case of London – the Mayor's 'London Plan'. It comprises higher level guidance which sub-regional and local authority level planning needs to take account of as a part of delivering strategic objectives for an area.

S

Saved Policies - former *development plan* (e.g. *Local Plan*) policies whose life has been extended pending the replacement plan being in place. A formal direction is required in order for policies to be saved.

Scheme Type - The scheme (development project) types modelled in the appraisals consist of either entirely flatted or housing schemes or schemes with a mix of houses and flats. They are notional, rather than actual, scheme types consistent with the strategic overview the study needs to make.

Section 106 (*'S106'*) - (of the Town and Country Planning Act 1990). The legally binding planning agreement which runs with the interest in the land and requires the landowner (noting that ultimately the developer usually becomes the landowner) through covenants to agree to meet the various planning obligations once they implement the planning permission to which the *S106 agreement* relates. It usually sets out the principal affordable housing obligations, and is the usual tool by which planning-led affordable housing is secured by the Local

Planning Authority. Section 106 of this Act refers to "agreements regulating development or use of land". These agreements often cover a range of planning obligations as well as affordable housing (see '*planning infrastructure*'). There is a related type of agreement borne out of the same requirements and legislation – whereby a developer unilaterally offers a similar set of obligations, often in appeal or similar set of circumstances where a quick route to confirming a commitment to a set of obligations may be needed (a *Unilateral Undertaking* – a term not used in this study).

Shared Ownership - Shared ownership is a way of buying a stake in a property where the purchaser cannot afford to buy it outright. They have sole occupancy rights.
Shared ownership properties are usually offered for sale by housing associations or RPs (not-for-profit organisation). The purchaser buys a share of a property and pays rent to the housing association for the remainder. The monthly outgoings will include repayments on any mortgage taken out, plus rent on the part of the property retained by the housing association. Later, as the purchaser's financial circumstances change, they may be able to increase their share until they own the whole property (see *'stair-casing'* below).

Sliding Scale - Refers in this context to a set of affordable housing policies which require a lower *proportion* on the smallest sites, increased with site size – to graduate the requirements and, therefore, the viability impacts, particularly as such sites often fall within the thresholds for the first time.

Social Rented Housing - 'PPS3 – Housing' defines social rented housing as rented housing owned and managed by local authorities and registered providers, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency (HCA) as a condition of grant. Social rented housing is often referred to as '*Affordable Rented'.*

Stair-casing Receipt - Payment a RP receives when a shared ownership leaseholder (shared owner) acquires additional equity (a further share of the freehold) in a dwelling.

Supplementary Planning Document (SPD) - Provides supplementary information in respect of the policies in Development Plan Documents, and their more detailed application. These do not form part of the development plan and are not subject to independent examination.

T

Tenure/Tenure Type – the mode of occupation of a property – normally used in the context of varying *affordable housing* tenure types – in essence includes buying part or whole, and renting; although there are now many tenure models and variations which also include elements of buying and renting.

Tenure Mix - The tenure types of affordable housing provided on a site – refers to the balance between, for example, affordable rented accommodation and shared ownership or other *Intermediate* tenure.

Threshold - Affordable housing threshold i.e. the point (development scheme and/or site size) at which the local authority determines that affordable housing provision should be sought, or in this study context the potential points at which the local authority wishes to test viability with a view to considering and selecting future policy or policy options.

U

V

Valuation Office Agency (VOA) - The Valuation Office Agency (VOA) is an executive agency of HM Revenue & Customs (HMRC). Their main functions are to compile and maintain the business rating and council tax valuation lists for England and Wales; value property in England, Wales and Scotland for the purposes of taxes administered by the HM Revenue & Customs; provide statutory and non-statutory property valuation services in England, Wales and Scotland; give policy advice to Ministers on property valuation matters. The VOA publishes twice-yearly Property Market Reports that include data on residential and commercial property, and land values.

Value Point(s) (VPs) - Adams Integra's usual viability study methodology is to make judgements on a range of new build property values which represent typically found prices for ordinary new developments in the District at the time of the study research.

Viability - See *Development Viability.*

X

Y

Z

Appendix 12

Appendix 12

Details of Development

Select Value Point	3

Location:	
Local Authority:	Cannock Chase Council

Approximate Density (DPH)	45	Marketing & Sales (as % of Gross Sales Value)	3.0%
Build Cost per m² (Houses)	£1,000	Legal Fees on Unit Sale (£ per unit)	£600
Build Cost per m² (Flats)	£1,150	Buy Backs or Other Costs	£0
Finance (%APR)	6.0%	Assumed Development Profit (Affordable) (%)	6%
Build Time (Months)	20	Assumed Development Profit (Private) (%)	20.0%
Approx. Lead-In (Months)	6	Legal Fees on Land Purchase (as % of Land Value)	0.75%
Architect Fees (as % of Build Costs)	5.0%	Approx. Land Survey Costs	£0
Consultants Fees (as % of Build Costs) e.g. engineer, planning supervisor, project manager etc.	5.0%	Approx. Planning Application Costs (£ per unit)	£16,750
Contingencies (as % of Build Costs)	5.0%	Planning Infrastructure (Average £ per unit)	£0
Insurances (as % of Build Costs)	0.0%	Site Preparation (Total £)	£100,000

Planning Infrastructure Costs		Site Preparation	
Type	Total	Type	Cost
1BF	N/A	Site Preparation	£100,000
2BF	N/A		
2BH	N/A		
3BH	N/A		
4BH	N/A		
5+BH	N/A		
Total	£0	Total	£100,000.00

Select With or Without Grant	Without Grant
Select Code for Sustainable Homes Level	3
Select Renewable Requirement	0%

*0 = N/A

CIL

£40.00

Accomodation Schedule, Valuation & Floor Areas

Local Authority:	Cannock Chase Council

	Private Housing							
Unit Type	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House	5 Bed House	1 Bed House	
No. of Units for Private Sale			18	15	9			
Value per Unit	£0	£0	£140,000	£160,000	£260,000	£0	£0	
Total	N/A	N/A	£2,520,000	£2,400,000	£2,340,000	N/A	N/A	
Average Floor Area (m²)	47	61	70	80	95	158	0	
	Affordable Housing (GN Rent)							
No. of Affordable Units			4	1	1			
Payment to Developer Per Unit (Taken from Proval or Similar)	£0	£0	£63,000	£72,000	£85,500			
Total	N/A	N/A	£252,000	£72,000	£85,500	N/A	N/A	
Average Floor Area (m²)	47	61	70	80	95	158	0	
	Affordable Housing (Intermediate)							
No. of Intermediate Units			1	1				
Payment to Developer Per Unit (Taken from Proval or Similar)	£0	£0	£91,000	£104,000	£169,000			
Total	N/A	N/A	£91,000	£104,000	N/A	N/A	N/A	
Average Floor Area (m²)	47	61	70	80	95	158	0	
Total Number of Units	0	0	23	17	10	0	0	
Total Floor Area (m²)	0	0	1610	1360	950	0	0	
Total Build Cost Per Unit Type	£0	£0	£1,610,000	£1,360,000	£950,000	£0	£0	
Total Sales Revenue (Private & Affordable	£0.00	£0.00	£2,863,000.00	£2,576,000.00	£2,425,500.00	£0.00	£0.00	

Total Number of Units	50
Total Floor Area (m²)	3920
Total Build Cost	£3,920,000
Total Sales Revenue (Private & Affordable	£7,864,500.00

Percentage Private	84%				42
Percentage Affordable	16%				8
Percentage GN Rent (of total affordable)	75%				6
Percentage Intermediate (of total affordable)	25%				2
Total	100%				50

Land Residual Appraisal

Location	0

Sales Value	
Total Number of Units =	50
Sales Value (Private) =	£7,260,000
Affordable Housing Payment =	£604,500
Estimated Gross Sales Value =	**£7,864,500**
Development Costs	
Build Costs (Incl CfSH)=	£3,920,000
Build Costs (Incl Renewables) =	£3,920,000
Cost of CIL =	£156,800
Site Abnormals =	£100,000
Architect Fees =	£196,000
Consultants Fees =	£196,000
Insurances =	£0
Total Development Costs =	**£4,568,800**
Finance Related to Abnormals =	£15,000
Finance Related to Build Costs =	£196,000
Finance Related to Fees =	£29,400
Selling Agents Fees =	£235,935
Legal Fees on Sale =	£30,000
Planning Infrastructure Payments =	£0
Contingencies =	£196,000
Development Profit (% of GDV) =	**£1,488,270**
Sum Remaining For Land Purchase & Costs =	**£1,105,095**

Land Costs	
Buy Backs or Other Costs =	£0
Survey Costs =	£0
Planning Application Costs =	£16,750
Finance related to Land Purchase =	£143,662
Legal Fees Relating to Land Purchase =	£8,288
Total Land Associated Costs =	**£168,701**
Residual Amount for Land =	**£936,394**
Stamp Duty =	£37,456
APPROXIMATE LAND RESIDUAL =	**£898,939**
Approx. Land Value as % of GDV =	**11.4%**
Approx. Land Value (£ / Hectare):	**£809,045**
Based on a density of:	**45**
and site size of:	**1.11**

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