


Ashfield District Council
Whole Plan &
Community Infrastructure Levy
Viability Assessment

July 2016


NCS Nationwide CIL Service

Contents

Purpose of the Study

1.1 The purpose of the Whole Plan Viability Study is to appraise the viability of the Ashfield District Local Plan in terms of the impact of its policies on the economic viability of the development expected to be delivered during the Plan period. The study considers policies that might affect the cost and value of development (e.g. Affordable Housing and Design and Construction Standards) in addition to the potential to accommodate Community Infrastructure Levy Charges. The area covered by the study is the Ashfield District Council administrative area.

1.2 Section 173 of the National Planning Policy Framework requires that plans should be deliverable ensuring that obligations and policy burdens do not threaten the viability of the developments identified in the plan. An assessment of the costs and values of each category of development is therefore required to consider whether they will yield competitive returns to a willing land owner and willing developer thus enabling the identified development to proceed.

1.3 The study also includes an assessment of the ability of different categories of development within the Local Plan area to make infrastructure contributions via a Community Infrastructure Levy (having taken account of the cost impacts of Affordable Housing delivery and other relevant policies). If there is any additional return beyond these reasonable allowances then this is the margin available to make CIL contributions.

1.4 Overall the Study is intended to enable the Council to make informed decisions on the appropriate balance between the delivery of Starter Home and Affordable Housing and the delivery of Infrastructure by Planning Obligations or the Community Infrastructure Levy . – acknowledging that the level of delivery of one element will directly impact on the level achievable of another type of contribution.

Methodology

1.5 The viability assessment comprises a number of key stages as outlined below:

EVIDENCE BASE – LAND & PROPERTY VALUATION STUDY

1.6 Collation of an area-wide evidence base of land and property values for both residential and commercial property

EVIDENCE BASE – CONSTRUCTION COST STUDY

1.7 Collation of an area-wide evidence base of construction costs for both residential and commercial property

IDENTIFICATION OF SUB-MARKETS

1.8 Sub market identification informed by the valuation evidence gathered at stage one above, Large differences in values across a study area indicate the need to define independent sub areas for viability testing purposes and in turn these will inform the creation of different charging zones for Community Infrastructure Levy Purposes.

POLICY IMPACT ASSESSMENT

1.9 Identification of the policies within the plan, which will have a direct impact on the costs of development and hence the viability of development. Typical policy impacts include affordable housing requirements and sustainable construction requirement.

VIABILITY APPRAISAL

1.10 Viability assessment for both residential and commercial development scenarios based on a series of typologies which reflect the development likely to emerge over the plan period. The assessments are conducted for both greenfield and brownfield development as it is recognised this can result in significant difference in viability.

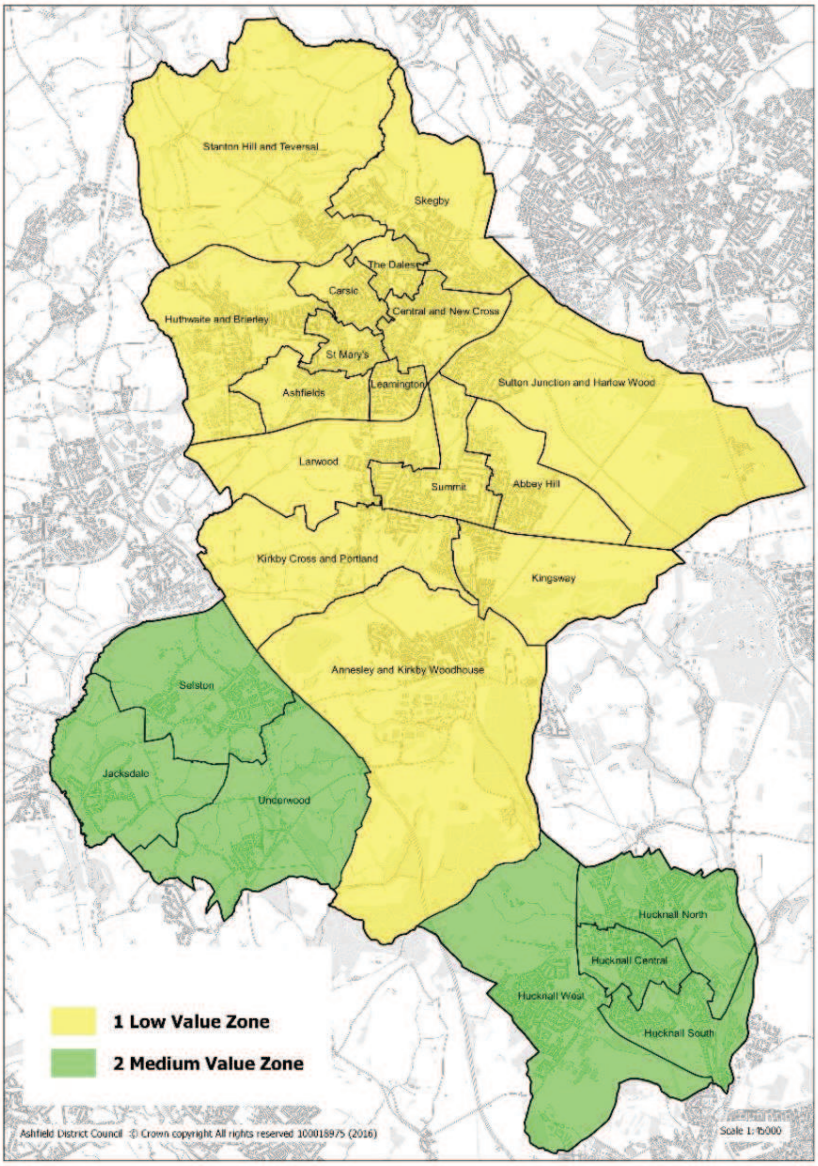
RESULTS

1.11 The viability results for both residential and commercial development typologies have been summarised below. The figures represent the margin of viability per square metre taking account of all development values and costs, plan policy impact costs and having made allowance for a competitive return to the landowner and developer. In essence a positive margin confirms whole plan viability.

1.12 Site specific viability assessments were then undertaken incorporating draft CIL charges generated from the initial typology tests. Together, the viability results of the typology tests and individual assessments are used to determine Whole Plan Viability

RESIDENTIAL VIABILITY

1.13 The assessments of residential land and property values indicated that there were significant differences in value across the District to justify the existence of sub-markets. Two sub-markets were identified as indicated on the plan below.



1.14 The testing showed that the Ashfield District Local Plan Policies are broadly viable across all forms of housing development and demonstrate that Affordable Housing delivery is viable across the District subject to differential approaches to delivery in different sub-market areas and the inclusion of 'Starter Homes' within overall Affordable Housing delivery.

1.15 A number of viability assessments have been undertaken testing a combination of different levels of Affordable Housing delivery and Section 106 contributions to determine the optimum combination (these are set out in the Viability Assessment Results at Section 6). The following table illustrates the 'worst case' viability position with full Affordable Housing delivery in line with current Council policy (10% Sutton and Kirkby and 25% in Hucknall and Rural), additional delivery of 20% Starter Homes and full Section 106 contributions of £7,000 per dwelling. This demonstrates that, based on these assumptions, residential development would not be deliverable in any part of the District.

20% Starter Homes 10 – 25% Aff Housing £7,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	-£11	-£14	-£3	-£1	£23
Brownfield	-£128	-£131	-£121	-£118	-£90
Hucknall & Rural					
Greenfield	-£93	-£100	-£86	-£81	-£29
Brownfield	-£239	-£245	-£232	-£226	-£164

1.16 The following table illustrates a modified position on Affordable Housing with the full Government requirement for 20% Starter Homes throughout the District with additional delivery of 5% Affordable Housing in Hucknall and Rural areas. This includes a reduced allowance for Section 106 contributions at £4,000 per dwelling, acknowledging that a significant contribution can be made towards the aspirational requirement of the County Council and also leaves additional potential to introduce CIL. Based on this combination of assumptions all residential development would be deliverable in any part of the District.

20% Starter Homes 5% Aff Housing Hucknall & Rural £4,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	£104	£102	£111	£111	£113
Brownfield	£0	-£2	£5	£6	£10
Hucknall & Rural					
Greenfield	£143	£140	£149	£147	£152
Brownfield	£33	£30	£37	£37	£42

The Council's residential delivery strategy for the remainder of the plan period relies on 94% greenfield delivery . As such the greenfield viability results determine the general viability of residential development in Ashfield and demonstrate significant potential to introduce CIL charges.

1.17 Because there is such a wide discrepancy between the viability of greenfield and brownfield development, the other alternative approach would be to adopt differential affordable housing delivery targets based on the existing greenfield or brownfield use of the land. The following table illustrates 20% Starter Homes across the District plus an additional 10% Affordable Housing in Sutton and Kirkby and 20% Affordable Housing in Hucknall and Rural areas

20% Starter Homes 10 – 20% Greenfield Aff Housing £4,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	£39	£36	£46	£47	£62
Brownfield	£0	-£2	£5	£6	£10
Hucknall & Rural					
Greenfield	£25	£20	£31	£33	£64
Brownfield	£33	£30	£37	£37	£42

Commercial

1.18 The initial assessment of commercial land and property values indicate that there are no significant differences in values to justify differential sub-markets based on assumptions or differential CIL charging zones. The commercial category viability results are set out in the table below.

NCS Commercial Viability Results

	General Zone	
	Greenfield	**Brownfield**
Industrial (B1b B1c B2 B8)	-£144	-£196
Office (B1a)	-£598	-£642
Hotel(C1)	-£371	-£415
Residential Institution (C2)	-£584	-£618
Community(D1)	-£1,341	-£1,380
Leisure (D2)	-£75	-£155
Agricultural(A1-A5)	-£282	
Sui Generis	Car Sales -£206	Car Repairs -£658
Food Supermarket Retail A1	£378	£297
General Retail A1-A5	£197	£158

1.19 It can be seen that food supermarket retail and general retail uses demonstrate positive viability. All of the remaining commercial use class appraisals indicate negative viability.

1.20 It should be stressed that whilst the generic appraisals showed that most forms of commercial and employment development are not viable based on the test assumptions, this does not mean that this type of development is not deliverable. For consistency a full developer's profit allowance was included in all the commercial appraisals. In reality many employment developments are undertaken direct by the operators. If the development profit allowance is removed from the calculations, then much employment development would be viable and deliverable. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

1.21 It can be seen that only food supermarket retail, with CIL potential rate of £297-£378 per square metre, dependent on existing land use and general retail with potential rates of £158-£197 provide a margin to introduce CIL charges. It is therefore recommended on the existing evidence, that all non-retail categories should not be charged CIL based.

Conclusions

1.22 The study demonstrates that all of the residential development proposed by the Local Plan is viable and deliverable taking account of the cost impacts of the policies proposed by the plan and the requirements for viability assessment set out in the NPPF. This does assume that affordable Housing policy is varied to reflect the new Starter Home requirements. It is further considered that significant additional margin exists, beyond a reasonable return to the landowner and developer to accommodate CIL charges.

1.23 If CIL is to be progressed, it is recommended that there are sufficient variations in residential viability to justify a differential zone approach to setting residential CIL rates across the Ashfield District area.

1.24 The residential strategy in Ashfield relies on 94% greenfield delivery. As such it is reasonable to be guided primarily by the greenfield viability results in setting any potential CIL charges.

1.25 It has been determined that Affordable Housing delivery is of primary importance in the District and as such if CIL is to be progressed it wll be on the basis of a differential approach to greenfield and brownfield Affordable Housing delivery and £4,000 residual planning obligation contribution allowance . The viability assessment results based on this approach are set out in the table below.

Test 5 20% Starter Homes, £4,000 Planning Obligation Contribution
Sutton and Kirkby Brownfield Land Use 0% Affordable Housing
Sutton and Kirkby Greenfield Land Use 10% Affordable Housing
Hucknall and Rural Brownfield Land Use 5% Affordable Housing
Hucknall and Rural Greenfield Land Use 20% Affordable Housing

20% Starter Homes 0-20% Aff Housing £4,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
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1.26 The following Affordable Housing delivery targets are therefore recommended as an amendment to current policy

Affordable Housing			
Sub Market/CILCharging Zone	Starter Homes		Affordable Rent
Sutton & Kirkby Greenfield Sites	20%		10%
Sutton & Kirkby Brownfield Sites	20%		0%
Hucknall & Rural Greenfield Sites	20%		20%
Hucknall & Rural Brownfield Sites	20%		5%

1.27 It is not permitted by the CIL Regulations to set differential CIL rates based on existing land use. However in view of the fact that Ashfield's residential delivery strategy is projected to be 94% greenfield development over the remainder of the plan period, it would be reasonable to set rates based on the greenfield viability results. Based on the generic nature of the tests, a reasonable buffer to allow for additional site specific abnormal costs, in the event Ashfield District Council wish to progress CIL, we would recommend the following zonal rates.

Residential CIL	
Sutton & Kirby	£25sqm
Hucknall& Rural	£20sqm

1.29 In the event that the council progress CIL It is recommended that a single zone approach is taken to setting commercial CIL rates. The viability assessment results indicate that all non-retail commercial uses should be zero rated.

1.30 The retail viability assessment results indicate that both food and non-food retail development is capable of accommodation significant levels of CIL. For simplicity a single retail rate based on the lowest general retail brownfield viability result is recommended and taking account of a reasonable viability buffer, the following Commercial CIL rates are recommended.

Districtwide	
All Non-residential uses (excepting Retail)	**£0sqm**
Districtwide	
Retail A1-A5	**£100sqm**

Allocated Site Viability Appraisal Conclusions

1.31 The viability testing of proposed residential sites in Ashfield District has been undertaken, accounting for the following policy impacts and key assumptions :-

- Greenfield or Brownfield Development
- Delivery Timescale
- Delivery of 20% Starter Homes
- Affordable Housing Delivery of 0-20% (dependent on existing land use and sub-market area)
- Key Planning Policy Cost Impacts
- Planning Obligation Allowances
- Draft CIL Charges
- Site Specific Abnormal Costs and Mitigation Factors

1.32 The study illustrated that all greenfield sites sites in the initial 0-5 year delivery period (ie the 5 year land supply) are broadly viable based on the adopted assumptions.

1.33 All brownfield and greenfield sites in all parts of the District in the 6-10 year and 11-15 year period demonstrate positive viability.

1.34 The only sites demonstrating marginal negative viability are brownfield sites in the Sutton & Kirkby area within the 0-5 year delivery period. The reason for this is the appraisals include a £25per sqm CIL charge which has pushed the viability into relatively small negative margins. The Council has not yet determined whether to implement CIL so based on policies currently proposed the Local Plan these sites may be considered viable and deliverable. It should also be noted many of the 465 brownfield units in Sutton and Kirkby in the 0-5 year delivery period already have planning permission and would not be affected by CIL. In any event tThe remaining brownfield units account for less than 4% of overall delivery and are not therefore significant in the overall context of the delivery strategy.

1.35 In conclusion, the assessment of all proposed residential sites in Ashfield District has been undertaken with due regard to the requirements of the NPPF, Planning practice Guidance and the best practice advice contained in 'Viability Testing Local Plans'. It is considered that all sites are broadly viable across the entire plan period taking account of the Affordable Housing/Starter Home requirements and all policy impacts of the Local Plan as well as the potential introduction of CIL in the future.

1.36 It should be noted that this study should be seen as a strategic overview of plan level viability rather than as any specific interpretation of Ashfield District Council policy on the viability of any individual site or application of planning policy to affordable housing, CIL or developer contributions. Similarly the conclusions and recommendations in the report do not necessarily reflect the views of Ashfield District Council.

2 Introduction

2.1 The purpose of the study is to assess the overall viability of the Ashfield District Local Plan, to assess Affordable Housing viability and the potential to introduce CIL charges by assessing the economic viability of development being promoted by the Plan.

2.2 In order to provide a robust assessment, the study first uses generic development typologies to consider the cost and value impacts of the proposed plan policies and determine whether any additional viability margin exists to accommodate a Community Infrastructure Levy. The study then goes on to assess the viability of the key strategic sites which are key to the overall development strategy. The individual site assessments take account of policies in the plan, affordable housing requirements, mandatory requirements to be introduced during the Plan period such as the National Housing Standards and Sustainable Construction requirements including SUDS, the potential Community Infrastructure Levy and site specific constraints to determine whether the proposed sites are viable and deliverable in the plan period.

The NPPF and Relevant Guidance

2.3 The National Planning Policy Framework 2012 introduces a new focus on viability assessment in considering appropriate Development Plan policy. Paras 173-177 provide guidance on 'Ensuring Viability and Deliverability' in plan making. They state :-

"173. 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.

174. 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…………….

177. 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."

This advice is similarly reflected in 'Viability and Plan Making' in Planning Practice Guidance published in 2014.

2.4 In response to the NPPF, the Local Housing Delivery Group, a cross industry group of residential property stakeholders including the House Builders Federation, Homes and Communities Agency and Local Government Association, has published more specific guidance entitled 'Viability Testing Local Plans' in June 2012.

2.5 The guidance states as an underlying principle, that :-

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

2.6 The guidance recommends the following stages be completed in testing Local Plan viability:-

1) Review Evidence Base and align existing assessment evidence

2) Establish Appraisal Methodology and Assumptions (including threshold land values, site and development typologies, costs of policy requirements and allowance for changes over time)

3) Evidence Collation and Viability Modelling (including development costs and revenues, land values, developers profit allowance)

4) Viability Testing and Appraisal

5) Review of Outputs

2.7 The guidance is not prescriptive about the use of particular financial assessment models but advises that a residual appraisal approach which tests the ability of development to yield a margin beyond all the test factors to determine viability or otherwise is widely used and accepted. The guidance sets out the key elements of viability appraisal and the factors that need to be considered to ensure robust assessment.

2.8 The current study adheres to the principles of the NPPF, Planning Practice Guidance and 'Viability Testing Local Plans and sets out its methodology and assumptions in the following sections.

3 Methodology

The Process

There are a number of key stages to Viability Assessment which may be set out as follows.

1) Evidence Base – Land & Property Valuation Study

1.1 Establish an area wide evidence base of land and property values for development in each sub-market area. The evidence base relies on the area wide valuation study undertaken by Heb Surveyors in 2016. (Appendix 1)

2) Evidence Base – Construction Cost Study

3.2 Establish an area wide evidence base of construction costs for each category of development relevant to the local area. The study will also indicate construction rates for professional fees, warranties, statutory fees and construction contingencies. The evidence base relies on the Construction Cost Study by Gleeds undertaken in 2016 (Appendix 2) In addition specific advice on reasonable allowances for abnormal site constraints was obtained from Gleeds and is outlined in the report.

3) Identification of Sub Market Areas

3.3 The Heb Valuation Evidence considered the existence of potential sub-markets within the study area which might inform the application of differential value assumptions in the Whole Plan testing or inform the creation of differential Charging Zones as part of the progression of a Community Infrastructure Levy.

4) Policy Impact Assessment

3.4 The study will establish the policies proposed by the plan that have a direct impact on the cost of development and apportion appropriate allowances based on advice from cost consultants, Gleeds, to be factored in the viability assessment. Typically cost impacts will include sustainable construction requirements based on National Housing Standards an, BREEAM standards.

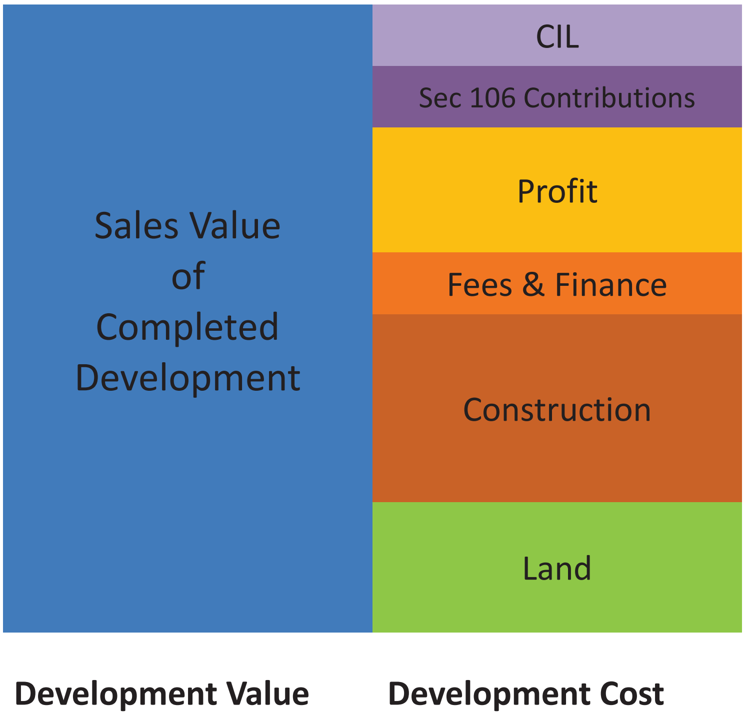
5) Viability Appraisal – Whole Plan Assessment & Generic CIL Tests

3.5 The study employs a bespoke model to assess Local Plan viability in accordance with best practice guidance (eg Local Housing Delivery group – Viability Testing Local Plans and the RICS – Financial Viability in Planning). The initial generic tests will be based on a series of development typologies to reflect the type of development likely to emerge over the plan period. The purpose of these tests is two-fold – it will firstly assess cumulative impact of the policies proposed by the plan to determine whether the overall development strategy is deliverable. Secondly the model will identify the level of additional margin, beyond a reasonable return for the landowner and developer, which may be available for the introduction of CIL.

6) Site Specific Appraisal

3.6 The proposed allocated sites undergo very similar appraisal as outlined in the above methodology but site specific factors in terms of site area, housing numbers, housing mix, abnormal cost/mitigation factors are also assessed to ensure sites are deliverable. The tests also enable the draft CIL charges to be applied to determine if they are broadly viable in the context of actual site delivery.

The Development Equation



3.7 The appraisal model is illustrated by the above diagram and summarises the 'Development Equation'. On one side of the equation is the development value i.e. the sales value which will be determined by the market at any particular time. The variable element of the value in residential development appraisal will be determined by the proportion and mix of affordable housing applied to the scheme. Appropriate discounts for the relevant type of affordable housing will need to factored into this part of the appraisal.

3.8 On the other side of the equation, the development cost includes the 'fixed elements' i.e. construction, fees, finance and developers profit. Developers profit is usually fixed as a minimum % return on gross development value generally set by the lending institution at the time. The flexible elements are the cost of land and the amount of developer contribution (CIL and Planning Obligations) sought by the Local Authority.

3.9 Economic viability is assessed using an industry standard Residual Model approach. The model subtracts the Land Value and the Fixed Development Costs from the Development Value to determine the viability or otherwise of the development and any additional margin available for planning contributions and CIL.

Viability Assessment Model

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

Development Value (Based on Floor Area) Eg 10 x 3 Bed 100sqm Houses x £2,200per sqm	£2,200,000
Development Costs	
Land Value	£400,000
Construction Costs	£870,000
Abnormal Construction Costs (Optional)	£100,000
Professional Fees (% Costs)	£90,000
Legal Fees (% Value)	£30,000
Statutory Fees (% Costs)	£30,000
Sales & Marketing Fees (% Value)	£40,000
Contingencies (% Costs)	£50,000
Section 106 Contributions/Policy Impact Cost Assumptions/CIL (Strategic Site Testing Only)	£90,000
Finance Costs (% Costs)	£100,000
Developers Profit (% Return on GDV)	£350,000
Total Costs	£2,150,000
Output	
Viability Margin	£50,000
Potential CIL Rate (CIL Appraisal only)	£50 sqm

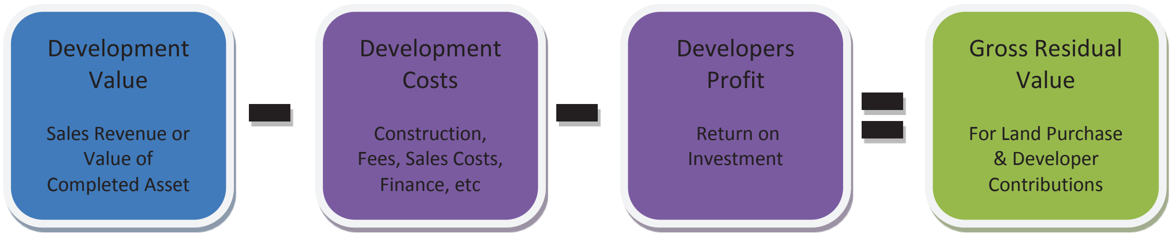
3.11 The model will calculate the gross margin available for developer contributions. The maximum rate of CIL that could be levied without rendering the development economically unviable is calculated by dividing the gross margin by the floorspace of the development being assessed.

3.12 It is important to note that the model applies % proportions and further % tenure splits to the housing scenarios to reflect affordable housing discounts which will generate fractional unit numbers. The model automatically rounds to the nearest whole number and therefore some results appear to attribute value proportions to houses which do not register in the appraisal. The fractional distribution of affordable housing discounts is considered to represent the most accurate illustration of the impact of affordable housing policy on viability.

Land Value Assumptions

3.13 It is generally accepted that developer contributions (Affordable Housing, CIL and S106), will be extracted from the residual land value (i.e. the margin between development value and development cost including a reasonable allowance for developers profit). Within this gross residual value will be a base land value (i.e. the minimum amount a landowner will accept to release a site) and a remaining margin for contributions.

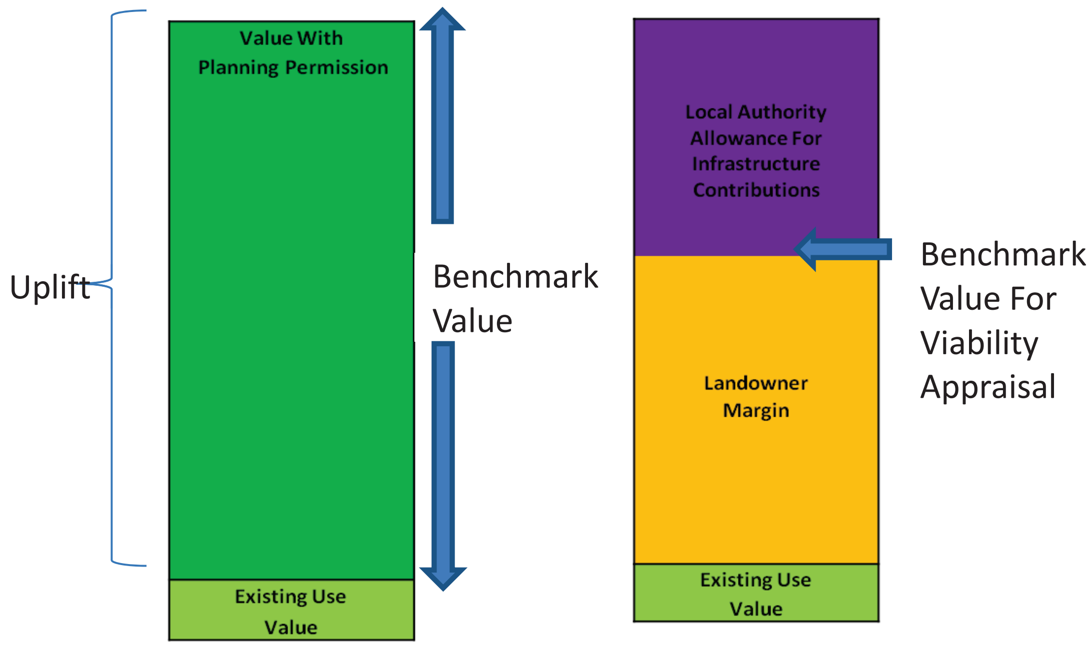
Stage 1 – Residual Valuation



3.14 The approach to assessing the land element of the gross residual value is therefore the key to the robustness of any viability appraisal. There is no single method of establishing threshold land values for the purpose of viability assessment in planning but the NPPF and emerging best practice guidance does provide a clear steer on the appropriate approach.

Stage 2 – Establishing Base Land Value

Land Value Benchmarking (Threshold Land Values)



3.15 The above diagram illustrates the principles involved in establishing a robust benchmark for land value. Land will have an existing use value (EUV) based on its market value. This is generally established by comparable evidence of the type of land being assessed (e.g. agricultural value for greenfield sites or perhaps industrial value for brownfield sites may be regarded as reasonable existing use value starting points and may be easily established from comparable market evidence)

3.16 The Alternative Use Value is established by assessing the gross residual value between development value and development cost after a reasonable allowance for development profit, assuming planning permission has been granted. The gross residual value does not make allowance for the impact of development plan policies on development cost and therefore represents the maximum potential value of land that landowners may aspire to.

3.17 In order to establish a benchmark land value for the purpose of CIL viability appraisal, it must be recognised that Local Authorities will have a reasonable expectation that, in granting planning permission, the resultant development will yield contributions towards infrastructure and affordable housing. The cost of these contributions will increase the development cost and therefore reduce the residual value available to pay for the land.

3.18 The appropriate benchmark value will therefore lie somewhere between existing use value and gross residual value based on alternative planning permission. This will of course vary significantly dependent on the category of development being assessed.

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

Benchmarking and Threshold Land Value Guidance

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

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

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

3.22 The NPPF recognises that, in assessing viability, unless a realistic return is allowed to a landowner to incentivise release of land, development sites are not going to be released and growth will be stifled. The most recent practical advice in establishing benchmark thresholds at which landowners will release land was produced by the Local Housing Delivery Group (comprising, inter alia, the Local Government Association, the Homes and Communities Agency and the House Builders Federation) in June 2012 in response to the NPPF. 'Viability Testing Local Plans' states :-

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

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

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

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

3.23 Planning Practice Guidance identifies the following at Paragraph: 023

"Central to the consideration of viability is the assessment of land or site value. Land or site value will be an important input into the assessment. The most appropriate way to assess land or site value will vary from case to case but there are common principles which should be reflected.

In all cases, land or site value should:

- reflect policy requirements and planning obligations and, where applicable, any Community Infrastructure Levy charge;
- provide a competitive return to willing developers and land owners (including equity resulting from those wanting to build their own homes); and
- be informed by comparable, market-based evidence wherever possible. Where transacted bids are significantly above the market norm, they should not be used as part of this exercise."

NCS Approach to Land Value Benchmarking (Threshold Land Values)

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

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

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

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

The Threshold Land Value is established as follows :-

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

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

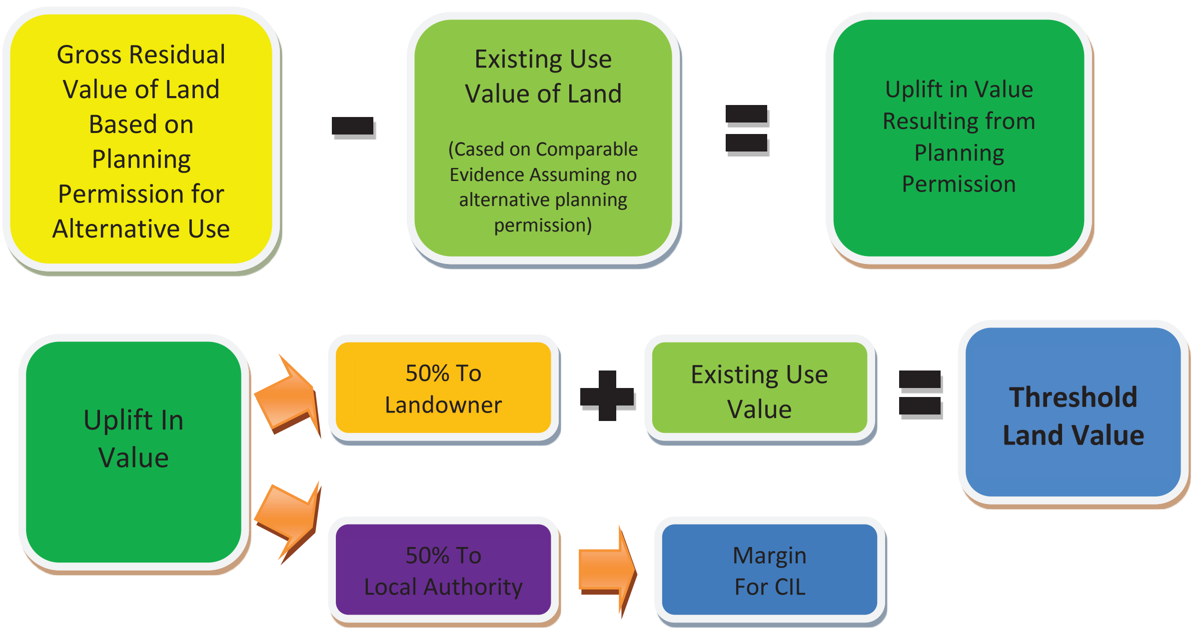
Worked Example Illustrating % over Existing Use vs % Share of Uplift

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

Using Fixed % over EUV the land would be valued at £24,000 (£20,000 + 20%)

Using % Share of Uplift in Value the land would be valued at £510,000 (£20,000 + 50% of the uplift between £20,000 and £1,000,000) – realising a market return for the landowner but reserving a substantial proportion of the uplift for infrastructure contribution.

Benchmarking Based on % Share of Uplift in Land Value



Brownfield and Greenfield Land Value Benchmarks

3.28 In order to represent the likely range of benchmark scenarios that might emerge in the plan period for the appraisal it will be necessary to test alternative threshold land value scenarios. A greenfield scenario will represent the best case for CIL as it represents the highest uplift in value resulting from planning permission. The greenfield existing use is based on agricultural value

3.29 The median brownfield position recognises that existing commercial sites will have an established value. The existing use value is based on a low value brownfield use (industrial). The viability testing firstly assesses the gross residual value (the maximum potential value of land based on total development value less development cost with no allowance for affordable housing, sec 106 contributions or planning policy cost impacts). This is then used to apportion the share of the potential uplift in value to the greenfield and brownfield benchmarks. This is considered to represent a reasonable scope of land value scenarios in that change from a high value use (e.g. retail) to a low value use (e.g. industrial) is unlikely.

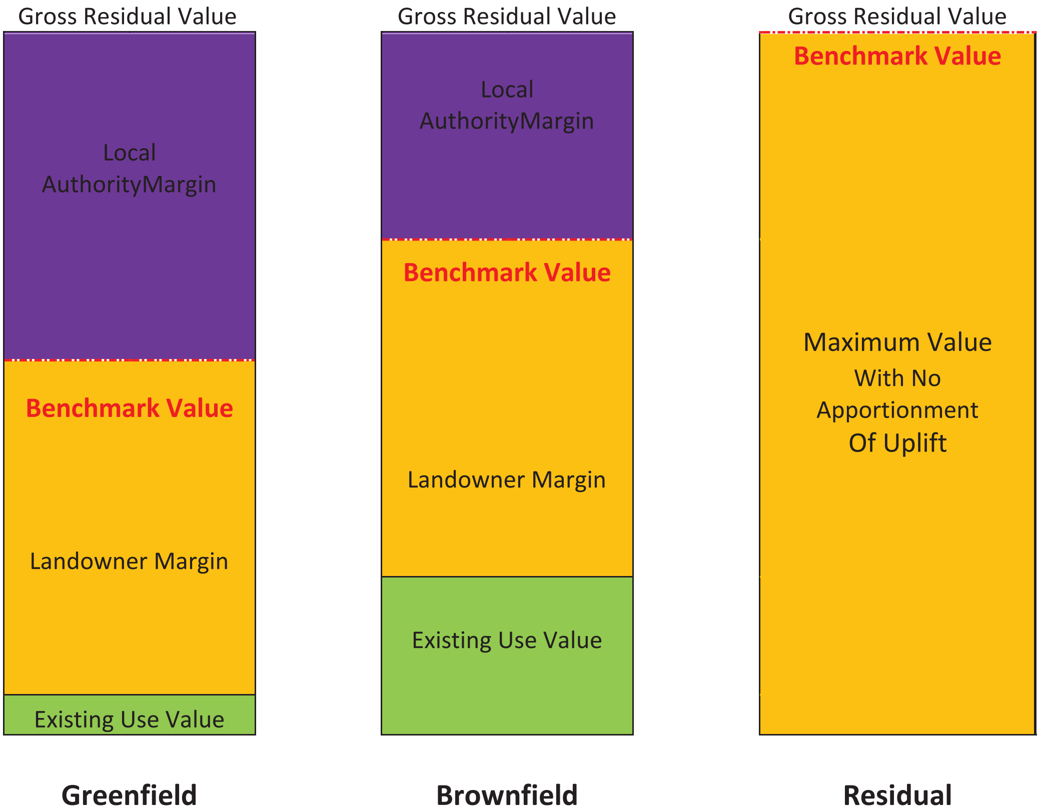
3.30 Actual market evidence will not always be available for all categories of development. In these circumstances the valuation team make reasoned assumptions.

Residential

Benchmark 1	Greenfield	Agricultural – Residential (Maximum CIL Potential)
Benchmark 2	Brownfield	Industrial – Residential

Commercial

Benchmark 1	Greenfield	Agricultural – Proposed Use (Maximum CIL Potential)
Benchmark 2	Brownfield	Industrial – Proposed Use



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

3.32 Whilst brownfield land evaluation with a higher benchmark land value will necessarily indicate that less viability margin exists for CIL, it should be acknowledged that brownfield sites will often contain existing buildings which may be used to claim CIL relief in calculating the net CIL liability. This should be taken into account in setting CIL rates.

4 Appraisal Assumptions

Development Categories

4.1 In order to ensure that the study is sufficiently comprehensive to inform a Differential Rate CIL system, all categories of development in the Use Classes Order will be considered, including a relevant sample of Sui Generis uses to reflect typical developments in the Ashfield District Local Plan area, as follows :-

Residential (C3) - Based on varying residential development scenarios and factoring in the affordable housing requirements of the Authority. Land values are assessed based on house type plots. Sales values are assessed on per sqm rates.

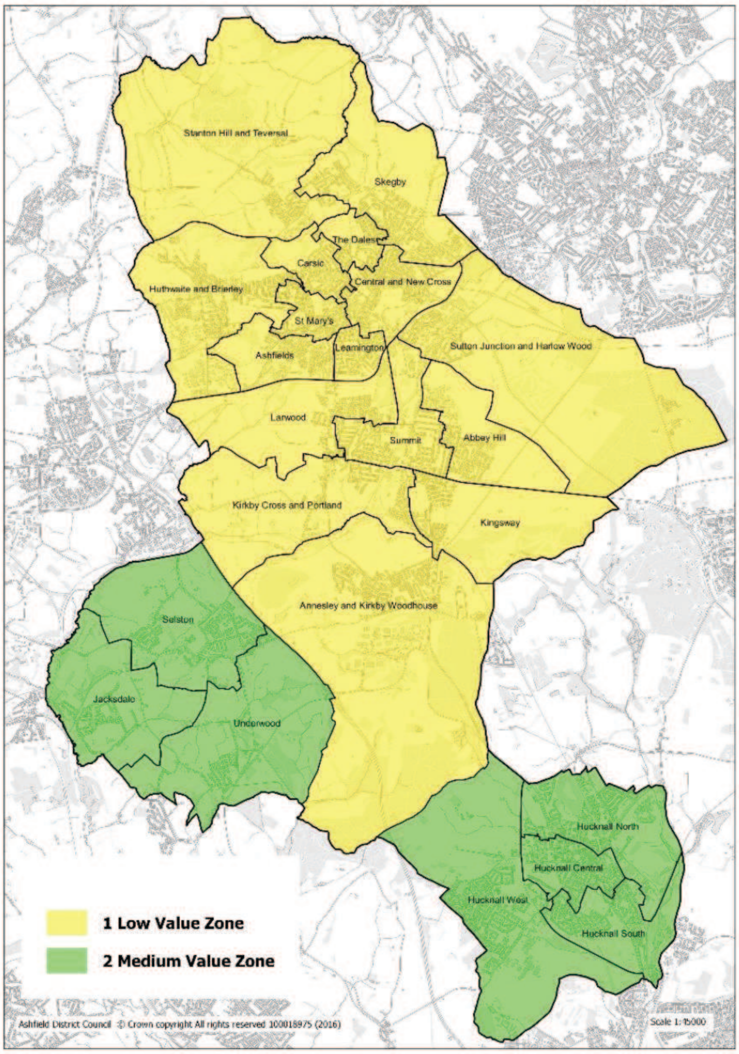
Commercial - The following categories are considered. Land Values and Gross Development Values are assessed on sqm basis.

Industry (B1(b)B1(c), B2, B8)
Offices (B1a)
Food Supermarket Retail (A1)
General Retail (A1, A2, A3, A4, A5)
Hotels (C1)
Residential Institutions (C2)
Institutional and Community (D1)
Leisure (D2)
Agricultural
Sui Generis - Vehicle Sales
Sui Generis – Car Repairs

Sub Market Areas and Potential Charging Zones

4.2 The Heb valuation study considered evidence of residential land and property values across Ashfield District and concluded that there were sufficient distinctions between sales prices to are warrant differential value assumptions being made in the Whole Plan Viability Assessment and, potentially, a differential rate approach to CIL based on geographical zones.

4.3 The sub-market areas which may also form potential CIL Charging Zones are set out in the residential zone maps below. Ashfield already adopts differential value zones to inform its Affordable Housing targets. The study concluded that the values in Hucknall and Rural area zones were very similar and these two areas could be grouped into a single sub-market area for the purpose of applying assumptions to the viability assessment or CIL charging zone in the event the Council progresses CIL.



Residential Sub Market Area/CIL Charging Zones

4.4 The variations in commercial values were not considered significant enough across the District to justify the application of differential assumptions based on sub-market areas or to indicate a differential charging zone approach to CIL.

Affordable Housing

4.5 A series of residential viability tests have been undertaken, reflecting delivery of 20% Starter Homes and Affordable Housing delivery from 0%-25%. The following extract from a generic sample residential viability appraisal model illustrates how affordable housing is factored into the residential valuation assessment. The relevant variables (e.g. unit numbers, types, sizes, affordable proportion, tenure mix etc.) are inputted into the appropriate cells. The model will then calculate the overall value of the development taking account of the relevant affordable unit discounts.

DEVELOPMENT SCENARIO			Mixed Residential Development				Apartments	10
BASE LAND VALUE SCENARIO			Greenfield to Residential				2 bed houses	20
DEVELOPMENT LOCATION			Urban Zone 1				3 Bed houses	40
DEVELOPMENT DETAILS			100	Total Units			4 bed houses	20
Affordable Proportion		30%	30	Affordable Units			5 bed house	10
Affordable Mix		30%	Intermediate	40%	Social Rent	30%	Affordable Rent	
Development Floorspace			6489	Sqm Market Housing		2,163	Sqm Affordable Housing	
Development Value								
Market Houses								
7	Apartments	65	sqm	2000	£ per sqm			£910,000
14	2 bed houses	70	sqm	2200	£ per sqm			£2,156,000
28	3 Bed houses	88	sqm	2200	£ per sqm			£5,420,800
14	4 bed houses	115	sqm	2200	£ per sqm			£3,542,000
7	5 bed house	140	sqm	2200	£ per sqm			£2,156,000
Intermediate Houses		60%	Market Value					
3	Apartments	65	Sqm	1200	£ per sqm			£210,600
5	2 Bed house	70	Sqm	1320	£ per sqm			£415,800
2	3 Bed House	88	Sqm	1320	£ per sqm			£209,088
Social Rent Houses		40%	Market Value					
4	Apartments	65	sqm	800	£ per sqm			£187,200
6	2 Bed house	70	sqm	880	£ per sqm			£369,600
2	3 Bed House	88	sqm	880	£ per sqm			£185,856
Affordable Rent Houses		50%	Market Value					
3	Apartments	65	sqm	1000	£ per sqm			£175,500
5	2 Bed house	70	sqm	1100	£ per sqm			£346,500
2	3 Bed House	88	sqm	1100	£ per sqm			£174,240
100	Total Units							
Development Value								**£16,459,184**

It is important to note that the model applies % proportions and further % tenure splits to the housing scenarios which will generate fractional unit numbers. The model automatically rounds to the nearest whole number and therefore some results appear to attribute value proportions to houses which do not register in the appraisal. The fractional distribution of affordable housing discounts is considered to represent the most accurate illustration of the impact of affordable housing policy on viability.

4.6 In acknowledgement of the Government's intention to require Starter Homes in all new development, the following range of Affordable Housing Assumptions have been agreed for the purpose of the residential viability appraisal. It is assumed that 20% Starter Homes will be delivered across the District with additional Affordable Housing at varying levels dependent on sub-market area and existing greenfield or brownfield land use. This is set out in greater detail in Section 5 – Affordable Housing Viability Assessment. The transfer values in terms of % of open market value are set out for each housing type. The transfer value equates to the assumed price paid by the registered housing provider to the developer and is assessed as a discounted proportion of the open market value of the property in relation to the type (tenure) of affordable housing. For Starter homes it is assumed that units will be sold at 80% of Open Market Value

Affordable Housing			
Sub Market/Charging Zone	Starter Homes	Social Rent	Affordable Rent
Sutton & Kirkby	20%	0%	0-10%
Hucknall & Rural	20%	0%	5-25%
% Open Market Value	80%	40%	50%

4.7 The affordable assumptions were applied to all residential scenario testing. For the smaller unit number tests the proportional and tenure splits result in fractions of unit numbers. In these cases the discounts may be considered to equate to the impact of off-site contributions.

Development Density

4.8 Density is an important factor in determining gross development value and land value. Density assumptions for commercial development will be specific to the development category. For instance the floorplate for industrial development is generally around 50% of the site area to take account of external servicing, storage and parking, Offices will vary significantly dependent on location, town centre offices may take up 100% of the site area whereas out of town locations where car parking is a primary consideration, the floorplate may be only 25% of the site area. Food retailing generally has high car parking requirements and large site areas compared to floorplates.

The land : floorplate assumptions for commercial development are as follows:-

Industrial	2:1	
Offices	2:1	
General Retail	1.5:1	(shopping parades, local centres etc.)
Food retail	3:1	

Leisure	3:1
Hotels	2:1
Residential Institutions	1.5:1
Community Uses	1.5:1
Other Uses	2:1

4.9 Residential densities vary significantly dependent on house type mix and location. Mixed housing developments may vary from 10-50 dwellings per Hectare. Town Centre apartment schemes may reach densities of over 150 units per Hectare. We generate plot values for residential viability assessment related to specific house types. The plot values allow for standard open space requirements per Hectare. The densities adopted in the study reflect the assumptions of the Local Authority on the type of development that is likely to emerge during the plan period.

4.10 The density assumptions for house types related to plot values are as follows :-

Apartment	100 units per Ha
2 Bed House	40 units per Ha
3 Bed House	35 units per Ha
4 Bed House	25 units per Ha
5 Bed House	20 units per Ha

House Types and Mix

4.11 The study uses the following standard house types as the basis for valuation and viability testing as unit types that are compliant with National Housing standards and meet minimum Local Plan policy requirements. The assessment is intended to provide a 'worst case' scenario as marginally larger unit types are unlikely to command higher plot values and so larger unit types will generally demonstrate improved levels of viability.

Apartment	65 sqm
2 Bed House	75 sqm
3 Bed House	90 sqm
4 Bed House	120 sqm
5 Bed House	150 sqm

4.12 Housing values and costs are based on the same gross internal area. However apartments will contain circulation space (stairwells, lifts, access corridors) which will incur construction cost but which is not directly valued. We make an additional construction cost allowance of 15% to reflect the difference between gross and net floorspace.

Residential Development Scenarios

4.13 The study tests a series of residential development scenarios to reflect general types of development that are likely to emerge over the plan period.

4.14 For residential development, five scenarios were considered. The list does not attempt to cover every possible development in the District but provides an overview of residential development in the plan period.

1. Strategic Residential Development (Apts, 2, 3, 4 & 5 Bed Housing)	1000 Units
2. Large Urban Extension (Apts, 2, 3 & 4 Bed Housing)	450 Units
3. Large Suburban Estate (2,3 & 4 Bed Housing)	150 Units
4. Family Housing (2,3 & 4 Bed Housing)	50 Units
5. Executive Housing (3 & 4 Bed Housing)	20 Units

Commercial Development Scenarios

4.15 The viability appraisal tests all forms of commercial development broken down into use class order categories. For completeness the appraisal includes a sample of sui generis uses. A typical form of development that might emerge during the plan period, is tested within each use class.

4.16 The density assumptions for commercial development will be specific to the development category. For instance the floorplate for industrial development is generally around 50% of the site area to take account of external servicing, storage and parking. Offices will vary significantly dependent on location, town centre offices may take up 100% of the site area whereas out of town locations where car parking is a primary consideration, the floorplate may be only 25% of the site area. Food retailing generally has high car parking requirements and large site areas compared to floorplates.

4.17 The viability model also makes allowance for net:gross floorspace. In many forms of commercial development such as industrial and retail, generally the entire internal floorspace is deemed lettable and therefore values per sqm and construction costs per sqm apply to the same area. However in some commercial categories (e.g. offices) some spaces are not considered lettable (corridors, stairwells, lifts etc.) and therefore the values and costs must be applied differentially. The net:gross floorspace ratio enables this adjustment to be taken into account.

4.18 The table below illustrates the commercial category and development sample testing as well as the density assumptions and net:gross floorspace ratio for each category. In acknowledgement of consultation responses to initial retail viability work more detailed assessment of retail viability has been undertaken in respect to use and scale of development to reflect the type of general retail (A1-A5) and food supermarket (A1) development considered likely to emerge over the plan period.

Commercial Development Sample Typology Unit Size & Land Plot Ratio					
		Unit Size Sqm	Plot Ratio %	Gross:Net	Sample
Industrial	B1b B1c B2 B8	1000	200%	1.0	Factory Unit
Office	B1a	1000	200%	1.2	Office Building
Food Retail	A1	3000	300%	1.0	Supermarket
General Retail	A 1 – A5	300	150%	1.0	Roadside Type Shop Unit
Residential Inst	C2	4000	150%	1.2	Care Facility
Hotels	C3	3000	200%	1.2	Mid Range Hotel
Community	D1	200	150%	1.0	Community Centre
Leisure	D2	2500	300%	1.0	Bowling Alley
Agricultural		500	200%	1.0	Farm Store
Sui Generis	Car Sales	1000	200%	1.0	Car Showroom
Sui Generis	VehicleRepairs	300	200%	1.0	Repair Garage

Sustainable Construction Standards

4.19 It is acknowledged that the Code for Sustainable Homes are being replaced by changes to the Building Regulations based on the National Housing Standards. The latest government guidance is that forthcoming Building Regulation changes will not impose standards beyond an equivalent of CoSH 4 and the cost rates adopted in the study reflect this. The Commercial Viability assessments are based on BREEAM 'Excellent' construction rates.

Construction Costs

4.20 The construction rates will reflect allowances for external works, drainage, servicing preliminaries and contractor's overhead and profit. The viability assessment will include a 5% allowance for construction contingencies.

4.21 The following residential construction rates are adopted in the study to reflect National Housing Standards, Category 2 Dwellings and the water and space standards of Ashfield District Council. Whilst the Code for Sustainable Homes standards have been withdrawn, the cost parameters that inform them remain a useful guide to the cost implications of the National Housing standards and are considered within the study.

Residential Construction Cost Sqm		
Apartments	1025	sqm
2 bed houses	874	sqm
3 Bed houses	874	sqm
4 bed houses	874	sqm
5 bed house	874	sqm

Commercial Construction Cost Sqm	
531	Factory Unit
1212	Office Building
1091	Supermarket
745	Roadside Retail Unit
1162	Care Facility
1642	Mid Range Hotel
1813	Community Centre
868	Bowling Alley
456	Farm Store
1039	Car Showroom
925	Repair Garage

Abnormal Construction Costs

4.22 Most development will involve some degree of exceptional or 'abnormal' construction cost. Brownfield development may have a range of issues to deal with to bring a site into a 'developable' state such as demolition, contamination, utilities diversion etc. Whole Plan and CIL Viability Assessment is based on generic tests and it would be unrealistic to make assumptions over average abnormal costs to cover such a wide range of scenarios. In reality abnormal cost issues like site contamination are reflected in reductions to land values so making additional generic abnormal cost assumptions would effectively be double counting costs unless the land value allowances were adjusted accordingly.

4.23 It is considered better to bear the unknown costs of development in mind when setting CIL rates and not fix rates at the absolute margin of viability. Nevertheless, for the assessment of the individual allocated sites, where there is specific evidence of abnormal site constraint costs, these have been factored into the study. The abnormal assumptions are set out in the Allocated Site Appraisal section.

Policy Cost Impacts & Planning Obligation Contributions

4.24 The study seeks to review Whole Plan Viability and therefore firstly assesses the potential cost impacts of the proposed policies in the plan to determine appropriate cost assumptions in the viability assessments and broadly determine if planned development is viable.

4.25 If CIL is adopted, it may replace some if not all planning obligation contributions. The second purpose of the study is to test the maximum margin available for CIL that is available from various types of development. CIL, if adopted, will represent the first 'slice' of tax on development. Planning Obligations may be used to top up contributions on a site specific basis subject to viability appraisal at planning application stage.

Nevertheless the CIL Guidance 2014 (contained in the National Planning Practice Guidance) indicates that Authorities should demonstrate that the development plan is deliverable by funding infrastructure through a mixture of CIL and planning obligation contributions in the event that the Authority does not intend to completely replace planning obligations with CIL.

4.26 Costs have been factored into the viability appraisals to reflect the impact of relevant development plan policy and the residual use of planning obligations for site specific mitigation. Based on historic evidence of planning obligation contributions and projected future requirments over the plan period (excluding Affordable Housing which is factored in separately) the following cost allowances have been adopted in the study:-

Residual Planning Obligations for site specific mitigation	**£2,000- £7,000 per dwelling**
	£20 per sqm commercial

4.27 Historical evidence demonstrates that where planning obligations have been charged these amount to an average of £3,772 per dwelling and between £9-£64 per sqm for commercial development dependent on type. The County Council has indicated an aspiration to achieve future education contributions of £5,167 per dwelling due to increased demand for school places (this represents an additional £3000 per dwelling over historic education contributions). The Clinical Commission Group has indicated future health provision requirements in the region of £551 per dwelling.

4.28 To test a 'worst case' position the study considers the increased education and health contributions and adds these to the historic S106 contributions (excluding the previous education allowance). This results in an ongoing requirement of £7000 per dwelling. The study also considers a more balanced position between Affordable Housing delivery and Section 106 contribution adopting a reduced allowance of £4,000, acknowledging that development will make a significant contribution to the increased education contribution aspirations of the County Council but not covering the complete cost from District Council resources at the expense of Affordable Housing delivery. Finally tests are undertaken on the assumption that CIL may be progressed to fund some infrastructure that has previously been delivered by S106 with a reduced residual planning obligation figure of £2000 per dwelling.

4.29 Costs have been factored into the viability appraisals to reflect the impact of relevant development plan policies and the residual use of planning obligations for site specific mitigation. The cost impact of these mitigation measures has been assessed by Gleeds and may be summarised as follows :-

ACESSIBILITY STANDARDS - £18 -20sqm x 10%

The appraisals test the impact of requiring 10% of homes to be built to Category 2 standard for accessibility. This is estimated to add £20sqm over National Housing Standards equivalent build cost allowance for 10% of units (ie £2sqm allowance overall)

WATER CONSERVATION STANDARDS

The higher optional water standard of 110 lpd is considered to be covered by the adopted construction cost rates (equivalent of CoSH Code 4) and do not require any additional allowance.

BREAAM Standards
The construction costs for commercial development make allowance for BREAAM 'Excellent' rating including additional professional fees.

SPACE STANDARDS

The residential unit sizes adopted in the appraisals comply with National Space Standards.

4.30 A summary of the impacts of relevant Ashfield plan policies and the approach to them adopted in the study is set out below.

Local Plan Preferred Approach, 2016			
Policy	**Title**	**Comments**	**Specific cost allowance identified**
CC2	Water Resource Management.	Policy sets out how water resources will be management. Relates to water quality, infrastructure and water efficiency. As a generalisation it is typically allowed for within build costs but dependent on site circumstances there could be specific impact on the site but these would have to be seen as abnormal costs relating to the site in question. The Policy includes a requirements for water efficient to 110 litres per person per day, which is below current building regulations requirements.	Covered by adopted Building Cost Rates.
PJ5	Education, Skills and Training.	Places an emphasis on measures to support improvements to education and the skills of local people. This includes training/ employment agreements and sites/contributions towards educational provision. In relation to training agreements the Policy encourages their adoption rather than being a specific requirement for development. Therefore, no specific costs are anticipated to arise from this aspect of the Policy. Where land for development is affected by a requirements for a school, cost are anticipated to be factored into land value and through the allowance for net developable land. Educational costs will be taken into account through the developer contribution element of the viability assessment.	Any specific costs arising from this policy will be covered by the ongoing S106 allowance in the appraisal

HG2	Affordable Housing (Including Starter Homes).	Identifies affordable housing requirements in relation to residential development. A key aspect of the Study is to determine whether the affordable housing requirement. The affordable housing percentages are tested and the Study provides evidence of the policy requirements.	Affordable Housing Impacts are a key appraisal assumption in the study
HG3	Public Open Space in New Residential Development.	Sets out the open space requirements related to residential development. This potentially effects most developments. However, the provision of open space is a typical policy requirement. Consequently, where land for development is affected cost will be factored into land value and densities. Specific costs will be assed against the developer contributions policy.	The density assumptions in conjunction with ongoing Sec106 allowances address this policy
HG4	Housing Mix.	Sets out housing mix to achieve balanced communities. It includes the need adequate internal living space and support for some homes to be adaptable for the elderly or disabled. Potential viability impact as the Policy • Refers to applying adequate internal living space in accordance with National Described Space Standards. • 10% of dwellings accessible or easily adaptable for the elderly or disabled	An additional cost allowance has been made in the viability appraisals
HG5	Housing Density.	Sets out density requirements for housing developments for development of ten or more dwellings. It is anticipated that this aspect is factored into land value and through the allowance for net developable land.	Impact covered by the National Housing Standard compliant density assumptions
SD4	Infrastructure Provision and Developer Contributions.	Identify the need to ensure that sufficient physical, social and environmental infrastructure is provided to support development. Determined by the viability of any development site in relation to S106 contributions or taken forward as part of CIL. The finding of the Whole Plan Viability Study in relation to planning contributions and viability are anticipated to be a key outcome.	The viability of planning contributions by CIL in conjunction with ongoing S106 allowances is be considered in the Study.
SD9	Traffic Management and Highway Safety.	Sets out criteria in relation to reducing the need to travel by car, for well-designed highways, safe flow of transport and cyclist provision. The assessment reflects appropriate development densities, build costs and external works costs and S106 cost assumptions; which are anticipated to include an allowance for transport requirements. In terms of the	The impact of this policy is covered by ongoing S106 Allowances

		wider highway network a range of sites will trigger mitigation requirements (localised works or contributions) but these will vary from site to site. The Council's Transport Study is anticipated to identify additional costs arising from the totality of development, which will need to be reflected in the IDP and may impact on the developer contributions policy.	
SD12	Provision and Protection of Health and Community Facilities.	Policy which protects and makes provision for health and community facilities. Development may be required to contribute towards community and health facilities. Where land for development is affected by a requirements for a health or community facility, cost are anticipated to be factored into land value and through the allowance for net developable land. Health or other costs will be taken into account through the developer contribution element of the viability assessment.	The impact of this policy is covered by ongoing S106 Allowances

4.31 The approach to smaller allocated sites reflects the amendment to Planning Practice Guidance made on 19th May 2016. Guidance sets out that contributions for affordable housing and tariff style planning obligations (section 106 planning obligations) should not be sought from small scale and self-build development. Small scale is identified as developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1,000sqm.

Developers Profit

4.32 Developer's profit is generally fixed as a % return on gross development value or return on the cost of development to reflect the developer's risk. In current market conditions, and based on the assumed lending conditions of the financial institutions, a 20% return on GDV is used in the residential viability appraisals to reflect speculative risk on the market housing units. It should also be recognised that a 'competitive profit ' will vary in relation to prevailing economic conditions and will generally reduce as conditions improve, generally remaining within a 15-20% range for speculative property.

4.33 It must also be acknowledged that affordable housing does not carry the same speculative risk as it effectively pre-sold. There is significant evidence of this 'split profit' approach being accepted as a legitimate approach in Whole Plan Viability and Community Infrastructure Levy Examinations and Affordable Housing Sec 106 BC Appeals. The profit allowance on the affordable housing element has traditionally been set at a 'contactor only' profit of 6% in line with HCA viability toolkit guidance. However, in view of the relatively high proportion of starter homes that remain speculative in terms of sales guarantees, the study adopts a much higher profit % for Starter/Affordable Homes of 15%.

4.34 In the generic commercial development assessments, a 17.5% profit return is applied in recognition that most development will be pre-let or pre-sold with a reduced level of risk. If it is considered that industrial and other forms of commercial are likely to be operator rather than developer led, this allowance may be further reduced to a 5-10% allowance to reflect an allowance for operational/opportunity cost rather than a traditional development risk.

Property Sales Values

4.35 The sale value of the development category will be determined by the market at any particular time and will be influenced by a variety of locational, supply and demand factors as well as the availability of finance. The study uses up to date comparable evidence to give an accurate representation of market circumstances.

4.36 A valuation study of all categories of residential and commercial property has been undertaken by HEB Chartered Surveyors in July 2016. A copy of the report is attached at Appendix I.

Residential Sales Values					
Charging Zone	Sales Value £sqm				
	Apartment	2 Bed	3 Bed	4 Bed	5 Bed
1 Low	1600	1900	1850	1800	1800
2 Medium	1950	2100	2000	1950	1950

Commercial Sales Values Sqm		
		Charging Zones
		Area Wide
Industrial		700
Office		1350
Food Retail	A1	2750
General Retail	A1-A5	1700
Residential Inst		1266
Hotels		2500
Community		1077
Leisure		1350
Agricultural		350
Sui Generis	Car Sales	1500
Sui Generis	Vehicle Repairs	700

Land Value Allowances - Residential

4.37 Following the land value benchmarking 'uplift split' methodology set out in Section 3 the following greenfield and brownfield existing residential land use value assumptions are applied to the study. The gross residual value (the maximum potential value of land assuming planning permission but with no planning policy, affordable housing sec 106 or CIL cost impacts). An example for Mixed Housing in the Hucknall and Rural zone is illustrated in the table below.

Land Value	£20000	Existing Greenfield (agricultural) Per Ha		
	£495,000	Brownfield (equivalent general commercial) Per Ha		
	£1,560,813	Gross Residual Residential Value per Ha	Uplift	50%

4.38 50% of the uplift in value between existing use and the gross residual value of alternative use with planning permission is applied to generate benchmarked land values per Ha. These land values are then divided by the assumed unit type densities to generate the individual greenfield and brownfield plot values to be applied to the appraisals.

EUV	+	50% of Uplift in Value		=	Threshold Land Value	
Greenfield	£20,000	+	50% (£1,560,813 - £20,000)	=	£790,407 per Ha	
Brownfield	£495,000	+	50% (£1,560,813 - £495,000)	=	£1,027,907 per Ha	

Density Assumptions	Apt	2 Bed	3 Bed	4 Bed	5 Bed
	100	40	35	25	20

LAND VALUES (Plot Values)

	Apt	2 Bed	3 Bed	4 Bed	5 Bed
Greenfield	£7904	£19760	£22583	£31616	£39520
Brownfield	£10279	£25698	£29369	£41116	£51395

4.38 The complete set of gross residual residential values for all the residential tests from which the benchmarked threshold land value allowances were derived, is set out in the table below.

Gross Residual Land Value per Ha	Sutton & Kirkby	Hucknall & Rural
Strategic Residential Development	1147091	1560813
Large Urban Extension	1148591	1560819
Large Suburban Estate	1183895	1572523
Family Housing	1177937	1555292
Executive Housing	1073975	1425523

Land Value Allowances - Commercial

4.39 The approach to commercial land value allowances is the same in principle. Obviously there will be a broad spectrum of residual land values dependent on the commercial use. A number of residual land calculations for commercial categories actually demonstrate negative values – which is clearly unrealistic for the purpose of viability appraisal. Therefore where residual values are less than market comparable evidence the market comparable is used as the minimum gross residual figure. In the Ashfield District assessments only retail gross residual values exceeded these market comparable benchmarks.

4.40 The following provides an example threshold land value allowances food supermarket retail

	EUV	+	50% of Uplift in Value	=	Threshold Land Value
Greenfield	£20,000	+	50% (£3,085,000 - £20,000)	=	£1,552,500 per Ha
Brownfield	£495,000	+	50% (£3,085,000 - £495,000)	=	£1,790,000 per Ha

4.41 The greenfield and brownfield land value threshold allowances are all set out within the commercial viability appraisals but in summary the gross residual values on which they are based may be summarised as follows :-

Commercial Residual Land Values	Area Wide
Industrial Land Values per Ha	
Residual Land Value per Ha	495000
Office Land Values per Ha	
Residual Land Value per Ha	495000
Food Retail Land Values per Ha	
Residual Land Value per Ha < 3000sqm	3085000
General Retail Land Values per Ha	
Residual Land Value per Ha	3254000
Residential Institution Land Values per Ha	
Residual Land Value per Ha	495000
Hotel Land Values per Ha	
Residual Land Value per Ha	865000
Community Use Land Values per Ha	
Residual Land Value per Ha	495000
Leisure Land Values per Ha	
Residual Land Value per Ha	650000
Agricultural Land Values per Ha	
Comparable Land Value per Ha	20000

Fees, Finance and Other Cost Allowances

4.42 The following 'industry standard' fee and cost allowances are applied to the appraisals.

Residential Development Cost Assumptions					
Professional Fees			8.0%	Construction Cost	
Legal Fees			0.5%	GDV	
Statutory Fees			1.1%	Construction Cost	
Sales/Marketing Costs			2.0%	Market Units Value	
Contingencies			5.0%	Construction Cost	
Planning Obligations			£2000-£7000	£ per Dwelling	
			20	£ per sqm Commercial	
Interest	5.0%	12	Month Construction	3-6	Mth Sales Void
Arrangement Fee	1.0%	Cost			

5 Affordable Housing Viability Appraisal

5.1 The NPPF requires local planning authorities to set policies for meeting affordable housing need (paragraph 57) but this has to be set against the impact on the viability of a development (paragraph 173). Affordable housing policies will have a significant impact on the viability of housing schemes. Consequently, there is a requirement to balance the level of affordable housing delivered from a development with the release of sites to ensure a continued supply of housing.

5.2 The Strategic Housing Market Assessment for the Nottingham Outer Housing Market Area identifies an on-going need for affordable housing. Affordable housing has been delivered in Ashfield through Section 106 planning contributions on new housing development. Affordable housing polices reflected viability studies undertaken by Three Dragons (2009) and Nationwide CIL Service (2013) taking into account the local housing market, housing prices/costs and wider Section 106 contributions. The findings of these Studies were incorporated into the Affordable Housing Policy set out in the Local Plan Preferred Approach 2016. This included a Policy requirement for affordable housing requiring the following:

- Sutton in Ashfield/Kirkby-in-Ashfield 10% affordable housing on developments of 15 or more dwellings.
- Hucknall of 25% affordable housing on developments of 15 or more dwellings.
- The Rurals (Selston, Jacksdale, Bagthorpe and Underwood) 25% affordable housing on developments of 4 or more dwellings.

5.3 Subsequent to the Council consultation on the Local Plan Preferred Approach in February/March 2016, national planning policy has been amended in relation to affordable housing reflected in:

a) The introduction of Starter Homes through the Housing and Planning Act 2016;
b) Planning Practice Guidance being amended to identify that affordable housing or tariff style planning obligations (section 106 planning obligations) should not be sought from small scale and self-build development.

5.4 The Housing and Planning Act received Royal Assent on 12th May 2016. Under the Act there is a duty for local planning authorities to provide Starter Homes on sites which will be defined by regulations. The Act amends the Town and Country Planning Act 1990 to insert a definition of affordable housing in relation to planning obligations, to include new dwellings that:

a) are to be made available for people whose needs are not adequately served by the commercial housing market, or
b) are starter homes……..

It is anticipated that the NPPF will be amended to include Starter Homes within the definition of affordable housing.

5.5 Secondary legislation and changes to policy will confirm the Government approach to Starter Homes and affordable housing. However, the study has to reflect the introduction of Starter Homes. Consequently, it utilises the Government's 'Starter Homes Regulations Technical consultation' March 2016 which propose that:

- a single national minimum requirement of 20% of all homes delivered as part of residential developments is broadly justified,
- a site size of 10 units or more (or 0.5 ha) is the minimum threshold for the starter home requirement.

5.6 The introduction of Starter Homes has been reflected in the assumptions made in the Study with the analysis setting out a requirement for:

- 20% Starter Homes across all areas in the District

5.7 In an attempt to strike the appropriate balance in future Affordable Housing policy, in addition to the assumed requirement for Starter Homes the study also tests combinations of

- Varying levels of additional Affordable Housing dependent on Sub Market area
- Varying Levels of Affordable Housing dependent on the levels of planning contribution for infrastructure
- Varying levels of Affordable Housing dependent on Greenfield or Brownfield existing land use.

5.8 The study tests a series of residential typologies to reflect the type of residential envisaged to come forward in Ashfield over the plan period (these are set out in the assumptions at section 4).

5.9 The Affordable Housing Tests includes the following combination of assumptions

Test 1 20% Starter Homes, £7,000 Planning Obligation Contribution
Sutton and Kirkby 10% Affordable Housing Hucknall and Rural 25% Affordable Housing

Test 2 20% Starter Homes, £2,000 Planning Obligation Contribution
Sutton and Kirkby 10% Affordable Housing Hucknall and Rural 25% Affordable Housing

Test 3 20% Starter Homes, £4,000 Planning Obligation Contribution
Sutton and Kirkby 0% Affordable Housing Hucknall and Rural 5% Affordable Housing

Test 4 20% Starter Homes, £2,000 Planning Obligation Contribution
Sutton and Kirkby 5% Affordable Housing Hucknall and Rural 10% Affordable Housing

Test 5 20% Starter Homes, £4,000 Planning Obligation Contribution
Sutton and Kirkby Brownfield Land Use 0% Affordable Housing
Sutton and Kirkby Greenfield Land Use 10% Affordable Housing
Hucknall and Rural Brownfield Land Use 5% Affordable Housing
Hucknall and Rural Greenfield Land Use 20% Affordable Housing

Test 6 20% Starter Homes, £2,000 Planning Obligation Contribution
Sutton and Kirkby Brownfield Land Use 0% Affordable Housing
Sutton and Kirkby Greenfield Land Use 10% Affordable Housing
Hucknall and Rural Brownfield Land Use 5% Affordable Housing
Hucknall and Rural Greenfield Land Use 20% Affordable Housing

5.10 The results of each typology test indicate either a positive or negative viability margin expressed in £ per sqm. If the result is positive the combination of policy assumptions is deemed deliverable with the level of margin indicated the maximum potential for additional CIL charges. The results are set out in the next Section.

6 Viability Appraisal Results

6.1 The results of the residential typology Viability Testing are set out in the tables below. In order to inform the policy position of the Council the residential viability tests were undertaken on the assumption that schemes would all deliver 20% Starter Homes, between 0-25% Affordable Housing and between £2-£7,000 residual planning obligation contribution.

6.2 Any positive figures confirm that the category of development tested is economically viable in the context of Whole Plan viability and the impact of planning policies. The level of positive viability indicates the potential additional margin for CIL charges.

6.3 Each category of development produces a greenfield and brownfield result in each test area. These results reflect the benchmark land value scenario. The first result assumes greenfield development which generally represents the highest uplift in value from current use and therefore will produce the highest potential CIL Rate. The second result assumes that development will emerge from low value brownfield land.

6.4 It should be recognised that the potential CIL Rates that have emerged from the study are maximum potential rates, based on optimum development conditions. The viability tests are necessarily generic and do not factor in site specific abnormal costs that may be encountered on many development sites. The tests produce maximum contributions for infrastructure and therefore ultimate CIL charges should consider an appropriate 'viability buffer' to account for additional unforeseen costs and site specific abnormals.

Residential Viability Results

Test 1 20% Starter Homes, £7,000 Planning Obligation Contribution
Sutton and Kirkby 10% Affordable Housing Hucknall and Rural 25% Affordable Housing

20% Starter Homes 10 – 25% Aff Housing £7,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	-£11	-£14	-£3	-£1	£23
Brownfield	-£128	-£131	-£121	-£118	-£90
Hucknall & Rural					
Greenfield	-£93	-£100	-£86	-£81	-£29
Brownfield	-£239	-£245	-£232	-£226	-£164

6.5 This illustrates the 'worst case' viability position with full Starter Home (20%) and Affordable Housing delivery in line with current Council policy (10% Sutton and Kirkby and 25% in Hucknall and Rural) and full Section 106 contributions of £7,000 per dwelling. This demonstrates that, based on these assumptions, residential development would not be deliverable in any part of the District.

Test 2 20% Starter Homes, £2,000 Planning Obligation Contribution
Sutton and Kirkby 10% Affordable Housing Hucknall and Rural 25% Affordable Housing

20% Starter Homes 10 – 25% Aff Housing £2,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	£72	£69	£78	£79	£89
Brownfield	-£45	-£47	-£40	-£38	-£24
Hucknall & Rural					
Greenfield	£11	£7	£18	£21	£55
Brownfield	-£134	-£139	-£129	-£124	-£80

6.6 This illustrates the viability position on full Starter Home and Affordable Housing but tests the impact of a minmum ongoing allowance for Section 106 contributions at £2,000 per dwelling. This tests whether CIL might be an option to fund infrastructure in tandem with full affordable housing. The test demonstrates that full affordable housing and starter home provision will render brownfield development undeliverable though also shows that greenfield development is viable with significant margin to introduce CIL.

Test 3 20% Starter Homes, £4,000 Planning Obligation Contribution
Sutton and Kirkby 0% Affordable Housing Hucknall and Rural 5% Affordable Housing

20% Starter Homes 0 – 5% Aff Housing £4,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	£104	£102	£111	£111	£113
Brownfield	£0	-£2	£5	£6	£10
Hucknall & Rural					
Greenfield	£143	£140	£149	£147	£152
Brownfield	£33	£30	£37	£37	£42

6.7 This illustrates a balanced viability position with full Starter Homes, reduced Affordable Housing and a median planning obligation contribution position at £4,000 per dwelling. The test demonstrates the minimum position where all greenfield and brownfield development is broadly viable but with no significant opportunity to introduce CIL (as the CIL Regulations prevent rates being set based on existing berownfield or greenfield lsand use).

Test 4 20% Starter Homes, £2,000 Planning Obligation Contribution
Sutton and Kirkby 5% Affordable Housing Hucknall and Rural 10% Affordable Housing

20% Starter Homes 5-10% Aff Housing £2,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	£104	£102	£111	£110	£114
Brownfield	-£6	-£8	-£1	£0	£6
Hucknall & Rural					
Greenfield	£143	£140	£148	£147	£154
Brownfield	£26	£23	£30	£30	£41

6.8 This is a similar balanced viability position to Test 3 but reduces planning obligation contributions to £2,000 per dwelling to determine how much additional Affordable Housing can be delivered. The test demonstrates that if planning obligation contributions are reduced then an additional 5% Affordable Housing can be delivered in both Sutton and Kirkby and Hucknall and Rural areas.

Test 5 20% Starter Homes, £4,000 Planning Obligation Contribution
Sutton and Kirkby Brownfield Land Use 0% Affordable Housing
Sutton and Kirkby Greenfield Land Use 10% Affordable Housing
Hucknall and Rural Brownfield Land Use 5% Affordable Housing
Hucknall and Rural Greenfield Land Use 20% Affordable Housing

20% Starter Homes 0-20% Aff Housing £4,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	£39	£36	£46	£47	£62
Brownfield	£0	-£2	£5	£6	£10
Hucknall & Rural					
Greenfield	£25	£20	£31	£33	£64
Brownfield	£33	£30	£37	£37	£42

6.9 This illustrates the potential to introduce differential affordable housing delivery in addition to 20% Starter Homesa based on existing land use and a median planning obligation contribution position at £4,000 per dwelling. The test demonstrates that full affordable housing can be delivered in addition to 20% Starter Homes on greenfield sites with some additional limited potential to introduce CIL in the Hucknall and Rural area.

Test 6 20% Starter Homes, £2,000 Planning Obligation Contribution
Sutton and Kirkby Brownfield Land Use 0% Affordable Housing
Sutton and Kirkby Greenfield Land Use 10% Affordable Housing
Hucknall and Rural Brownfield Land Use 5% Affordable Housing
Hucknall and Rural Greenfield Land Use 20% Affordable Housing

20% Starter Homes 0-20 Aff Housing £4,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	£72	£69	£78	£79	£89
Brownfield	£28	£27	£34	£34	£33
Hucknall & Rural					
Greenfield	£63	£59	£69	£71	£94
Brownfield	£63	£61	£68	£67	£66

6.10 This illustrates the potential to introduce differential affordable housing delivery in addition to 20% Starter Homesa based on existing land use but with reduced planning obligation contributions of £2,000 per dwelling. The test demonstrates that full affordable housing can be delivered in addition to 20% Starter Homes on greenfield sites with significant potential to introduce CIL as an alternative infrastructure delivery mechanism to S106.

Commercial Viability Results

NCS Commercial Viability Results	General Zone	
	Greenfield	Brownfield
Industrial (B1b B1c B2 B8)	-£144	-£196
Office (B1a)	-£598	-£642
Hotel(C1)	-£371	-£415
Residential Institution (C2)	-£584	-£618
Community(D1)	-£1,341	-£1,380
Leisure (D2)	-£75	-£155
Agricultural(A1-A5)	-£282	
Sui Generis	Car Sales -£206	Car Repairs -£658
Food Supermarket Retail A1	£378	£297
General Retail A1-A5	£197	£158

6.11 Most of the above commercial use class appraisals indicated negative viability and therefore no margin to introduce CIL charges. Only food supermarket and general retail demonstrated significant positive viability. These results are typical of our experience of most Local Authorities' commercial viability assessments. In order for viability assessment to be consistent between residential and commercial development, full development profit allowances are contained within all appraisals (assuming all development is delivered by third party developers requiring a full risk return).

6.12 In reality much commercial development is delivered direct by business operators who do not require the 'development profit' element. As such many commercial categories of development are broadly viable and deliverable despite the apparent negativity of the results. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

7 Site Allocation Viability Appraisals

7.1 The study has undertaken specific Viability Appraisals of the residential sites proposed to be allocated by the Local Plan. In addition to the assumptions outlined above additional abnormal site constraint costs associated with the development of the individual sites have been applied to the individual site tests. Advice on cost allowances for these constraints was obtained from Gleeds and is summarised in the table below.

Abnormal Site Development Costs	Budget Cost £/Hectare
Archaeology Typically, Archaeology is addressed by a recording/monitoring brief by a specialist, to satisfy planning conditions Intrusive archaeological investigations are exceptional and not allowed for in the Budget cost	**£11,000**
Flood Defence Works Generally involves raising floor levels above flood level, on relevant sites Budget £2,000 per unit x 35 units/Hect, apply to 1 in 3 sites	**£22,000**
Site Specific Access Works New road junction and S278 works, allowance for cycle path linking Major off-site highway works not allowed for.	**£22,000**
Land Contamination Heavily Contaminated land is not considered, as remediation costs will be reflected in the land sales values Allow for remediation/removal from site of isolated areas of spoil with elevated levels of contamination	**£28,000**
Ground Stability Former Mining area. Allow raft foundations to dwellings, on 75% of sites Budget £2000 per unit x 35 units x 25% of sites	**£22,000**
Utilities Allowance for Infrastructure Upgrade	**£90,000**

Housing Mix

7.2 The following housing mix was adopted in the site allocation appraisals.

Housing Mix	Apt	2 Bed	3 Bed	4 Bed	5 Bed
% Mix	0%	30%	50%	15%	5%

Affordable Housing Mix	Apt	2 Bed	3 Bed
% Mix	0%	60%	40%

Delivery Timescale

7.3 The delivery of housing and sites has been considered over a plan period of 15 years and broken down into 5 year delivery periods from 0-5 years, 6-10 years and 11-15 years. Larger sites have assumed phased delivery across all three periods.

7.4 Based on forecasts from industry research (Savills for regional residential market trends and Gleeds for construction cost forecasts) the following broad assumption adjustments have been applied to the values and costs in the study in the three appraisal periods. There will obviously be significant fluctuations over a 15 year plan period with higher residential value growth likely in the early part of the cycle but the figures are considered to represent reasonable estimates for the purpose of the Viability Appraisal.

Assumption Adjustments			
Residential Values Av Annual Increase	2015-2030	3%	
Construction Costs Av Annual increase	2015-2030	2%	
Delivery Period	0-5 Years	6-10 Years	11-15 Years
Value Adjustment	0%	27%	46%
Costs Adjustment	0%	17%	29%

7.5 No adjustment is applied to current costs and values in the 0-5 year period or the generic CIL appraisals as required by the NPPF and Harman guidance. A period of 8 years of compounded adjustments is applied to the 6-10 year period of the SHLAA appraisals and 13 years for the 11-15 year period. Adjustments are similarly applied to CIL Rates and Abnormal Site Constraint Costs in the SHLAA appraisals.

Affordable Housing and Planning Contribution Assumptions

7.6 The initial Whole Plan Viability assessment tested a range of Affordable Housing, Planning Obligation and CIL contributions to assess the appropriate balance to inform planning policy choices in the Local Plan.

7.7 The site allocation testing adopts the following test combinations

Starter Homes	20% Districtwide
Affordable Housing -	Sutton and Kirkby Brownfield Land Use 0% Sutton and Kirkby Greenfield Land Use 10% Hucknall & Rural Brownfield Land Use 5% Hucknall & Rural Greenfield Land Use 20%
Planning Obligation Contributions	£4,000 per dwelling
Community Infrastructure Levy	Sutton and Kirkby £25 Hucknall & Rural £20

Site Allocation Viability Results

7.8 The site specific testing indicates whether individual development sites are considered viable on a 'traffic light' red, green, amber approach (having applied draft CIL rates as well as all of the policy cost impacts outlined in Section 4).

Green – Site considered broadly viable having made allowance for all reasonable development impacts, a standard developers profit and return to the landowner.

Amber – Site considered capable of viable development making allowance for all reasonable development impacts, a standard developers profit but acknowledging that landowners may need to accept land value reductions for abnormal site development costs if development is to proceed.

Red – Site not currently considered viable based on implementation of Council policies and standard returns to landowners. It should be recognised that sites in this category may be viable if (a) the abnormal costs of bringing the site into a developable state (including some up front infrastructure investment) are deducted from the land value, (b) the Council is minded to relax affordable housing or infrastructure contributions or (c) landowner/developers accept some reduced profit return to stimulate the development.

Sutton & Kirkby Zone 1 –Greenfield Sites - 0-5 Year Delivery

Mixed Housing Viability Results		Sutton &Kirkby		0-5 Year Delivery	
Ref	Site	Size	Units	Type	Viability
SKA3a	North of Kingsmill Hospital	4.12	70	greenfield	£130,236
SKA3b	Blackwell Road, Huthwaite	2.90	65	greenfield	£120,934
SKA3c	Ashland Road West	5.70	130	greenfield	£224,331
SKA3d	Clegg Hill Drive, Huthwaite	3.22	70	greenfield	£130,236
SKA3i	Clare Road, Sutton	1.70	50	greenfield	£93,026
SKA3j	Fisher Close/Stanton Crescent, Skegby	2.52	70	greenfield	£130,236
SKA3o	Brand Lane, Stanton Hill	3.19	70	greenfield	£130,236
SKA3p	Cauldwell Road, Mansfield	9.20	70	greenfield	£130,236
SKA3q	Land off Common Road	1.30	20	greenfield	£45,304
SKA3u	Land at Cross Row / Brand Lane, Stanton Hill	0.20	17	greenfield	£38,509
SKA3u	Land at Cross Row / Brand Lane, Stanton Hill	0.20	17	greenfield	£38,509
SKA3v	land off Gillcroft street/St Andrews Street & Vere Avenue, Skegby	7.40	230	greenfield	£334,840
SKA3x	Land at Unwin Road (co-op site)	0.50	18	greenfield	£40,774
SKA3y	Between Pleasley Road/Mansfield Road, Skegby	1.30	37	greenfield	£73,831
SKA3ac	Rear of 249-251 Alfreton Road, Sutton	4.10	102	greenfield	£176,014
SKA3ad	Off High Hazels Drive	0.40	22	greenfield	£43,899
SKA3ak	Skegby Road, Kirkby	0.90	23	greenfield	£45,895
SKA3al	Mowlands	8.44	80	greenfield	-£57,697
SKA3an	Laburnum Avenue, Kirkby	0.60	25	greenfield	£49,885
SKA3ap	Land at Diamond Ave, Kirkby	1.15	35	greenfield	£69,840

Sutton & Kirkby Zone 1 –Brownfield Sites - 0-5 Year Delivery

Mixed Housing Viability Results		Sutton &Kirkby		0-5 Year Delivery	
Ref	Site	Size	Units	Type	Viability
SKA3n	Quantum Clothing North St Huthwaite	2.20	90	brownfield	-£111,864
SKA3r	Former Social Club, Davis Avenue, Sutton	0.60	19	brownfield	-£15,379
SKA3s	Station House, Outram Street, Suttton	0.15	28	brownfield	-£28,733
SKA3z	Land at 57 Stoneyford Road, Sutton	1.30	50	brownfield	-£51,309
SKA3aa	Off Mansfield Road/Unwin Road (north of coutaulds site), Sutton	1.50	50	brownfield	-£51,309
SKA3ab	Rear 50 Columbia Street, Huthwaite	0.20	12	brownfield	-£4,511
SKA3ae	Adj Bluebell PH, Carsic Lane	0.20	11	brownfield	-£4,135
SKA3ag	Royal Forester's PH, Coronation Street, Sutton	1.00	14	brownfield	-£11,332
SKA3aj	Warwick Close, Kirkby	1.00	24	brownfield	-£19,426
SKA3am	Kirkby House, Kirkby House Drive, Kirkby	1.10	16	brownfield	-£12,951
SKA3aq	Sidings Road, Kirkby	3.40	81	brownfield	-£100,678
SKA3ar	Southwell Lane, Kirkby	1.50	60	brownfield	-£74,576
SKA3aw	Former Larwood Nursing Home, Main Road, Annesley	0.30	10	brownfield	-£3,759

Sutton & Kirkby Zone 1 – Greenfield Sites – 6-10 Year Delivery

Mixed Housing Viability Results		Sutton &Kirkby		6-10 Year Delivery	
Ref	Site	Size	Units	Type	Viability
SKA3a	North of Kingsmill Hospital	10.29	175	greenfield	£2,070,946
SKA3c	Ashland Road West	4.60	105	greenfield	£1,278,545
SKA3d	Clegg Hill Drive, Huthwaite	4.60	30	greenfield	£375,578
SKA3e	Newark Road/Coxmoor Road	11.05	175	greenfield	£1,668,281
SKA3g	Rookery Farm, Alfreton Road, Sutton	7.61	175	greenfield	£2,070,946
SKA3h	Beck Lane, Skegby	15.36	315	greenfield	£3,287,921
SKA3j	Fisher Close/Stanton Crescent, Skegby	1.08	30	greenfield	£375,578
SKA3k	Hilltop Farm, Skegby	0.70	20	greenfield	£250,385
SKA3l	Alfreton Road, Sutton	4.00	117	greenfield	£1,424,664
SKA3m	The Avenue, Sutton	0.50	15	greenfield	£192,929
SKA3o	Brand Lane, Stanton Hill	4.11	90	greenfield	£1,095,896
SKA3p	Cauldwell Road, Mansfield	9.20	137	greenfield	£1,621,255
SKA3ah	East of Sutton Parkway Station, Lowmoor Road, Kirkby in Ashfield	14.28	350	greenfield	£4,141,892
SKA3al	Mowlands	42.23	400	greenfield	£3,524,478
SKA3ao	Walesby Avenue, Kirkby	6.91	140	greenfield	£1,656,757
SKA3ap	Land at Diamond Ave	1.05	32	greenfield	£395,134

Sutton & Kirkby Zone 1 – Brownfield Sites – 6-10 Year Delivery

Mixed Housing Viability Results		Sutton &Kirkby		6-10 Year Delivery	
Ref	Site	Size	Units	Type	Viability
SKA3f	Land at Priestic Road/ Northern View, Sutton	0.50	24	brownfield	£193,795
SKA3ai	Former Lowmoor Inn/ Wheatley's Yard, Lowmoor Rd	0.94	35	brownfield	£309,189

Sutton & Kirkby Zone 1 – Greenfield Sites – 11-15 Year Delivery

Mixed Housing Viability Results		Sutton &Kirkby		11-15 Year Delivery	
Ref	Site	Size	Units	Type	Viability
SKA3a	North of Kingsmill Hospital	0.29	5	greenfield	£102,335
SKA3e	Newark Road/Coxmoor Road	5.75	91	greenfield	£1,541,859
SKA3g	Rookery Farm, Alfreton Road, Sutton	0.39	9	greenfield	£182,430
SKA3h	Beck Lane, Skegby	4.14	85	greenfield	£1,525,295
SKA3ah	East of Sutton Parkway Station, Lowmoor Road, Kirkby in Ashfield	5.92	145	greenfield	£2,767,804
SKA3al	Mowlands	44.33	420	greenfield	£6,617,670
SKA3ao	Walesby Avenue, Kirkby	0.49	10	greenfield	£202,700

Sutton & Kirkby Zone 1 – Brownfield Sites – 11-15 Year Delivery

Mixed Housing Viability Results		Sutton &Kirkby		11-15 Year Delivery	
Ref	Site	Size	Units	Type	Viability
SKA3ai	Former Lowmoor Inn/ Wheatley's Yard, Lowmoor Rd	0.76	28	brownfield	£440,202

Hucknall & Rural Zone 2 – Greenfield Sites – 0-5 Year Delivery

Mixed Housing Viability Results		**Hucknall & Rural**		**0-5 Year Delivery**	
Ref	Site	Size	Units	Type	Viability
RA2a	Land to the rear of 64-84 Church Lane, Underwood	0.80	21	greenfield	£25,012
RA2b	Land off Westdale Road, Jacksdale	2.10	60	greenfield	£62,094
RA2d	Park Lane, Selston	2.39	35	greenfield	£36,221
HA3a	Land South of Broomhill Farm/ north of A611	4.11	70	greenfield	£61,512
HA3d	Ruffs Farm, Watnall Road	0.50	10	greenfield	£15,033
HA3e	Broomhill Farm, Nottingham Road	6.21	140	greenfield	£79,304
HA3g	High Leys Road	0.30	10	greenfield	£15,033
HA3i	Land adjacent Arrows Centre, Annesley Road	0.87	35	greenfield	£36,221
HA3k	100 Nottingham Road	0.30	37	greenfield	£38,291

Hucknall & Rural Zone 2 – Brownfield Sites – 0-5 Year Delivery

Mixed Housing Viability Results		**Hucknall & Rural**		**0-5 Year Delivery**	
Ref	Site	Size	Units	Type	Viability
HA3c	Former Bamkin factory site	0.60	23	brownfield	£31,914
HA3f	Land at Bolsover Street	0.40	16	brownfield	£26,263
HA3h	Seven Stars Public House and adjoining land, West Street	0.70	25	brownfield	£34,689
HA3j	Daniel's Way	1.10	50	brownfield	£56,685
HA3p	Grange Farm, Moor Road	0.60	14	brownfield	£22,980
HA3s	The Harrier, Christchurch Road	0.24	10	brownfield	£21,492

Hucknall & Rural Zone 2 – Greenfield Sites – 6-10 Year Delivery

Mixed Housing Viability Results		Hucknall & Rural		6-10 Year Delivery	
Ref	Site	Size	Units	Type	Viability
RA2c	Land off Westdale Road, Jacksdale	0.50	15	greenfield	£169,879
RA2d	Park Lane, Selston	6.27	75	greenfield	£819,650
RA2e	Land rear of the Bull & Butcher PH, Selston	6.50	137	greenfield	£1,442,892
HA3a	Land South of Broomhill Farm/ north of A611	20.56	350	greenfield	£3,686,220
HA3b	Land South of Papplewick Lane	0.90	26	greenfield	£294,457
HA3e	Broomhill Farm, Nottingham Road	0.49	11	greenfield	£128,941
HA3i	Land adjacent Arrows Centre, Annesley Road	0.63	25	greenfield	£283,132
HA3MU	Hucknall Town Football Club, Watnall Road	3.40	108	greenfield	£1,180,296

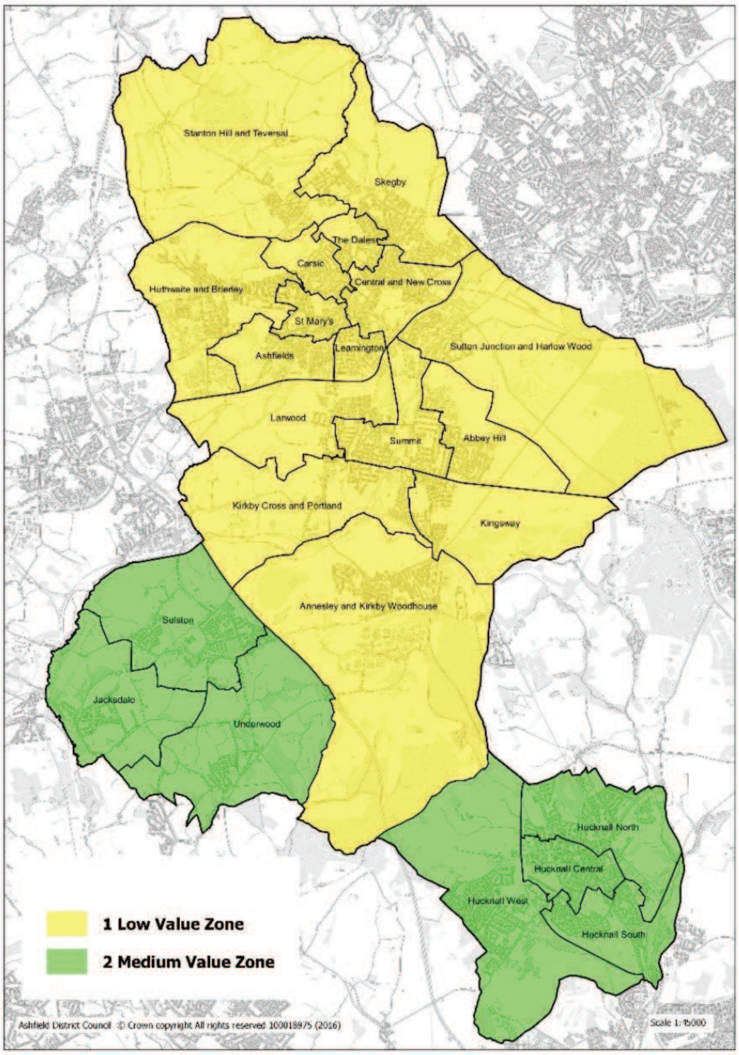
Hucknall & Rural Zone 2 – Greenfield Sites - 11-15 Year Delivery

Mixed Housing Viability Results		Hucknall & Rural		11-15 Year Delivery	
Ref	Site	Size	Units	Type	Viability
HA3a	Land South of Broomhill Farm/ north of A611	3.53	60	greenfield	£1,074,809

8 Conclusions

Key Findings - Residential Viability Assessment

8.1 The assessments of residential land and property values indicated that there were significant differences in value across the District to justify the existence of sub-markets. Two sub-markets were identified as indicated on the plan below.



8.2 The testing showed that the Ashfield District Local Plan Policies are broadly viable across all forms of housing development and demonstrate that Affordable Housing delivery is viable across the District subject to differential approaches to delivery in different sub-market areas and the inclusion of 'Starter Homes' within overall Affordable Housing delivery.

8.3 A number of viability assessments have been undertaken testing a combination of different levels of Affordable Housing delivery and Section 106 contributions to determine the optimum combination (these are set out in the Viability Assessment Results at Section 6). The following table illustrates the 'worst case' viability position with full Affordable Housing delivery in line with current Council policy (10% Sutton and Kirkby and 25% in Hucknall and Rural), additional delivery of 20% Starter Homes and full Section 106 contributions of £7,000 per dwelling. This demonstrates that, based on these assumptions, residential development would not be deliverable in any part of the District.

20% Starter Homes 10 – 25% Aff Housing £7,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	-£11	-£14	-£3	-£1	£23
Brownfield	-£128	-£131	-£121	-£118	-£90
Hucknall & Rural					
Greenfield	-£93	-£100	-£86	-£81	-£29
Brownfield	-£239	-£245	-£232	-£226	-£164

8.4 The following table illustrates a modified position on Affordable Housing with the full Government requirement for 20% Starter Homes throughout the District with additional delivery of 5% Affordable Housing in Hucknall and Rural areas. This includes a reduced allowance for Section 106 contributions at £4,000 per dwelling, acknowledging that a significant contribution can be made towards the aspirational requirement of the County Council and also leaves additional potential to introduce CIL. Based on this combination of assumptions all residential development would be deliverable in any part of the District.

20% Starter Homes 5% Aff Housing Hucknall & Rural £4,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	£104	£102	£111	£111	£113
Brownfield	£0	-£2	£5	£6	£10
Hucknall & Rural					
Greenfield	£143	£140	£149	£147	£152
Brownfield	£33	£30	£37	£37	£42

Greenfield and Brownfield Delivery

8.5 The Council's residential delivery strategy for the remainder of the plan period relies on 94% greenfield delivery (4694 out of 4994 dwellings). As such the greenfield viability results determine the general viability of residential development in Ashfield and demonstrate significant potential to introduce CIL charges.

8.6 Because there is such a wide discrepancy between the viability of greenfield and brownfield development, the other alternative approach would be to adopt differential affordable housing delivery targets based on the existing greenfield or brownfield use of the land. The following table illustrates 20% Starter Homes across the District plus an additional 10% Affordable Housing in Sutton and Kirkby and 20% Affordable Housing in Hucknall and Rural areas

20% Starter Homes 10 – 20% Greenfield Aff Housing £4,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	£39	£36	£46	£47	£62
Brownfield	£0	-£2	£5	£6	£10
Hucknall & Rural					
Greenfield	£25	£20	£31	£33	£64
Brownfield	£33	£30	£37	£37	£42

Affordable Housing Appraisal Conclusions

8.7 It has been determined that Affordable Housing delivery is of primary importance in the District and as such if CIL is to be progressed it wll be on the basis of a differential approach to greenfield and brownfield Affordable Housing delivery and £4,000 residual planning obligation contribution allowance as set out in the table aboveat para 8.6 above. As such the following Affordable Housing delivery targets are therefore recommended as an amendment to current policy

Affordable Housing			
Sub Market/CILCharging Zone	Starter Homes		Affordable Rent
Sutton & Kirkby Greenfield Sites	20%		10%
Sutton & Kirkby Brownfield Sites	20%		0%
Hucknall & Rural Greenfield Sites	20%		20%
Hucknall & RuralBrownfield Sites	20%		5%

Commercial Viability

8.7 The initial assessment of commercial land and property values indicate that there are no significant differences in values to justify differential sub-markets based on assumptions or differential CIL charging zones. The commercial category viability results are set out in the table below.

NCS	Commercial Viability Results	
	General Zone	
	Greenfield	**Brownfield**
Industrial (B1b B1c B2 B8)	-£144	-£196
Office (B1a)	-£598	-£642
Hotel(C1)	-£371	-£415
Residential Institution (C2)	-£584	-£618
Community(D1)	-£1,341	-£1,380
Leisure (D2)	-£75	-£155
Agricultural(A1-A5)	-£282	
Sui Generis	Car Sales -£206	Car Repairs -£658

Food Supermarket Retail A1	£378	£297
General Retail A1-A5	£197	£158

8.8 It can be seen that food supermarket retail and general retail uses demonstrate positive viability. All of the remaining commercial use class appraisals indicate negative viability.

8.9 It should be stressed that whilst the generic appraisals showed that most forms of commercial and employment development are not viable based on the test assumptions, this does not mean that this type of development is not deliverable. For consistency a full developer's profit allowance was included in all the commercial appraisals. In reality many employment developments are undertaken direct by the operators. If the development profit allowance is removed from the calculations, then much employment development would be viable and deliverable. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

8.10 It can be seen that only food supermarket retail, with CIL potential rate of £297-£378 per square metre, dependent on existing land use and general retail with potential rates of £158-£197 provide a margin to introduce CIL charges. It is therefore recommended on the existing evidence, that all non-retail categories should not be charged CIL based.

Conclusions

8.11 The study demonstrates that all of the residential development proposed by the Local Plan is viable and deliverable taking account of the cost impacts of the policies proposed by the plan and the requirements for viability assessment set out in the NPPF. This does assume that affordable Housing policy is varied to reflect the new Starter Home requirements. It is further considered that significant additional margin exists, beyond a reasonable return to the landowner and developer to accommodate CIL charges.

8.12 If CIL is to be progressed, it is recommended that there are sufficient variations in residential viability to justify a differential zone approach to setting residential CIL rates across the Ashfield District area.

8.13 The residential strategy in Ashfield relies on 94% greenfield delivery over the remainder of the plan period. As such it is reasonable to be guided primarily by the greenfield viability results in setting any potential CIL charges.

Test 5 20% Starter Homes, £4,000 Planning Obligation Contribution
Sutton and Kirkby Brownfield Land Use 0% Affordable Housing
Sutton and Kirkby Greenfield Land Use 10% Affordable Housing
Hucknall and Rural Brownfield Land Use 5% Affordable Housing
Hucknall and Rural Greenfield Land Use 20% Affordable Housing

20% Starter Homes 0-20% Aff Housing £4,000 Sec 106 Contributions	Maximum Residential CIL Rates per sqm				
Charging Zone/Base Land Value	Strategic Residential Development	Large Urban Extension	Large Suburban Estate	Family Housing	Executive Housing
Sutton & Kirkby					
Greenfield	£39	£36	£46	£47	£62
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Hucknall & Rural					
Greenfield	£25	£20	£31	£33	£64
Brownfield	£33	£30	£37	£37	£42

8.14 It is not permitted by the CIL Regulations to set differential CIL rates based on existing land use. However in view of the fact that Ashfield's residential delivery strategy is projected to be primarily greenfield development, it would be reasonable to set rates based on the greenfield viability results. Based on the generic nature of the tests, a reasonable buffer to allow for additional site specific abnormal costs, in the event Ashfield District Council wish to progress CIL, we would recommend the following zonal rates.

Residential CIL	
Sutton & Kirby	£25sqm
Hucknall & Rural	£20sqm

8.15 In the event that the council progress CIL It is recommended that a single zone approach is taken to setting commercial CIL rates. The viability assessment results indicate that all non-retail commercial uses should be zero rated.

8.16 The retail viability assessment results indicate that both food and non-food retail development is capable of accommodation significant levels of CIL. For simplicity a single retail rate based on the lowest general retail brownfield viability result is recommended and taking account of a reasonable viability buffer, the following Commercial CIL rates are recommended.

Districtwide	
All Non-residential uses (excepting Retail)	£0sqm
Districtwide	
Retail A1-A5	£100sqm

Allocated Site Viability Appraisal Conclusions

8.17 The viability testing of proposed residential sites in Ashfield District has been undertaken, accounting for the following policy impacts and key assumptions :-

- Greenfield or Brownfield Development
- Delivery Timescale
- Delivery of 20% Starter Homes
- Affordable Housing Delivery of 0-20% (dependent on existing land use and sub-market area)
- Key Planning Policy Cost Impacts
- Planning Obligation Allowances
- Draft CIL Charges
- Site Specific Abnormal Costs and Mitigation Factors

8.18 The study illustrated that all greenfield sites sites in the initial 0-5 year delivery period (ie the 5 year land supply) are broadly viable based on the adopted assumptions. The single exception is the Mowlands 4% reduction on theland value allowance would bring the site into positive viability and therefore it may be deemed deliverable

Ref	Site	Area	Units	Type	Viability Margin	Abnormal Cost	Land Value Allowance
SKA3al	Mowlands	8.44	80	greenfield	-£53,352	£665,680	£1,167,660

8.19 All brownfield and greenfield sites in all parts of the District in the 6-10 year and 11-15 year period demonstrate positive viability.

8.20 The only sites demonstrating marginal negative viability are brownfield sites in the Sutton & Kirkby area within the 0-5 year delivery period. The reason for this is the appraisals include a £25per sqm CIL charge which has pushed the viability into relatively small negative margins. The Council has not yet determined whether to implement CIL so based on policies currently proposed the Local Plan these sites may be considered viable and deliverable. It should also be noted many of the 465 brownfield units in Sutton and Kirkby in the 0-5 year delivery period already have planning permission and would not be affected by CIL. In any event tThe remaining brownfield units account for less than 4% of overall delivery and are not therefore significant in the overall context of the delivery strategy.

8 Conclusions

8.21 The study is a strategic assessment of whole plan viability and as such is not intended to represent a detailed viability assessment of every individual site. The study applies the general assumptions in terms of affordable housing, planning policy costs impacts and identified site mitigation factors based on generic allowances. It is anticipated that more detailed mitigation cost and viability information may be required at planning application stage to determine the appropriate level of affordable housing and planning obligation contributions where viability issues are raised. The purpose of the study is to determine whether the development strategy proposed by the Plan is deliverable given the policy cost impacts of the Plan. Whilst the Council has not determined whether to progress CIL, the draft charges outlined above are tested within the appraisals (Ie £25 in Sutton/Kirkby and £20 sqm in Hucknall/Rural areas)

8.22 In conclusion, the assessment of all proposed residential sites in Ashfield District has been undertaken with due regard to the requirements of the NPPF, Planning practice Guidance and the best practice advice contained in 'Viability Testing Local Plans'. It is considered that all sites are broadly viable across the entire plan period taking account of the Affordable Housing/Starter Home requirements and all policy impacts of the Local Plan as well as the potential introduction of CIL in the future.

8.23 It should be noted that this study should be seen as a strategic overview of plan level viability rather than as any specific interpretation of Ashfield District Council policy on the viability of any individual site or application of planning policy to affordable housing, CIL or developer contributions. Similarly the conclusions and recommendations in the report do not necessarily reflect the views of Ashfield District Council.

Heb Surveyors
Valuation Report
July 2016

Gleeds Update
Construction Cost Study
July 2016

DEVELOPMENT VIABILITY ASSESSMENT FOR THE ASHFIELD LOCAL PLAN PROPERTY VALUE APPRAISAL STUDY

AS PART OF EVIDENCE BASE

**FOR AND ON BEHALF OF
ASHFIELD DISTRICT COUNCIL**

Ashfield

**REPORT PREPARED BY
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Surveyors Registered Valuers

24 JULY 2016

heb
chartered surveyors

CONTENTS

TERMS OF REFERENCE

As part of our instruction to provide valuation advice and viability consultancy to Ashfield District Council for whole plan viability testing, we are instructed to prepare a report identifying typical land and property values for geographical locations within the Authority.

Valuations are to reflect 'new build' accommodation and test categories have been broken down into land use types reflecting the broad divisions of the use classes order necessary to allow whole plan viability testing, namely:-

1) Residential (C3 houses)
2) Residential (C3 apartments)
3) Industrial (B1, B/C, B2, B8) – Land to reflect brown field tests
4) Agricultural land (to reflect green field tests)

We have also provided indicative values for all other Use Classes (as define by the Use Class Order), to allow further viability tests (if required) to facilitate further work in terms of preliminary CIL assessments. We note that no decision has been made by the council in this respect.

It should be noted that although food supermarket retail falls under an A1 use, we have specifically assessed it as a separate category since it generally commands a much higher value than other retail categories. We have provided valuation guidance however it is up to each Authority to decide whether they wish to adopt a separate charging category for this use, or adopt a general retail charge, more reflective of all retail uses.

Once appropriate levels of value evidence was identified and analysed, it has been utilised to identify appropriate sub-markets in which broadly similar levels of values can be grouped.

<u>THE EVIDENCE BASE</u>

The purpose of this report is to provide a bespoke valuation Evidence Base, specifically for whole plan viability testing for Ashfield District Council.

Whilst it is possible to assemble an evidence base from many different (and in some instances existing) information sources, we believe there is an inherent danger in this approach. The underlying assumptions for valuation or costs assessment in each data source may be different and a 'mix and match' approach may be flawed when comparable evidence is scrutinised.

We consider our approach herein to be far reaching and sufficiently robust to be defensible at Examination (as evidenced by previous Inspector approval elsewhere).

The CIL Guidance confirms that the an Authority may adopt a pragmatic approach when assessing value evidence, and that adopted value judgments need not necessarily exactly mirror available evidence.

The valuation evidence obtained to produce this report takes the form of an area wide approach and allows for economic viability of development to be considered as a whole.

Valuation methodology has consisted primarily of collecting recent comparable evidence of sales transactions within all of the identified development categories prior to full analysis (more fully outlined under 'Procedure and Methodology').

Where evidence may be lacking, reasoned valuation assumptions have been taken.

The key to our approach is to assess at what value land and property may reasonably come forward rather than simply following a quasi-scientific residual method which may not fully reflect the real world realities of a functioning property market. Where appropriate, residual valuations have been undertaken in addition to incorporate and verify figures.

Subsequent to the land and property value evidence assembly, groupings of similar value have emerged in distinct sub-markets across each area.

It should be noted that there will inevitably be scope for anomalies to be identified for each zone. The values and zones identified herein provide a fair and reasonable 'tone' across each sub-market.

This approach and methodology is deemed wholly acceptable under the CIL regulations and guidance, whereby it is accepted that inevitably valuation at an area wide level cannot be taken down to a ‘micro economic’ geographical level.

ASHFIELD

Ashfield is a two tier Authority with District status situated in the county of Nottinghamshire. The district covers an area of 110 Sq KM and is located on the western side of Nottinghamshire. It has an estimated population of 119,500 (data taken from National Census, 2011).

The majority of the population are concentrated within the three main towns of Sutton in Ashfield, Hucknall and Kirkby in Ashfield together with three large villages in the substantial rural area mainly to the west of the M1.

The main settlements share strong historic, economic and cultural links based around the growth and subsequent decline of coal mining, textiles and engineering industries. This is reflected in Ashfield's rank as 63rd most deprived area in England out of 326 Local Authorities (IMD 2010), and the 7th most deprived area in the East Midlands.

The district has excellent communication corridors through the A38 and Junctions 27 and 28 of the M1 motorway, and is also within close proximity of the East Midlands Airport. The Robin Hood Railway Line runs north to south with three stations in Ashfield connecting with Nottingham city centre and Worksop. The central location means that over 70% of the nation's population can be reached within three hours.

Ashfield was previously an assisted area offering Government regional selective assistance and enterprise grants. This provided new opportunities for business investment in the form of the extensive and well developed industrial sites, predominately around Sherwood Park which is close to Junction 27 of the M1. The park now employs nearly 4,000 people with flagship employers including Zeppelin, E-On and Rolls Royce.

LOCAL PROPERTY MARKET OVERVIEW

The Authority has three main urban centres, Hucknall, Kirkby in Ashfield and Sutton in Ashfield together with a distinct rural area served by the villages to the west of the M1 motorway.

There have been areas of new development throughout the district, predominately to the west of Sutton in Ashfield, around the Hucknall area and some smaller pocket developments in the villages to the west.

The Hucknall conurbation and rural areas are perceived as being more desirable to the areas of Sutton in Ashfield and Kirkby in Ashfield.

In common with many areas of the UK property prices suffered during the recent economic downturn however there are signs of stability and improvement particularly within the more popular areas.

The commercial property market is stronger in the areas that benefit from the better road communications, predominately the areas around the A38 corridor and Sherwood Park close to Junction 27 of the M1.

Retail is focused within the three main town centres with Sutton in Ashfield having a purpose built shopping centre (The Idlewells Centre).

PROCEDURE & METHODOLOGY

Our residential sales values are based upon actual market comparable evidence.

Members of our professional team have made a number of visits to appropriate locations within the study area to back up our extensive desktop research.

For the purposes of this report we have identified, assembled and fully analysed substantial amounts of individual comparable market evidence. Clearly it would be impractical to tabulate and include *every* piece of evidence within this report however we will be happy to provide more detailed evidence on any aspect of our comparable database upon request.

As well as our desktop and field research, we have carried out interviews with commercial and residential property agents, house builders and developers active within the study area, both in terms of collecting further market evidence but also to establish general 'market sentiment'.

All of the above information has been analysed, considered then distilled into the tabulated figures appended to this report.

It should be borne in mind that as with any study where artificial boundaries are imposed, certain anomalies may arise.

There is inevitably a limit to the scale with which this study and allocated zones can be reduced to, and accordingly it is entirely feasible that certain 'hot' or 'cold' spots may exist above or below the overall tone for each zone. Similarly within each specific zone an individual building or piece of evidence could fall outside the 'tone'.

HEB are locally based (Nottingham) Chartered Surveyors, property agents and Registered Valuers.

Further sources of information for comparable evidence has been sought from a variety of data points including:-

- Focus System – a nationwide subscription database covering property issues
- EGI – a further subscription database covering commercial property uses
- heb's own residential and commercial database of transactions
- Land Registry – a internet based database to establish residential sale values by area
- RICS Rural Land Survey 2016 (quarterly)
- Contact and discussions with regional house builders, property agents and developers
- Rightmove / Zoopla (professional subscriptions)
- Three Dragons Ashfield District Council Nottingham Core Affordable Housing Viability Assessment, April 2009
- Ashfield District Council Affordable Housing Supplementary Planning Document, July2009

We have further sought local market information and 'market sentiment' from local Stakeholders including Persimmon Homes, Barratt Homes, Bloor Homes, Harron Homes, Keepmoat Homes, Taylor Wimpey, Bellway Homes, Jelson Homes, Peveril Homes, Westerman Homes, Merriman Land, Inside Land and Peter James Homes.

All of the above parties were contacted with a view to discussing market activity and an appropriate value tone for the study area. We are grateful to all parties for their assistance.

In the majority of instances full cooperation was forthcoming although a small number of potential Stakeholders did not respond, or were unable to fully engage in consultations (typically due to a lack of recent market activity).

COMPARABLE EVIDENCE

As with any property valuation the date of comparable evidence is critical in terms of achieving a realistic outcome to the study. For this reason we have strived to obtain the most up to date information available.

The majority of our comparable evidence is obtained from the period January to July 2016.

Where it has been necessary to analyse older evidence, appropriate judgements have been made by a fully qualified valuation team to adapt the evidence to an appropriate ‘present day figure’.

We are happy to discuss any individual piece of market evidence upon request, to provide full details including data information where appropriate.

BASIS OF VALUATION

Unless otherwise stated (for example with reference to land values and benchmarking), we have prepared our valuation figures on the basis of Market Value which is defined in the valuation standards published by the Royal Institution of Chartered Surveyors as:-

The amount for which a property should exchange at the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had both acted knowledgably, prudently and without compulsion'.

HOUSING SUBMARKETS

Appropriate Housing Sub-Markets for Ashfield District were established in the Ashfield District Council Affordable Housing Supplementary Planning Document, July 2009, as a result of viability work in the Three Dragons Ashfield District Council Nottingham Core Affordable Housing Viability Assessment, April 2009.

We have tested their validity, by assessing the Average House Price for each submarket. The data is drawn from land registry house price data for the 12 month period to May 2016 (latest available).

Apartments were excluded from the data set, as they tend to unduly penalise urban areas (where there are a higher concentration apartment sales, which are generally at a lower price than house sales).

A map of the sub-markets is appended at Appendix 1

The average house price figures for the sub-markets were:-

Sutton and Kirkby	- £125,262
Hucknall	- £145,730
Jackdale, Selston and Underwood	- £146,730

The figures confirm a "low" and a combined "high" zone as appropriate.

House builder consultees were supportive of the sub-markets, and verified that they fairly reflect the realities of the local housing market (see notes at Appendix 3).

Accordingly it is fair, realistic and pragmatic in terms of policy consistency, to adopt the zones for further viability testing.

It should be noted that the Hucknall and Jackdale, Selston, Underwood submarkets show minimal difference in value terms. They are separated in the council's affordable housing policy documents, but for current house valuation work jointly form the "high" zone in this report.

SECTION SPECIFIC VALUATION COMMENTARY

Residential C3 (houses and apartments)

Base Land Values

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

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

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

The residual approach in context with the land value benchmarking methodology adopted in the Viability Appraisals is more thoroughly outlined within the 'Development Equation' section of the Viability Testing report.

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

This methodology is replicated for all property use types, with a "minimum" land value (typically based on market value figure) adopted for uses where the residual suggests a negative value or one below market value.

It is a fact of real market activity that sites are purchased when a residual may suggest a negative value.

Buyers often "over-pay" for a variety of reasons – the market does not function perfectly with the benefit of perfect information, developers may be optimistic in a rising market, or special purchaser / ransom situations. A specific development type may show a negative residual value, but the fact of competition from other possible uses will ensure a minimum level is achieved.

Furthermore, a self-builder will not need to demonstrate a developer's profit.

Accordingly market evidence can on occasion suggest a figure above residual levels, which is sensible and pragmatic to adopt.

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

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

The benchmark for brownfield land is more complex. It assumes that land has some form of established use and therefore value (which will be much higher than an undeveloped greenfield plot).

The range of established brownfield land values is obviously quite wide dependent on location and use. However for the purpose of viability appraisal it must be assumed that the land has a low value or redundant use that makes it available for alternative use.

Industrial land value is therefore generally used as a relatively low value use that might be brought forward for more lucrative alternative development (often residential use).

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

<u>Residential Sales Values</u>

We are instructed to assess new build housing within the study area.

It therefore follows that the methodology used is drawn from to real evidence collated from the existing new homes market. An extensive survey of this market was conducted within the study area and immediate surround.

New home developments, predominantly built by the larger volume developers, were chosen as reliable comparable evidence as the house types are of relatively uniform size, style and specification area wide. It follows that the majority of future developments will constitute similar construction and styles.

Research was undertaken with new house sales being analysed in order to establish a rate per sq m on varying types including apartments, 2, 3, 4 and 5 bed houses.

Where we were only able to obtain asking prices, a discount of 5% has been applied to reflect negotiations and house builder's usual incentives.

Adjustments have also been made for non-integral garages, to ensure "like for like" assessments.

We have also assessed "nearly new" and "modern" sales to add further weight to the evidence.

Additional supporting information was gathered from stake holder consultations with house builders currently active in the study area.

Comprehensive data is attached at Appendix 3.

Agricultural / Greenfield Land

The RICS Rural Land Market Survey (to year end 2015) confirms an appropriate figure for the East Midlands of £20,000 per HA.

Other Use Classes

In addition to the above, we have also assessed all other use classes. This will allow other property types which are linked to Plan Delivery (Industrial, Retail) to be viability tested.

Industrial land values vary depending on proximity to the M1 motorway. A range of £250,000 HA to £600,000 HA can be demonstrated. We have adopted a blended figure, reflective of the district as a whole. Modern / New build rents range from £48 to £60 per SqM, and an investment yield of 8% can be considered appropriate.

We have considered Supermarket evidence locally, regionally and nationally. This demonstrates typical rental values for supermarket use of £153 - £288 per sq m. When capitalised at a yield of 6%, this demonstrates that our adopted figure is justifiable, and can be considered conservative – supermarket investment yields can often drop below 5%, with capital values per SQM as high as £4,000.

General (non-food) retail has been assessed at a rental figure of £129 per sq m and an investment yield of 7.5%, assuming a typical roadside retail / neighbourhood centre development.

For information purposes, we have also included indicative values for all remaining Use Classes, to permit the council to undertake preliminary assessments of potential CIL viability.

For brevity of reporting, we have not provided additional commentary or our market evidence on these uses, but are happy to discuss them further upon request.

Indicative values are shown in *Appendix 2*.

Limitation of Liability

For limitation of liability this report is provided for the stated purpose and is for the sole use of the named client – Ashfield District Council. The report may not be disclosed to any other party (unless where previously authorised) and no responsibility is accepted for third party issues relying on the report at their own risk.

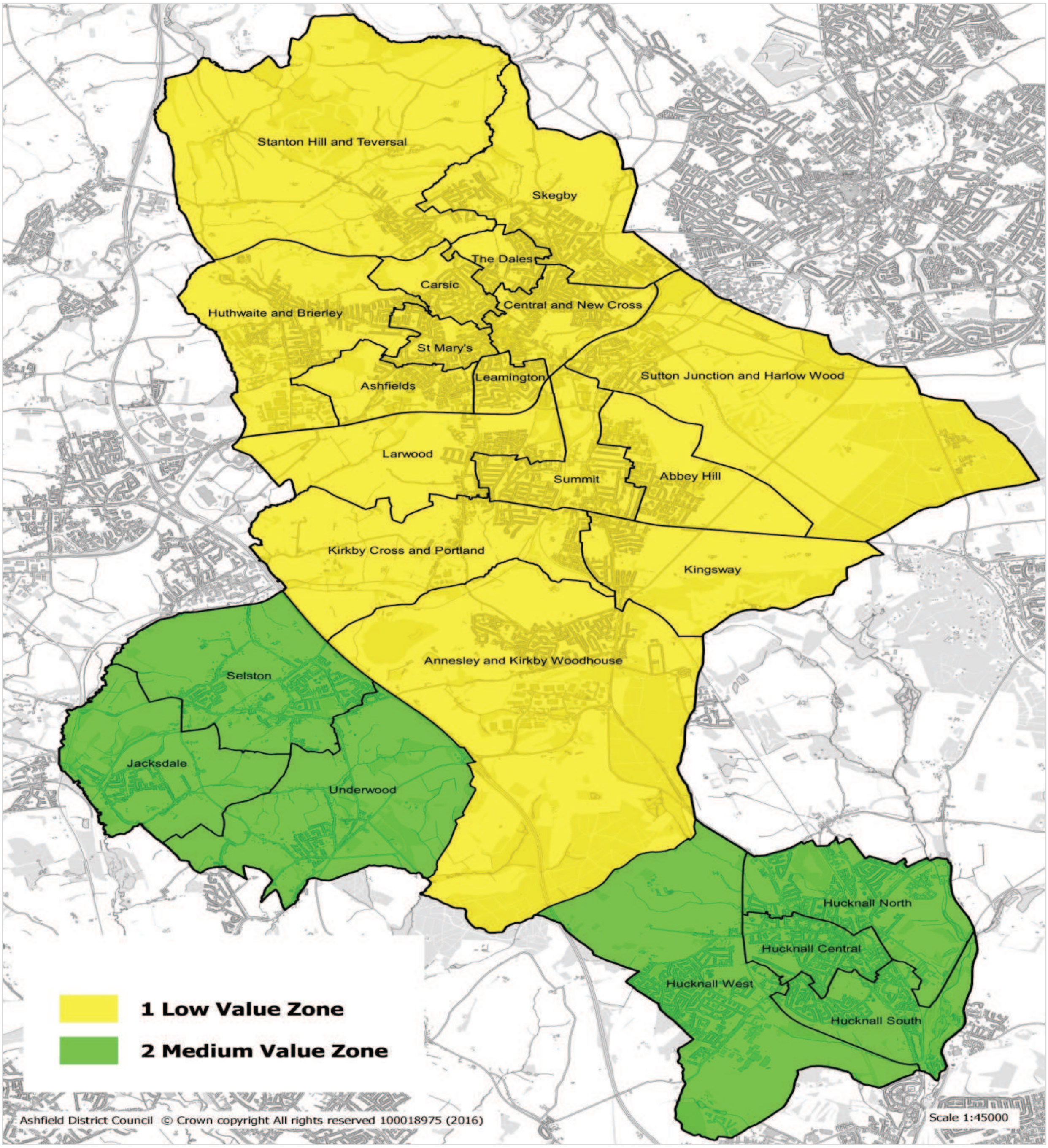
Neither the whole nor any part of this report nor any reference to it may be included in any published document, circular or statement nor published in any way without prior written approval of the form and context of which it may appear. We shall be pleased to discuss any aspect of this report.

Yours faithfully

heb Chartered Surveyors

APPENDIX I

RESIDENTIAL SUB-MARKETS



APPENDIX II

INDICATIVE RESIDENTIAL VALUES (NEW BUILD) ASHFIELD DISTRICT COUNCIL

Residential Sales Values					
	Sales Value £ / SqM				
Sub-Market	Apartment	2 Bed	3 Bed	4 Bed	5 Bed
1 Low	1600	1900	1850	1800	1800
2 High	1950	2100	2000	1950	1950

As at July 2016

INDICATIVE COMMERCIAL VALUES (NEW BUILD) ASHFIELD DISTRICT COUNCIL

Sales Values Sqm		
		Charging Zones
		1 Districtwide
Industrial		700
Office		1350
Food Retail		2750
Other Retail		1700
Residential Inst		1266
Hotels		2500
Community		1077
Leisure		1350
Agricultural		350
Sui Generis	Car Sales	1500
Sui Generis	Vehicle Repairs	700

COMMERCIAL LAND VALUES (where negative residual)

Land Sales Values	
Industrial Land Values £ per Ha	495,000
Office Land Values £ per Ha	495,000
Food Retail Land Values £ per Ha	Residual
General Retail Land Values £ per Ha	Residual
Residential Institution Land Values £ per Ha	495,000
Hotel Land Values £ per Ha	865,000
Community Use Land Values £ per Ha	495,000
Leisure Land Values £ per Ha	650,000
Agricultural Land Values £ per Ha	20,000
Sui Generis Land Values £ per Ha	
Car Sales	900,000
Sui Generis Land Values £ per Ha	
Vehicle Repairs	495,000

As at July 2016

APPENDIX III
VALUATION DATA EVIDENCE

ASHFIELD, NEW HOMES*

Development	Builder	Price Range £ / Sq M*	Comments
Beardall Street, Hucknall	Jelson	1,856 – 2,575	James Jelly of Jelson confirms recent sales rates range from £2,150 to £2,690 (per sq m) depending on size. Mr Jelly confirms the sub-markets & tone values suggested within this report are broadly fair & appropriate.
Hawkers Place, Hucknall	Persimmon	1,975 – 2,216	Carl Oxley of Persimmon Homes confirms that the sub-markets & valued tones herein are broadly fair & appropriate.
Merlin park, Hucknall	Barratt	1,871 – 2,357	Andrew Harvey at Barratt confirms current sales average in the region of £2,045 per sq m. He confirms the sub-markets & values reported herein are broadly fair & appropriate. Mr Harvey confirmed a recent site appraisal in Sutton in Ashfield where Barratt Hones adopted an assumed sales price of £1,940 per sq m.
Papplewick Green, Hucknall	David Wilson Homes	1,800 – 2,342	
Sandlands Park, Hucknall	Harron Homes	1,645 – 3,055	Kevin Chapman at Harron Homes confirms current sales in the region of £1,776 per sq m (larger homes), to £2,045 per sq m. Mr Chapman verifies our sub-markets & tone values as being broadly fair & appropriate.

Development	Builder	Price Range £ / Sq M*	Comments
Abbey Fields, Hucknall	Bellway	1,833 – 2,124	Simon Maddison at Bellway confirms typical sales of £1,991 to £2,153 on site recently. Mr Maddison confirms the suggested sub-markets & value tones contained within this report as broadly appropriate.
Essence, Linby	Strata Homes	1,754 – 2,219	
Phoenix Place, Sutton in Ashfield	Peveril Homes	1,781 – 2,003	James Smith at Peveril Homes indicates approximate sales rates of £1,884. Furthermore that the sub-markets & tones values within this report are broadly fair & appropriate.
Mill Farm, Tibshelf	Keepmoat Homes	1,727 – 1,866	Study fringe location, adjacent Zone 1.
Larwood Park, Kirkby in Ashfield	Westerman Homes	2,044 – 2,133	
The Nightingales, Pleasley	Kier	1,600 – 1,855	

* Currently Available - Price per sq m is *after* 5% deduction for negotiations and incentives. Adjusted for detached garages where appropriate

In addition, we have discussed our findings with David Stutting of **Taylor Wimpey**, Simon Gardiner at **Peter James Homes**, Christopher Merriman of **Merriman Property** (land agents), Gareth Staff of **Inside Land** (land agents and developers) and Jonathan O'Neil of **Bloor Homes**. All confirmed the submarkets and value tones within this report as broadly fair and appropriate.

Mr Gardner confirms a recent site appraisal at Bestwood Village (Hucknall) based on £2,100 per sq m.

In addition to the above we have also identified new build apartments available at Beardall Street, Hucknall and Ottavia Court, Hucknall ranging from £1,612 per sq m to £2,743 per sq m. we have also identified the following self build / in-fill individual developments:-

Development	Price Range £ / Sq M*
Kingsway Court, Hucknall	1,979
Kingsley Street, Kirkby in Ashfield	1,930 and 2,031

LAND REGISTRY DATA, NEARLY NEW / MODERN STOCK
ASHFIELD DISTRICT COUNCIL

Address	Beds	Size (Sq M)	£ Per Sq M	£ Price	Date Sold	Zone
HOUSES – NOTTINGHAMSHIRE						
2 Tiberius Gardens, Hucknall	3	100	1,860	186,000	18/03/16	2
25 Minstrel Close, Hucknall	2		1,825	115,000	11/03/16	2
29 Beeston Close, Bestwood Village	2	55	2,146	118,000	07/03/16	2
6 Farleys Grove, Hucknall	2	60	1,983	119,000	07/03/16	2
24 Roman Crescent, Hucknall	3	80	2,038	163,000	01/03/16	2
1 Lynmoor Court, Hucknall	5	150	2,267	340,000	29/02/16	2
334 Kenbrook Road, Hucknall	4	100	2,050	205,000	26/02/16	2
3 Castlewood Road, Sutton in Ashfield	4	126	1,825	230,000	04/03/16	1
65 Owston Road, Annesley	4	111	1,873	208,000	26/02/16	1
13 School Hill, Kirkby in Ashfield	3	105	2,095	220,000	15/02/16	1
61 Nottingham Road, Selston	3	68	2,500	170,000	17/03/16	2
18 Hall Lane, Brinsley	4	131	2,061	270,000	25/11/15	2
22 Westbourne Road, Underwood	4	145	2,414	350,000	27/08/15	2
19 Wilcox Drive, Underwood	4	98	1,948	187,000	24/08/15	2
2 Coupe Gardens, Hucknall (Apartment)	2	60	1,917	115,000	26/020/16	2

International
Management &
Construction Consultants

PLANNING POLICY VIABILITY ASSESSMENT

CONSTRUCTION COST STUDY

For

ASHFIELD DISTRICT COUNCIL

Planning Policy Viability Assessment

Order of Cost Study

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05/07/16

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Document Type:	*Order of Cost Study*
Client:	*Ashfield District Council*
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Revision: (Document issues are given in Appendix A)	
Date:	*05/07/16*
Prepared by:	*Matt Miles*
Checked by:	*Phil Wright*

Contents

Executive Summary

1. The Project

This Cost Study provides an estimate of construction costs over a range of development categories, to support a Planning Policy Viability Assessment.

2. Allowances

The Estimate includes on-cost allowances for the following:

- Consultants
- Building Regulations and Planning fees
- NHBC Insurance where applicable

3. Basis of Estimate

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

4. Detailed Construction Cost Study

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

5. Risk Allowance

A Risk Allowance of 5% of construction cost is recommended

Project Description

NCS have been appointed by Ashfield District Council for the production of the Council's Community Infrastructure Levy Charging Schedule, through to adoption.

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

The range of development categories are as agreed with NCS.

Basis of Cost Study

Base Date

Rates for Construction Costs in the Estimate have been priced at a Base Date of 3rd quarter (July to September) 2016. Allowances must be made for inflation beyond this date dependent on the mid-point date of construction.

Procurement

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

Scope of Development Types

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

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

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

Basis of Costs

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

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

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

3. The rates adopted in the study are based on research of local construction projects to the region, the costs associated with these and Gleeds own national database of construction costs by construction type. The report recognises that different types of construction company incur different levels of costs due to differences in buying power, economies of scale etc. The rates assume that substantial new residential development will be undertaken primarily by regional and national house builders and the adopted rates reflect this. The adopted rates therefore tend to fall below median BCIS construction rates which cover building cost information from all types of construction company to individual builders. This is considered to be a more realistic approach than the adoption of median general rates, to reflect the mainstream new build residential development particularly since smaller schemes undertaken by smaller scale construction companies will enjoy exemption from zero carbon and affordable housing requirements.

4. Reference is also made to the Communities and Local Government Cost Analysis for Code for Sustainable Homes, in respect of dwelling costs. For all future reports from October 2015 onwards the figures presented will be based upon the upcoming National Housing Standards that are estimated to come into force at this time. Early indications and analysis suggest that there will be little cost variance beyond an equivalent CoSH Code 4 as a result although we will continue to monitor the situation.

All construction costs have been adjusted for Location Factor (Ashfield, Notts)

Note: the cost allowances are based on the current building regulations, as at July 2016.

Costs for the option of achieving Breeam Excellent on other categories have also been separately identified.

Assumptions/Clarifications

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

- The costs included in this Estimate assume that competitive tenders will be obtained on a single stage competitive basis.
- There are no allowances in the Estimates for Works beyond the site boundary.
- All categories of development are assumed to be new build.
- It is assumed development takes place on green or brown field prepared sites, i.e. no allowance for demolition etc.
- All categories of development include an allowance for External Works inc drainage, internal access roads, utilities connections (but excluding new sub-stations), ancillary open space etc
- Site abnormal and facilitating works have been excluded and are shown separately.

Accessible and Adaptable Dwelling Standards

Costs associated with Nottinghamshire Policy in respect of meeting Category 2 Accessible and Adaptable Dwelling Standards have been considered within the report.

Category 2 dwellings are in essence very similar to Lifetime Homes with a couple of minor enhancements such as step free access, a minimum stair width of 850mm and amendments to WC layouts to ensure no obstructed access.

The design solutions (And therefore cost) of meeting Category 2 standards will vary from site to site and will potentially range from relatively small on a good site with some innovative design to circa 2% on a less favourable site which includes apartments. There is potentially a more significant impact on the cost of apartments due to the requirement for a lift but again this can be minimised through design, the accessible units may be allocated on the ground floor for example thus negating the need for a lift.

Some of the requirements impact on actual size of the dwelling, our costs are provided on a £/m² basis so any increase in dwelling size is automatically picked up within the rate.

For the purpose of the assessment we would recommend an uplift of 2% across the board on all residential costs be applied in order to meet Category 2 standards.

Exclusions

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

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

Detailed Construction Cost Study

Development Type, to achieve Breeam Excellent	**Construction Cost £/m²**		
	Min	**Max**	**Average**
Residential, 2-5 bed, code 4 Equivalent	757	1,011	872
Additional Cost for Accessibility Standards			18
Low Rise Apartments Code 4 Equivalent	910	1,175	1,023
Additional Cost for Accessibility Standards			20
Multi Storey Apartments Code 4 Equivalent	1,139	1,673	1,360
Additional Cost for Accessibility Standards			27
Office to residential conversion	532	1,992	1,061
Student Accommodation, ensuite	1,029	1,469	1,309
Student accommodation conversion	913	1,879	1,252
Care Homes	821	1,343	1,162
General Retail, shell finish	571	1,045	745
Food Retail supermarket, shell finish	798	1,235	1,091
Hotels, 2,000m² mid-range, 3* inc. F&Ftgs	1,539	1,971	1,642
Offices, Cat A fit-out	952	1,403	1,212*
Industrial, general shell finish	386	856	531
Institutional / Community D7 (museums, library, public halls, conference)	1,338	2,500	1,813
Leisure D5 (cinema, bowling alleys, shell)	813	1,005	868**
Agricultural shells	201	868	456
SUI Generis			
Vehicle Repairs	805	1,039	925
Vehicle Showrooms	976	1,142	1,039
Builders Yard	633	1,062	831

Note:

* Offices, Cat A are based on speculative office development, of cost efficient design

** Leisure D5 development is based on shell buildings (bowling alleys, cinemas and the like) and exclude tenant fit-out

Planning Policy Viability Assessment

On-costs

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

Abnormal Site Development Costs, Ashfield Area.

	Budget Cost £/Hectare
Abnormal Costs, by their very nature, vary greatly between different sites.	
Budget figures are given, for typical categories relevant to the study area.	
The Budgets are expressed as costs per hectare of development site.	
Archaeology	11,000
Typically, Archaeology is addressed by a recording / monitoring brief by a specialist, to satisfy planning conditions.	
Intrusive archaeological investigations are exceptional and not allowed for in the budget cost.	
Site Specific Access Works	22,000
New road junction and S278 works; allowance for cycle path linking locally with existing	
Major off-site highway works not allowed for.	
Flood Defence Works	
Allowance for raising floor levels above flood level, on relevant sites	28,000
Budget £2,000 per unit x 35 units, apply to 1 in 3 sites.	
Utilities, Gas, Electric	
Allowance for infrastructure upgrade	90,000
Land Contamination	
Heavily contaminated land is not considered, as remediation costs will be reflected In the land sales values	28,000
Allow for remediation/removal from site of isolated areas of spoil with elevated levels Of contamination	
Ground Stability	
Allow for raft foundations to dwellings on 25% of sites	
Budget £2,200 x 35 units x 25%	20,000