ROGER TYM & PARTNERS
Planners and Development Economists

BAKER associates
planning consultants

Torbay Council

Development Viability Report (Volume 2)

1 Development Viability and Developer Contributions

1.1 Introduction

1.1.1 This is volume 2 of the Infrastructure Delivery Study. Volume 1 deals with infrastructure needed to support the draft Core Strategy. This volume assesses viability and how much Community Infrastructure Levy could be realistically expected to achieve. It is an evidence base document for the Core Strategy and CIL, but does not represent Council policy or replace the consultation process on the CIL or Core Strategy.

1.1.2 Delivery is of paramount importance to ensure robust and sound development plan documents, local authorities must ensure that spatial strategies are deliverable. This effectively means that the infrastructure plans must be an integral part of spatial planning and therefore funding issues are becoming increasingly important. This section considers the opportunities for funding from developer contributions arising from the viability of developments, both residential and commercial.

1.1.3 The main driver of development viability is the change in residual land value. If the residual land value created by the proposed development is not substantially in excess of the existing use value, then the development will not be considered viable by the market.

1.1.4 The basis of viability testing is through a series of generic site appraisals, using the residual valuation (RV) approach. This needs to take account of a wide variety of inter-related factors which are explored below, which include various items of planning obligations and community gain expected to be delivered through the operation of the planning system.

1.1.5 The key question is whether a suggested level of CIL, combined with other planning obligations, including affordable housing, will inhibit development generally, and conversely, what level of CIL, and continuing contributions through S.106 Agreements, can be delivered whilst maintaining economic viability.

What is economic viability?

1.1.6 Viability, or a lack of viability, is a concept frequently referred to by developers and landowners in negotiating contributions towards the provision of community facilities. The argument put forward is that the overall burden of community gain items can reduce the actual value to the owner below that of its existing or alternative value, or to such a level as to render it ‘unviable’, or simply not profitable enough to make a sale worthwhile to the owner, taking account of taxation liability and relocation costs.

1.1.7 Viability has a central role in policy evolution and negotiations but there is little government guidance as to how viability negotiations are to be conducted or how local authorities are to make decisions based upon the outcome of a viability appraisal. PPS3 contains general references to

delivery of planning gain ‘where viable and practical’ but provides no guidance as to the assessment of viability.

1.1.8 The government’s established aim through planning is to ensure that enough land is identified and brought forward for development, but it recognises that in order to do so, residual land values must be high enough to encourage landowners to sell land. It therefore requires local authorities not to impose a burden of planning gain and affordable housing that is so great as to depress the land value below that which is sufficient to bring land forward.

RICS draft Guidance on Financial Viability in Planning

1.1.9 The RICS has commissioned a practice note on Financial Viability in Planning, and the HCA are engaged with the RICS work via membership of the project steering group. The draft Guidance was published for public consultation in July 2011, and is expected to be published early in 2012. The rationale of the suggested development appraisal process is to assess the residual land value that is likely to be generated by the proposed development and to compare it with a benchmark that represents the value required for the land to come forward for development. The HCA refer to this benchmark as threshold land value, which is the only logical and consistent means of measuring viability.

1.1.10 The RICS has been aware for some time of the difficulties arising from the recession with developments whose S106 agreements are no longer supportable. Likewise there is recognition of the potential for similar difficulties arising with the upcoming CIL. Accordingly, the RICS is currently developing Guidance in this important area of practice.

1.1.11 The purpose is to develop an agreed approach to conducting viability appraisals and evaluating the capacity of developments to finance CIL and other planning obligations. The planning system increasingly requires the incorporation of tests for viability across a range of areas of spatial planning proposals. However, the private sector will continue to be relied upon to deliver the majority of residential and mixed use developments together with a substantial amount of necessary infrastructure.

1.1.12 There is no doubt that development for which there is no plausible business case, will not take place. A shared understanding of development viability between the public and private sectors is therefore crucial to emerging from the current downturn in development, and with the emphasis now on delivery of development, it is also an expertise for which there is increasing need.

1.1.13 When published, the proposed RICS guidance will be formal professional guidance for Chartered Surveyors and will need to comply with these requirements. Its application is however much wider, and its success will be determined by the extent to which the Guidance is adopted within the planning and development field.

1.1.14 The Guidance will seek to satisfy the following requirements:

- Clearly define viability
- Enable an objective evaluation of viability to be made
- Set down the basic parameters within which issues of viability are to be considered
- Establish the principles upon which these will be evaluated
- Take account of all stages in the economic cycle
- Be applicable to all scales of site

1.1.15 The expectation is that the guidance will become a valuable resource for local authority planners in preparing development policy, and in negotiations on planning applications. The recommended viability appraisal is defined as:

"An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, whilst ensuring where relevant an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering that project"

1.1.16 The HCA Good Practice Guidance *"Investment and Planning Obligations - Responding to the Downturn (July 2009)*" provides further thoughts on the approach to viability. It suggests the residual land value method of determining viability assumes that 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".

1.2 Our approach

1.2.1 The critical question is what is a 'viable' land value? What should be reasonably expected by landowners as a residual value, once all costs have been deducted? The approach we have taken to this concept is that it is rational to assume that if a valuation is arrived at which is **in reasonable excess** of the current or alternative site value including its current or potential income, taking account of all sale and related costs, the landowner will be pursued by developers, and the site will be delivered through the operation of the market.

1.2.2 What is a 'reasonable excess' in practice? It must be a level sufficiently acceptable, given all the planning circumstances, to persuade the landowner to dispose to a developer. This must work both ways in a sale; for example, some landowners may be willing to sell at a given price, but cannot attract a purchaser, in which case the price is too high.

1.2.3 The definition of 'viability' for the purposes of this assessment is the attainment of a site value sufficiently in excess of the current site value that all stakeholders, including the purchaser and landowner, all acting reasonably and rationally, would accept, thus securing delivery of the proposed development.

1.2.4 Clearly, not all landowners will adhere to the same concept of

reasonableness and rationality in defining viability. Studies of economic viability have taken two broad approaches. One relates to the acceptability of development land prices to existing / alternative non-residential use values ('the economic approach'). The other relates acceptability to expectations based on residential land prices currently being achieved ('the psychological approach').

1.2.5 We use different benchmarks to assess viability. The first is the simple comparison of relative land values, comparing the value achieved on the assumption of a planning consent with the existing use value, (the 'economic' approach). If a value with consent is sufficiently in excess of the current site value, taking account of current and potential incomes, then the site can be considered to be viable in principle. The key difference in values is measured by an **uplift factor**.

1.2.6 As an example, a typical small infill site of 0.5 acres suitable for about 8 dwellings, currently comprising of unused incidental open space, with a nominal open market value (OMV) of £10,000 without planning permission, might be worth say £250,000 with a residential consent, having allowed for all development costs and contributions.

1.2.7 The significant increase in value of £240,000 represents an uplift factor of 24, and would plainly demonstrate viability. The excess will vary in different circumstances, reflecting current use and taxation levels.

1.2.8 At the other end of the scale, the owner of a brownfield site, with an existing use value of £400,000 that could be worth £440,000 with a residential permission, would consider that the increase of £40,000 (or uplift factor of 1.1), insufficient to persuade the owner to sell, particularly given taxation on capital gains, in addition to sale and possible relocation costs. For most sites, an uplift factor of more than 1.4, will be required to enable viability, depending on site characteristics and circumstances. An uplift of 1.4 would normally be considered to be marginally viable, so a minimum uplift of 1.5 is required to establish viability, although as stated previously, not all landowners will adhere to the same concept of reasonableness and rationality in defining and accepting viability.

1.2.9 In addition to achieving an acceptable uplift factor taking account of the existing use value, all sites must exceed the opportunity cost of income that could be generated by an alternative use. As an example a 2 acre brownfield site in an appropriate location (e.g. close to a town centre) could theoretically accommodate about 100 cars for parking at £5 per day for say 40 weeks, or 200 days, which would generate an annual income of £100k.

1.2.10 At 50% capacity, taking account of overall and fluctuating demand, as well as voids, 50 cars would generate £50k per year. The uplift value should take account of potential for such income, and the potential annual interest that would be generated by the sale which would be forgone if the site remains a car park. The uplift should significantly exceed the potential income of the alternative use over a number of years, otherwise the landowner will not be

interested in selling.

1.2.11 A second benchmark test is against 'hope value'. Greenfield urban extensions are often subject to option agreements, where the value is calculated at the time planning permission is granted, and where there is frequently a minimum value provision in the agreement. Currently, the typical minimum land value is about £100,000 per gross acre, (£200k/net acre), and sites that achieve less than this are deemed not to be viable. This market information is derived from option agreements negotiated in Somerset over the last 5 years, including in 2011. In times of market instability there may be occasions where viability is overturned because the minimum value is not reached because of falling revenues and fixed levels of contributions.

1.2.12 Each of the generic site typologies is tested against these benchmarks, where appropriate, and the clear viability conclusion is based on a combination of all the tests.

1.3 Findings

1.3.1 On the basis of the approach set out generally above viability assessments for both residential and non residential development has been undertaken.

1.3.2 The approach to each is set out below and detailed viability assessments are included in Appendix 1 (residential) and Appendix 3 (non residential) sites.

1.4 Residential Viability Assessments

Assumptions

1.4.1 A number of assumptions need to be made as part of the viability appraisal process in order to illustrate site value and its ability to meet community gain, and remain viable. A site can be developed in a myriad of different ways, and the variables are so numerous that the valuation permutations are infinite. Each generic site Viability Appraisal considers the variables that affect the site value, to enable a site's market and physical characteristics, and costs, to be inputted into each appraisal to reach viability conclusions.

1.4.2 Each Viability Appraisal in Appendix 1 starts with a summary of the development assumptions. This includes the site area, the total number of dwellings, with details of mix and tenure, in order to arrive at floorspace assumptions. Sales values and build costs are also summarised. The dwelling mix for each generic site is derived from a consideration of the housing market, location, and site characteristics, for both affordable and open market housing.

1.4.3 The draft Core Strategy proposes a graduated affordable housing contribution set out in table 1.4.1 below:

Table 1.4.1 - draft Core Strategy graduated affordable housing requirements

Site Size/ Net new dwellings	Affordable Housing Target	Usual Method

		Of Delivery
3 – 5 dwellings	10%	Usually through commuted payment
6 – 10 dwellings	15%	Usually through commuted payment
11 – 14 dwellings	20%	Usually through onsite provision. Commuted payments will only be accepted where this would achieve more effective provision of affordable housing
15+ dwellings Also applies to sites capable of achieving 15 dwellings.	30%	On site. Commuted sums will only be accepted in exceptional circumstances, on small sites (of less than 0.1ha) where this would achieve more effective provision of affordable housing

1.4.4 These requirements have been used in all the viability appraisals, and where viability is not achieved with the standard level of CIL set at £100/sq.m as a starting point, an alternative appraisal sets out the reduced level of affordable housing that can be delivered, retaining CIL at the standard rate. As an alternative, the conclusions specify the achievable level of CIL if the affordable proportion remains as set out in the Core Strategy.

1.4.5 Each generic site appraisal is summarised in Appendix 1, and clearly sets out the development assumptions that underpin each viability appraisal. The principal variable factors are explored below:

Dwelling mix

1.4.6 This reflects location and generic site characteristics, and the housing market in the nominal location. Town centre sites are more likely to accommodate flats, whilst greenfield urban extensions will have a wide range of family dwellings across the board to reflect the entire range of market demand.

1.4.7 Each generic site appraisal makes reasoned assumptions about the type of dwellings and density that would be appropriate for the location and size of the site, and starts with a Summary, detailing the assumptions made about the total number of dwellings, the mix of types, and the resultant floor areas.

Coverage, or saleable floorspace

1.4.8 In order to establish housing land values, assumptions need to be made about the likely saleable floorspace of the dwellings, in order to generate an overall sales turnover. Until about 2008, the vast majority of housing schemes ranged from around 18,000 sq.ft/acre (sfa) for predominantly 2 - 2.5 storey development, and up to 20,000 - 24,000 sfa for 2.5 - 4 storey scheme.

1.4.9 Since the recession, with market resistance to 3+ storey townhouses and flats, developers are reducing coverage to an average ranging from 13-16,000 sfa. There is a diminishing return on the third storey in townhouses, since lower sale prices per sq.ft are achieved, and there comes a point where a higher land value can be generated on traditional 2-storey dwellings

1.4.10 Floorspace is also affected by the loss of land given over to other uses than residential. Housing needs to be serviced by roads for instance, and, for larger developments, land is required for public open space, strategic landscaping, community buildings, employment, and possibly schools.

1.4.11 The provision of such non-residential land uses have been taken into account in reaching net residential areas, and have been considered in the generic site viability appraisals. Evidently, the proportion of saleable floorspace per site has a major effect on sales turnover, and in turn, on land value, which is a consequence of the relationship between sales turnover and development costs, profit, and overhead. Total turnover is dramatically increased by greater coverage.

1.4.12 For each generic appraisal an assumption about the amount of floorspace has been made based on the dwelling mix, and informed by different dwelling sizes favoured by private developers, and Registered Providers of affordable housing. As a guide, a range of typical floorspaces, for different dwelling types, applicable to both flats and houses, is set out in Table 1.4.2.

Table 1.4.2 Typical floorspace by dwelling type

Dwelling type	Typical floorspace range sq.ft
1-bed 2 person	450 - 500
2-bed 3 person	650 - 700
2-bed 4 person	700 - 750
3-bed 5 person	800 - 850
3-bed 6 person	850 - 950
4-bed 6 person	1100 - 1250
4-bed 8 person	1300 - 1900
5-bed 8+ persons	2000+

Sales value for open market housing

1.4.13 In order to arrive at a total sales turnover, assumptions need to be made about sales values. These have been sourced from an assessment of the housing market based on discussions with local developers and agents about their current experience, and generic websites such as the Right Move.

1.4.14 As a guide, in terms of achievable sales prices, open market revenues vary from around £190/sq.ft in Paignton, £200/sq.ft in Brixham, £210/sq.ft in Torquay, and £250+/sq.ft in the up market areas of Torquay.

1.4.15 The housing market analysis has considered all new developments currently on the market. This evidence has been used to establish a range of sales prices to be expected in each part of Torbay, that have been applied to each generic site assessment, and which considers different sales values for each generic site, based on the location and characteristics. Evidently, the higher the sales value, the greater the chance of achieving viability. Set out in Table 1.4.3 below is a summary of the recent new developments:

Table 1.4.3: Current new development on the market

Torbay - Current New Developments On Market – July 2011			
Developer / agent	Scheme / location	Dwelling types	Asking price range £
Connells	Winner Street, Paignton	2 bed flats	92k
John Lake Estate Agents	Braddons Tor, Upper Braddons Hill Road, Torquay	2 bed flats, conversion of Victorian villa	£130k - £140k
Cavanna	Evolve, Kingsley Avenue, Torquay	2-bed terrace 3-bed semi 3-bed town house 4-bed semi	148k £185k - £200k £190k £235k
Strongvox	The Pavilions, Pavilions Close Brixham	2-bed terrace 3-bed semi 3-bed detached 4-bed detached	£150k £195k - £210k £205k - £220 £250k - £260k
Sanctuary Group	Dunboyne, St. Marychurch Road, Torquay	Shared ownership 1 bed retirement flats 2 bed retirement flats	 £150k £160k - £170k
Barratt Homes	The Torre Marine, Newton Road, Torquay	2-bed flat 4-bed house	£170k £210k - £225k
Connells/Northwood	St Peter's Mews,Chelston, Torquay	3-bed t'house	£177,500
Wykeham Homes	The Bay, Cary Road, Torquay	2&3-bed flats	£180k - £350k
Linden Homes	The Dorchesters, Daddyhole Road, Torquay	4-bed semi	£400k - 410k

1.4.16 Sales values are also affected by the specification of the development. A high specification scheme, usually in a high demand location, can lead to premium sale prices. Selling prices for a top quality scheme may achieve up to £300/sq.ft, but to reach such high values, the construction costs will be commensurately higher, and this has been reflected in the Viability Appraisals. Open market sales values are also affected by the proportion of affordable housing on a site, as well as the juxtaposition of open market housing with affordable housing, particularly social rented units.

1.4.17 Values are also affected by the size of the site, reflecting return on capital employed across a period of time, the cost of financing a purchase compared with the time taken to receive all site sales value.

1.4.18 The helpful discussions with the development industry at the Consultation Workshop on 5th July provided invaluable information about the various elements of the housing market, particularly about likely sales revenues.

1.4.19 Sales rates also have a major effect on the overall financing, and most volume housebuilder projects will seek to achieve around 35-40 private sales per year (down some 20% from 2007) in order to justify the land economics upon which the land purchase is based. On large sites (of, say, 4+ developers), and allowing for affordable housing, this would result in some 200+ dwellings per annum (dpa) being completed. For the largest urban extensions of 1000+ dwellings, with 6-8 developers at any one time, this could result in some 300 - 400 dpa. Each potential urban extension would need to be assessed individually if using this kind of estimation for housing trajectory purposes.

Sales value for affordable housing

1.4.20 Registered Providers of Social Housing (RPs) - housing associations and other qualified providers - have access to funds from the Homes and Communities Agency in the form of subsidy from public funds, such as Social Housing Grant (SHG) to purchase land, and develop or purchase affordable housing, including units from developers through the operation of S.106 agreements. The most common delivery of affordable housing is that properties are built by the developer and transferred to the RP at a price below the full market value. The gap between the full cost and the price paid to a developer represents the level of private subsidy (e.g. developer or landowner subsidy).

1.4.21 In the current economic climate, it is increasingly important to ensure that the most effective use is made of public funds. The HCA guideline has recently changed, and now RPs should only pay the capitalised net rental stream on s106 sites. The generic viability appraisals use revenues that equate to this level of capitalised rental for all affordable housing tenures. We have estimated this to be about 65% of the open market sales values, representing a rate that RPs can purchase from developers without the use of grant subsidy.

1.4.22 The new affordable tenure known as ‘Affordable Rent’ may have an impact upon revenues. Under this new system brought in by the HCA, RPs will be able to charge up to 80% of gross market rents (inclusive of service charges), in contrast to social rent at about 40% - 50%. In a study by DSP Housing and Development Consultants for Elmbridge Council in March 2011 it is concluded that the price likely to be received by a developer for completed units would be no lower with affordable rent than with social rent, and probably higher.

1.4.23 The usual model of affordable housing delivery in Torbay is for completed units to be sold to an RSL at a negotiated discount below market rate. The affordable revenue in our models reflects this process, and is expressed as a proportion of open market value sales revenues. Each site is different, but a range of between about 45% and 65% is usually achieved across a range of tenure mixes, reflecting the ability of RSLs to purchase completed units. The generic site appraisals are based on achieving 55% of open market sales revenues. It may be that the overall revenue from affordable housing will increase above 55% of open market revenue, and this should be the subject of future monitoring, following a period of operation of the new Affordable Rent tenure.

1.4.24 Each site viability appraisal assumes that affordable housing will be provided on site at a graduated proportion as sought through emerging Core Strategy policy, on the basis that one third will be for social rent, one third affordable rent, and one third shared ownership. For sites of 15+ dwellings, a contribution of 30% of the total dwellings is factored into the viability appraisals, with 20% for sites of 11-14 units. Each nominal site has been assessed as providing affordable housing on site through S.106 agreements, except for small sites of fewer than 10 dwellings, where a financial contribution is included in lieu of on-site provision.

1.4.25 Financial contributions will equal the full cost of buying on the open market, the same number of new properties of the size and type and in a similar location, that would have been provided on site, at the rate of 15% equivalent for sites of 6-10 dwellings, and 10% equivalent for sites of 3-5 units. This is calculated on the basis of the open market price, minus supportable transfer value, representing what an RP can afford to pay for such units, plus an additional 10% conveyancing/site identification/planning fee.

1.4.26 There are an infinite number of possible ways to provide affordable accommodation, with or without grant. We have assumed, in line with the latest HCA Guidance, that no social housing grant will be available to support the transfer and acquisition of affordable housing through their delivery by S.106 agreements from the private housing developers to housing associations.

Build costs

1.4.27 The overall build costs, including on-site infrastructure, must be deducted from total turnover to give an interim land value. After consultation with the housebuilding industry operating locally a range of all-in build costs including externals have been used. We have also reflected evidence from recent and viability appraisals by the Valuation Office. All-in build costs in these cases varied between £70/sq.ft for a standard build project, to £110/sq.ft for a high value conversion scheme.

1.4.28 Volume and regional housebuilders usually build at an average of about £70 - £90/sq.ft all in, including normal externals infrastructure, and the range reflects the ability of the volume housebuilders to achieve significant

economies of scale in the purchase of materials and the use of labour. Many smaller developers are unable to attain these economies, so their construction costs will be higher; however, this can be compensated for by lower overheads, and this often enables smaller developers to acquire sites in competition.

1.4.29 Build costs for conversions are often as high as new build, particularly since they are in the main carried out in small schemes by individual developers without economies of scale. In addition, build costs for flats are generally higher than for traditional 2/3 storey developments, due to higher costs associated with circulation space, multi-storey construction, and extra facilities such as lifts. The Workshop on 5th July provided useful feedback on build costs, and as a result build costs have been adjusted to allow for contingencies.

1.4.30 Registered Providers of social housing also tend to specify higher build costs than the volume housebuilders. This is because they normally employ the main site contractor for the construction of affordable dwellings, who charge RPs a build profit. In this way, the volume builders build at cost, whereas the Housing Associations pay a profit element on top of build costs to the main contractor.

1.4.31 Typically, a Housing Association might have build costs of £85 - £110/sq.ft. In order to compensate for these higher build costs, an RP will not require the profit levels sought by the private developers, typically 20% of gross turnover, and in addition, part of the building costs fees may be absorbed in the contractor's build cost. The generic site appraisals have reflected the likely build costs of each individual site, taking £80/sq.ft as the normal all-in build costs, allowing for contingencies, but with abnormal costs in addition depending on its scale and characteristics. Much of the affordable housing delivered through S.106 agreements is actually built by the volume developers at their lower rates, and a build profit on affordable housing provision has been factored into the appraisals.

The Code for Sustainable Homes

1.4.32 The government is committed to ensuring that all new-build homes are zero carbon from 2016. However, in the Budget 'Plan for Growth' of March 2011 the government has stated that energy used by appliances in homes will not have to be generated from renewable sources, and the zero carbon definition will only cover heating, lighting and water, in order to ensure that it remains viable to build new homes in the context of the recession.

1.4.33 From 2016, the revised definition of Zero Carbon now only meets Code for Sustainable Homes (CSH) Level 5, requiring that 100% of emissions from heating, lighting, and heating hot water need to be reduced or generated on site. The consequence for construction costs has yet to be fully assessed, but the new standards will result in higher build costs, that could affect viability. The possible increased costs for implementing the Code have been estimated in a report by CLG "Code for Sustainable Homes, a Cost Review",

March 2010.

1.4.34 The additional cost estimates for all the Code Levels vary depending on site type, location, and size. The report suggests that Level 3 can be achieved for no more than an additional £3-8,000 per home, whereas the scenarios modelled for Levels 4 and 5 show cost increases of between about £8,000 and £30,000 respectively. Accordingly, it is critical to allow additional costs for the extra CSH costs.

1.4.35 It is important to reflect the circumstances applying both today for sites coming up for development, and for sites that will be developed post-2016, to reflect Code 5 requirements. Accordingly, we have allowed for additional Code 3 costs at an average of £5/sq.ft to cover this extra cost, with an additional £25/sq.ft for Code 5. Code 3 provides an additional £3,250 for a 2-bed house, and £6,500 for a typical detached unit.

Developer's profit and professional fees and financing

1.4.36 All developers have a slightly different approach to levels of profit and overhead. Profits are derived from turnover across a number of sites, some of which may have been held long-term in land banks, and others acquired as a result of option agreements where price is established at a discount to Open Market Value (OMV). The most appropriate profit level is that which most developers currently assume when appraising sites for purchase for immediate development. This is an accurate reflection of the operation of the market for land and new homes for a study that is reflecting conditions in 2011.

1.4.37 Traditionally, benchmark developer profit for residential-led schemes has been around 15% on gross turnover, but as the property market boomed in the period 2000 - 2007 many developers were content to accept lower initial profits on the back of a rising market. However, in the current risk-averse market, investors and lenders are driving developers to seek higher profits and typically developers would now look to secure profit levels of around 20% of gross turnover. Both the HCA in its Area Wide Viability Model, and the Valuation Office use a range of developer profit equating to 15% - 20% of gross turnover. Accordingly, we have taken 18% to be a reasonable average for the generic viability appraisals.

1.4.38 Fees also need to be taken into account, including architects, engineers, planning, survey, project manager and insurances, which amount to 6.5% of the gross construction cost. In addition, allowances have been made for financing costs of construction, as well as land purchase, allowing for annual interest costs to be included for large schemes, reflecting phased purchase, completion rates, and sales revenues.

1.4.39 Allowances have also been made for Stamp Duty Land Tax, and legal costs, which have all been factored into the generic viability assessments, in addition to allowances for marketing fees.

Additional or 'abnormal' development costs

1.4.40 The next stage in the consideration of land valuation and variables is an examination of development costs, beyond those accounted for in the overall build costs. These will include physical items such as improvements to highway access, off-site highway improvements, additional drainage requirements, strategic landscaping, tree retention, increased costs associated with development on excessive gradients, costs of demolition, remediation of contamination, and abnormal foundations.

1.4.41 There will be different levels of development costs according to the type and characteristics of each site. The approach taken is to reflect in each generic appraisal an amount that would typically be expected on the type of site being assessed, taking into account location, size, character, and whether the site is PDL or Greenfield. An allowance for demolition and remediation costs is included where this is evident, such as on generic PDL sites. We have allowed significant amounts for the provision of strategic infrastructure in the generic urban extension models, of about £200,000 per net developable acre, in addition to the CIL allowance.

1.4.42 We have allowed significant amounts for the provision of strategic infrastructure in the generic urban extension models, of about £200,000 per net developable acre, in addition to the CIL allowance. This allowance should be monitored carefully, as each actual urban extension will have different characteristics and requirements. If strategic infrastructure costs are much higher in practice, the Council will need to respond with either a reduction in the proportion of affordable housing, or in the level of CIL, or a combination of both.

CIL and Community gain package

1.4.43 New development has a cumulative impact on infrastructure and often creates a need for additional or improved community services and facilities without which the development could have an adverse effect upon amenity, safety, or the environment. Planning contributions are an important way of providing the physical, economic and social infrastructure required to facilitate development and support the creation of sustainable communities.

1.4.44 One of the most significant items of community gain sought from residential development sites is affordable housing, discussed previously. Other planning obligations, such as contributions towards education provision, and public open space, are part of the CIL contribution initially tested at £100/sq.m (£9.30/sq.ft). If a generic site is not viable with this level of CIL, the CIL will be lowered until viability is achieved. For the urban extension generic models, CIL is maintained at £100/sq.m, and the proportion of affordable housing is reduced until viability is achieved.

1.4.45 All of the valuation variables are addressed in the generic viability appraisals, which are set out in Appendix 1. All the assumptions and variables that have been used in the generic site viability testing have been subject to considerable research and testing against prevailing market conditions,

development costs, local and government policy. Accordingly, they are considered to be achievable, and reasonable.

Generic residential viability appraisals

1.4.46 Each generic site has been subjected to a detailed appraisal, and these appear in Appendix 1. Every generic site has an individual set of development and market assumptions, providing floorspace, sales turnover, development and abnormal costs, fees allowance, all of which lead to a land value. The floorspace assumptions are based from the dwelling mix, and assumed floorspace. The critical element is the difference between sales revenue and build cost.

1.4.47 A clear conclusion has been reached for each generic site about viability. In order to inform these conclusions, a comparison has been made with the estimated current land value to give a 'value added' figure, or uplift factor to justify to the conclusion. As discussed earlier, an uplift factor of at least 1.5 is required to achieve viability. Each viability conclusion has to be judged not only against the uplift factor against existing use value, but also against the benchmark of 'hope' value, which is particularly important for urban extensions where option agreements are common, and which set minimum land values.

1.4.48 In viability testing, there are an almost infinite number of variables that could be modeled. The reduction of a particular cost will evidently increase profitably and viability. CIL has been tested at £100/sq.m for residential schemes, and where found to be unviable, the CIL level has been reduced. However, other variable factors could also be adjusted to accommodate a selected level of CIL.

1.4.49 For each generic site appraisal a conclusion is reached based on Level 3 build costs, with Levels 4/5 in addition if appropriate. The viability conclusion is shown using a graded 'traffic light' warning system, set out as 'viable' (green), marginal (amber), and unviable (red). If any site is unviable, or marginal, it is subsequently modelled with a reduced level of CIL, with the change in viability illustrated. A summary of the viability conclusions for each generic site is set out in Table 1.4.4.

Table 1.4.4 Viability conclusions for generic sites

generic site	nominal location	dwelling capacity	viability status
urban extension model	Paignton	3000	
urban extension model 2	Paignton	3000	
urban extension model 2	Brixham	1440	
PDL model	Torquay	85	
Greenfield model	Torquay	60	
PDL model	Paignton	30	
Greenfield model	Torquay	20	
PDL model	Brixham	9	

infill back garden model	Torquay	8	
infill model affluent area	Babbacombe	5	
infill back garden model	Paignton	4	
infill back garden model conclusions	Brixham	1	
viable			
marginal			
unviable			

1.4.50 Both the proportion and tenure mix affect viability. The factor that makes the greatest difference to viability is the proportion of affordable dwellings, and therefore, open market dwellings. Build costs are relatively constant, most sites have an element of abnormal development costs, whilst profits and overheads are relatively similar. A lower proportion of affordable units and a correspondingly increased share of open market dwellings immediately adds turnover that translates directly to the bottom line land value and improved viability. Tenure mix also affects viability, since units for social rent produce a lower income, or sales revenue for the overall scheme, than shared ownership dwellings. In the viability modelling, it has been assumed that 75% will be social rented, with 25% shared ownership, reflecting current council policy.

1.4.51 There is an opportunity cost between land value and viability on the one hand, and between all the elements of community gain on the other. As discussed, there is an almost infinite number of variables that could be modeled. Assuming constant revenue and cost, and that profit/viability is set at a particular rate, the opportunity cost and choice is between the level of CIL, the proportion of affordable housing, and the application of Code for Sustainable Homes, although the latter is a government requirement.

1.4.52 The viability appraisals have demonstrated that CIL is deliverable at £100/sq.m for all sites except the generic urban extensions. This is mainly because of the very high strategic infrastructure costs, assumed at £200k/acre. Whilst the ‘Paignton’ generic urban extension for 3,000 dwellings achieves a positive land value of £121k/acre, this is not viable because it does not achieve the minimum land value common in option agreements.

1.4.53 In the urban extension Model 2, the proportion of affordable housing is reduced from 30% to 18% in order to achieve the minimum land value of £200k/acre. This is only marginally viable, and the Council might need to reduce the % of affordable housing further in order to ensure the delivery of the site. If the proportion of affordable housing remains at 30%, CIL must not exceed £20/sq.m.

1.4.54 Similarly, the ‘Brixham’ generic urban extension for 500 units is just viable with 30% affordable housing and CIL at £100/sq.m, and the Council might want to adjust the proportion of affordable housing, particularly if the cost of

providing strategic infrastructure exceeds £200k/acre.

1.5 What funds might be raised by CIL?

1.5.1 Based on a simple analysis of the likely quantum of development and a hypothetical headline CIL charge of £100 sqm for residential, we believe that CIL might generate about £6.66m in the first five years. This is based on the following assumptions:

- There will be 833 dwellings attracting CIL during this period (1,825 within the housing trajectory 2010-2015 minus 634 with planning permission, minus 30% affordable housing)
- The average size dwelling is 80sqm (this is a typical size of a new three bed terraced house).
- CIL £100sqm standard charge for residential.

1.5.2 It should be noted that the level of funding possible via the community infrastructure levy will increase in later time periods due. A large number of dwellings already have planning permission and are therefore not retrospectively eligible for CIL. Based on the 2010 AMR Housing Trajectory, CIL is likely to generate £9.6 Million 2015-2020 and 13.5 Million 2020-2025.

1.6 Non residential viability assessments

Information sources

1.6.1 The non-residential viability assessments have been based on a combination of published information and discussion with the development industry in Torbay. Where possible information has been used that is specific to the bay, but for some types of development (such as large format food retailing) information has been considered from analogous locations, in order to ensure that there is a robust sample. The information collection process has been as follows:

- Data collection
- local and national deals
- local build costs
- land prices
- Developer workshop
- Follow on discussion with the development industry

1.6.2 This information has been applied to a set of non-residential development notional developments, based on an assessment of the type of non-residential development likely to come forward in the bay during the plan period. The analysis is based on a residual valuation method.

Implications of Newark and Sherwood decision on setting non-residential requirements

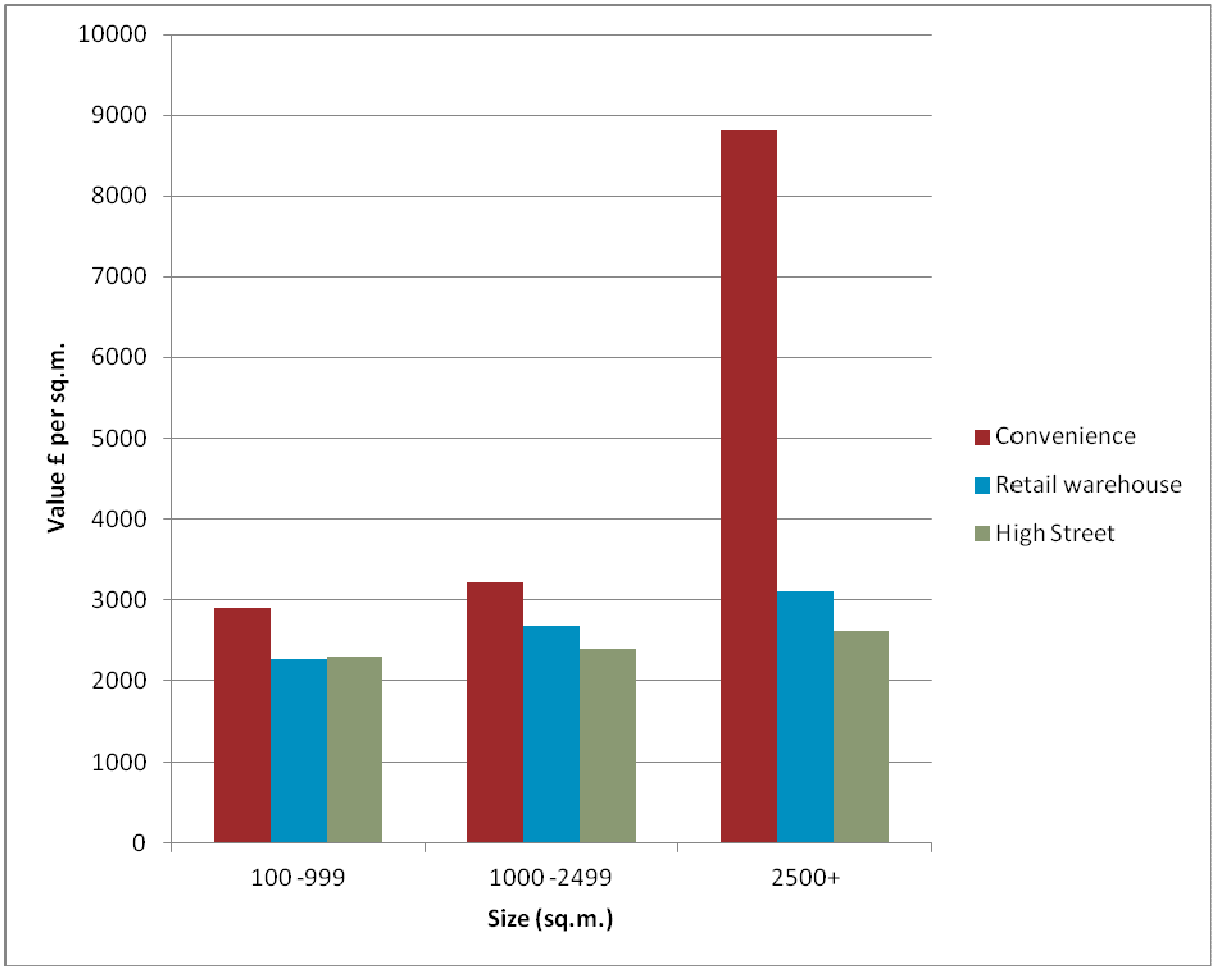
1.6.3 Newark and Sherwood District Council recently received their Inspectors report on the proposed charging schedule, as part of the Local Development Framework. Whilst the schedule was approved an amendment was made to the charging variation for retail. Newark and Sherwood had proposed to set different rates for retail below and above 500 square metres (sqm). However, the Inspector found this to be arbitrary with not enough viability evidence to support a variance. Therefore, in considering this issue for the bay we have undertaken some detailed analysis regarding values for both different types of retail provision and for different sizes, and what may be viable.

1.6.4 This analysis is based on nearly 200 transactions in the south west (there were too few samples for analysis at the local level) over the period 2008-2011. The analysis is based on the published values of different sized stores for convenience (supermarkets), high street retail and retail warehouses/retail parks. The results are shown in Figure 1.6.1.

1.6.5 The results show that there is a distinction in terms of values of transaction between the retail use types and that values rises on the basis of size and type. In particular the value of convenience transactions is consistently above those for high street and retail warehousing which are both fairly similar.

1.6.6 However, it should be noted that figure 1.6.1 below only shows the transactions and not development costs which are more fully considered in our appraisals. For example whilst values for high street and warehouse retail may be similar the costs of developing town centre sites as opposed to ‘big box’ retail warehouses will be very different.

Figure 1.6.1 SW value of transactions for retail uses by size and type



1.6.7 Therefore whilst the Inspector was not convinced that Newark and Sherwood had provided sufficient evidence to justify setting different charges for retail uses, this analysis should demonstrate sufficient evidence to support a charging variance for different retail uses.

Viability testing assumption

1.6.8 The viability testing uses a residual development land appraisal, which involves the assessment of the value of a completed development (the Gross Development Value or GDV). From this the various development costs are deducted to calculate a Residual Land Value. The full set out assumptions and method for calculating the residual land value of sites is set out in Appendix 1

1.6.9 The residual land value is compared to the benchmark local average comparable land values from Valuation Office Agency data. These benchmark values are those that a landowner could reasonably be expected to sell. Therefore, if a residual land value is higher than the benchmark value development can be reasonable considered as being financially viable. However, if the value is significantly lower than the benchmark, then development is less likely to be delivered and is a higher risk.

1.6.10 Lower residual land values may restrict development, either due to the scheme simple being financially unviable, or the residual value not sufficiently high for a landowner to willingly sell.

1.6.11 **Gross Development Value:** This value is established based on market research through various data sources, including Costar/Focus data and discussions with local agents. Given the significant variety in development types this report also considered historic comparable evidence. The study used a 'pound per square meter' basis based on coverage per square meter.

1.6.12 **Residual Land Value:** To calculate residual values the cost of development has to be deducted from the Gross Development Value. The detail of how these costs are applied in this study is given in Appendix 1, however, the basic costs included are for:

- Developer profits
- Build Costs
- Professional Fees and Overheads
- Finance
- Marketing fees
- Legal Fees
- Land Stamp Duty Tax

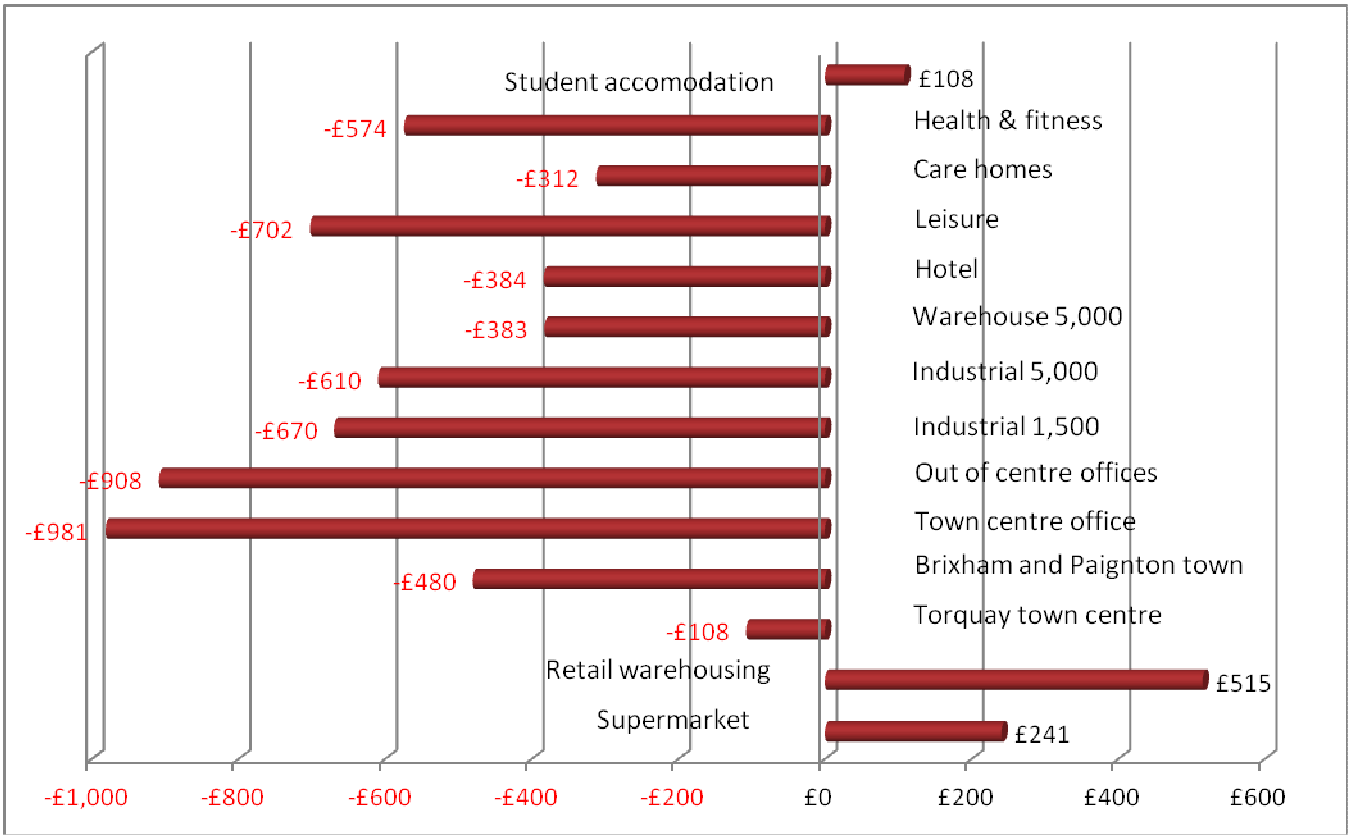
Summary of findings

1.6.13 Figure 1.6.2 summarises the residual valuation of the different development types. It clearly shows that of the range of development types considered the only types that are capable of supporting a levy are:

- convenience retail (supermarkets);
- large format comparison retail; and
- student housing.

1.6.14 When considering these findings it should be noted that the analysis considers development that might be built for subsequent sale or rent to a commercial tenant. However, there will also be development that is undertaken for specific commercial operators either as owners or pre-lets. In these circumstances the economics of the development relate to the profitability of the enterprise accommodated within the buildings rather than the market value of the buildings. Therefore, it is likely that whilst our viability analysis suggests that many uses struggle to attract positive residuals in the bay area, development may still come forward for these uses, particularly for bespoke schemes.

Figure 1.6.2 Residual Value per sqm



What are the implications for CIL?

1.6.15 Based on this assessment our view is that some types of commercial development may be able to support a CIL charge without stifling development. On the basis of minimum headroom of 15% to allow for variations and not setting the levy at a maximum we are recommending that the council could set a range of charges. The table 1.6.1 sets out our initial view on these charges.

Table 1.6.1 Potential levy

Use	Residual value/ sqm	Potential CIL / sqm
Supermarket	£241	£100 - £200
Retail warehousing	£515	£100 - £435
Torquay town centre	-£108	£0
Paignton and Brixham town centre	-£480	£0
B1 office town centre	-£981	£0
B1 office out of centre	-£908	£0
B2 industrial 1,500 sqm	-£670	£0

B2 industrial 5,000 sqm	-£610	£0
B8 warehouse 5,000 sqm	-£383	£0
Hotels	-£384	£0
Assembly / leisure	-£702	£0
Care homes	-£312	£0
Health & fitness	-£574	£0
Student accommodation	£108	£50 - £80

1.6.16 Once a particular use has been deemed viable there is no guidance as to what charge the council should set. It will depend on what the council believes is appropriate in terms of the risk to delivery and the need to secure levy funding.

What funds might be raised?

1.6.17 Based on a simple analysis of the likely quantum of development and a hypothetical CIL charge of £150 per sqm for retail development and £70 per sqm for student accommodation, so it is possible that non-residential development could generate just over £3.36m over the plan period.

1.6.18 This figures is based on the following assumptions:

- Published information on retail floorspace requirements suggests a need for around 10,000 sqm of convenience and 50,000 of comparison. As the council are promoting a town centre first approach an estimate is used that around a fifth of the comparison provision will be provided in retail warehouses.
- It is not clear exactly what quantity of student accommodation will be developed, it is understood that plans for student accommodation associated with South Devon College are at an early stage. However, an assumption has been made that accommodation for around 200 students could be provided and that this might total about 5,200 sqm of floorspace that could be subject to CIL.

Table 1.6.2 Potential CIL funds

Development type	Total floorspace sqm	CIL charge per metre	Total CIL funds
Convenience retail	10,000	£150	£1.5 million
Retail warehouse	10,000	£150	£1.5 million
Student accommodation	5,200	£70	£0.36 million
TOTAL			£3.36 million

Other non-residential development

1.6.19 In addition to the development considered above there are other non-residential uses that we have considered. The Planning Advisory Service guidance suggests that there needs to be evidence that community uses are not able to support CIL charges. Our view is that it would not be helpful to set a CIL for the type of facilities that will be paid for by CIL (amongst other sources).

1.6.20 Our approach to this issue is that the commercial values for community uses are £0 but once the range of development costs are added the result will always be a net negative residual value.

Appendix 1:
Viability assessments – Residential

nominal location - Paignton	**net site area acres**	**dwelling capacity**			
urban extension model 1	**185**	**3,000**		**model variables**	
Summary - Strategic site, emerging through Core Strategy. Proposal is for 3,000 dwellings on 185 net acres (75 ha) (16/acre, 40 dph) Affordable 30% of total, new affordable rent product up to 80% open market rent. Likely market mix to reflect both OM & AH: 5% 1-bed, 30% 2-bed, 40% 3-bed, 20% 4-bed, 5% 5-bed. The market appraisal indicates that this mix produces a total of 2,925,000 sq.ft of floorspace. Sales values estimated at £190/sq.ft. New Build all-in costs estimated at £80/sq.ft all in, additional £25/sq.ft from 2016 for Zero Carbon. CIL at £100/sq.m, £9.30/sq.ft				**total floorspace sq.ft**	**2,925,000**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**190**
TURNOVER				**build cost £/sq.ft**	**80**
open market housing	2,047,500	190	389,025,000	**total units**	**3,000**
sales overhead 2% of OM T/O			7,780,500	qualifying units for CIL	**1,950**
net OM T/O			381,244,500	**developer profit % of gross turnover**	**18**
AH - 30% of total, 75% rent, 25% SO, with new AH rent product, based on RSL bid @ 55% of OMV	877,500	105	91,698,750	commercial sq.ft	
gross turnover T/O			**472,943,250**	net site area acres	**185**
total floorspace	2,925,000			gross area (estimate)	**300**
BUILD COSTS - ALL IN		£80/sq.ft		affordable %	30
all housing units - housebuild	2,925,000	70	204,750,000	open market %	70
externals	2,925,000	10	29,250,000	coverage sq.ft/net acre	15,811
additional Code 5 Zero Carbon costs @ £25/sq.ft from 2016		25	73,125,000		
developer's profit @ 18% of open market turnover			68,624,010		
developer's profit on affordable @ 6% of AH build cost			5,501,925		
TOTAL BUILD COSTS & PROFIT			381,250,935		
finance costs @ 6.5% of annual build cost x 4 years to allow for interest on sales revenues			5,703,750		
professional fees @ 6.5% of annual build cost x 4 years to allow for interest on sales revenues			5,703,750		
TOTAL BUILD COSTS, FEES & PROFIT			**392,658,435**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £100/sq.m (£9.30/sq.ft)	19,041,750	9.30			
strategic infrastructure - @ £200k/net acre, including S.106 costs - local highway improvements, PoS, etc.	37,000,000	200,000			
demolition/remediation estimate - £5/sq.ft		5			
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	56,041,750		**56,041,750**	overall CIL & other infrastructure costs/net acre	302,928
TOTAL BUILD COSTS & TADCs			**448,700,185**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**24,243,065**		
finance costs derived from ILV, @ 6.5%, to arrive at Annual Nominal Purchase Price x 4 years	525,266	23,717,799			
actual finance costs (to avoid circular calc), @ 6.5% of Annual Nominal Purchase Price x 4 years		22,500,000	487,500	23,755,565	
legal fees 0.5% LV			112,500		
SDLT 5%			1,125,000		
NET LAND VALUE			**22,518,065**		
existing use value (EUV), agric land @ £7700k/acre (hope value 20k/gross acre)	7,700	2,310,000		**VIABILITY TEST COMPARISONS**	
value added by consent			20,208,065	Land value/net acre	121,719
uplift factor			9.75	Land value/gross acre	75,060
viability conclusion - Land vaue of £22.5m (£121k/net acre), uplift of £20.2m, x 10 from agric value, x 3.8 hope value. Viability tests against Option Agreement Minimum Land Values c. £200k/net acre = £37m. Achieved LV = £22.5m, or 121k/net acre, therefore lower than Viability Test targets. Low land value largely caused by additional Code 5 build costs. **Conclusion - unviable. Urban extension model 2 for 3,000 units shows reduction in % of AH required to achieve viability**					

nominal location - Brixham	**net site area acres**	**dwelling capacity**			
urban extension model 1	**30**	**500**		**model variables**	
Summary - Strategic site, emerging through CS. Proposal is for 500 dwellings on 30 net acres (16.6/acre, 42 dph) Affordable 30% of total, new affordable rent product up to 80% open market rent. Likely market mix to reflect both OM & AH: 5% 1-bed, 35% 2-bed, 40% 3-bed, 20% 4-bed, 0% 5-bed. The market appraisal indicates that this mix produces a total of 467,500 sq.ft of floorspace. Sales values estimated at £200/sq.ft. New Build all-in costs estimated at £80/sq.ft all in, additional £25/sq.ft from 2016 for Zero Carbon				**total floorspace sq.ft**	**467,500**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**200**
TURNOVER				**build cost £/sq.ft**	**80**
open market housing	327,250	200	65,450,000	**total units**	**500**
sales overhead 2% of OM T/O			1,309,000	qualifying units for CIL	**325**
net OM T/O			64,141,000	**developer profit % of gross turnover**	**18**
AH - 30% of total, 75% rent, 25% SO, with new AH rent product, based on RSL bid @ 55% of OMV	140,250	110	15,427,500	commercial sq.ft	
gross turnover T/O			**79,568,500**	net site area acres	**30**
total floorspace	467,500			gross area (estimate)	**50**
BUILD COSTS - ALL IN		£80/sq.ft		affordable %	30
all housing units - housebuild	467,500	70	32,725,000	open market %	70
externals	467,500	10	4,675,000	coverage sq.ft/net acre	15,583
additional Code 5 Zero Carbon costs @ £25/sq.ft from 2016		25	11,687,500		
developer's profit @ 18% of open market turnover			11,545,380		
developer's profit on affordable @ 6% of AH build cost			925,650		
TOTAL BUILD COSTS & PROFIT			61,558,530		
finance costs @ 6.5% of annual build cost x 2 years to allow for interest on sales revenues			1,063,563		
professional fees @ 6.5% of annual build cost x 2 years to allow for interest on sales revenues			1,063,563		
TOTAL BUILD COSTS, FEES & PROFIT			**63,685,655**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £100/sq.m (£9.30/sq.ft)	3,043,425	9.30			
strategic infrastructure - @ £200k/net acre, including S.106 costs - local highway improvements, PoS, etc.	6,000,000	200,000			
demolition/remediation estimate - £5/sq.ft		5			
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	9,043,425		**9,043,425**	overall CIL & other infrastructure costs/net acre	301,448
TOTAL BUILD COSTS & TADCs			**72,729,080**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**6,839,420**		
finance costs derived from ILV, @ 6.5%, to arrive at Annual Nominal Purchase Price x 2 years	148,187	6,691,233			
actual finance costs (to avoid circular calc), @ 6.5% of Annual Nominal Purchase Price x 2 years		6,300,000	204,750	6,634,670	
legal fees 0.5% LV			31,500		
SDLT 5%			315,000		
NET LAND VALUE			**6,288,170**		
existing use value (EUV), agric land @ £7700k/acre (hope value 20k/gross acre)	7,700	385,000		**VIABILITY TEST COMPARISONS**	
value added by consent			5,903,170	Land value/net acre	209,606
uplift factor			16.33	Land value/gross acre	125,763
viability conclusion - Land vaue of £6.3m (£209k/net acre), uplift of £5.3m, x 16 from agric value, x 6 hope value. Viability tests against Option Agreement Minimum Land Values c. £200k/net acre = £6m. Achieved LV = £6.3m, or 209k/net acre. **Conclusion - just viable, so can be considered marginally viable. The Council might want to reduce % of AH to improve viability/deliverability, or if strategic infrastructure costs are higher.**					

nominal location - Torquay - large PDL site	**net site area acres**	**dwelling capacity**			
Previously-developed land model	**5**	**85**		**model variables**	
Summary - PDL windfall site. Proposal is for 85 dwellings on 5 net acres (17/acre, 42.5 dph) Affordable 30% of total, new affordable rent product up to 80% open market rent. Likely market mix to reflect both OM & AH: 15% 1-bed, 33% 2-bed, 32% 3-bed, 17% 4-bed, 3% 5-bed. The market appraisal indicates that this mix produces a total of 75,800 sq.ft of floorspace. Sales values estimated at £210/sq.ft. New Build all-in costs estimated at £80/sq.ft all in, additional £5/sq.ft for Code 3				**total floorspace sq.ft**	**75,800**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**210**
TURNOVER				**build cost £/sq.ft**	**80**
open market housing	53,060	210	11,142,600	**total units**	**85**
sales overhead 2% of OM T/O			222,852	qualifying units for CIL	**55**
net OM T/O			10,919,748	developer profit % of gross turnover	**18**
AH - 30% of total, 75% rent, 25% SO, with new AH rent product, based on RSL bid @ 55% of OMV	22,740	116	2,626,470	demolition sq.ft	**50,000**
gross turnover T/O			**13,546,218**	net site area acres	**5**
total floorspace	75,800			gross area (estimate)	**5**
BUILD COSTS - ALL IN		£80/sq.ft		affordable %	30
all housing units - housebuild	75,800	70	5,306,000	open market %	70
externals	75,800	10	758,000	coverage sq.ft/net acre	15,160
additional Code 3 costs @ £5/sq.ft		5	189,500		
developer's profit @ 18% of open market turnover			1,965,555		
developer's profit on affordable @ 6.5% of AH build cost			170,721		
TOTAL BUILD COSTS & PROFIT			8,389,775		
finance costs @ 6.5% of build cost			406,478		
professional fees @ 6.5% of build cost			406,478		
TOTAL BUILD COSTS, FEES & PROFIT			**9,202,730**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £100/sq.m (£9.30/sq.ft)	493,458	9.30			
strategic infrastructure - local highway/access improvements, drainage, other S.106	750,000	150,000			
demolition/remediation estimate - £5/sq.ft	250,000	5			
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	1,493,458		**1,493,458**	overall CIL & other infrastructure costs/net acre	298,692
TOTAL BUILD COSTS & TADCs			**10,696,188**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**2,850,030**		
finance costs derived from ILV, @ 6.5%, to arrive at Nominal Purchase Price	185,252	2,664,778			
actual finance costs (to avoid circular calc), @ 6.5% of Nominal Purchase Price		2,500,000	162,500	2,687,530	
legal fees 0.5% LV			12,500		
SDLT 5%			125,000		
NET LAND VALUE			**2,550,030**		
existing use value (EUV), serviced industrial land @ £200k/acre	200,000	1,000,000		**VIABILITY TEST COMPARISONS**	
value added by consent			1,550,030	Land value/net acre	510,006
uplift factor			2.55	Land value/gross acre	510,006
viability conclusion - Land vaue of £2.55m (£510k/net acre), uplift of £1.55m x 2.5 from EUV. **Conclusion - passes Viability Tests with £100/sq.m CIL, so viable**					

nominal location - Torquay	**net site area acres**	**dwelling capacity**			
Greenfield model	**4.3**	**60**		**model variables**	
Summary - Greenfield site emerging through CS. Proposal is for 60 dwellings on 4.3 net acres (17/acre, 42.5 dph) Affordable 30% of total, new affordable rent product up to 80% open market rent. Likely market mix to reflect both OM & AH: 5% 1-bed, 35% 2-bed, 40% 3-bed, 15% 4-bed, 5% 5-bed. The market appraisal indicates that this mix produces a total of 56,600 sq.ft of floorspace. Sales values estimated at £215/sq.ft. New Build all-in costs estimated at £80/sq.ft all in, additional £5/sq.ft for Code 3				**total floorspace sq.ft**	**56,660**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**215**
TURNOVER				**build cost £/sq.ft**	**80**
open market housing	39,662	215	8,527,330	**total units**	**60**
sales overhead 2% of OM T/O			170,547	qualifying units for CIL	**39**
net OM T/O			8,356,783	developer profit % of gross turnover	**20**
AH - 30% of total, 75% rent, 25% SO, with new AH rent product, based on RSL bid @ 55% of OMV	16,998	118	2,010,014	demolition sq.ft	
gross turnover T/O			**10,366,797**	net site area acres	**4.3**
total floorspace	56,660			gross area (estimate)	**5**
BUILD COSTS - ALL IN		£80/sq.ft		affordable %	30
all housing units - housebuild	56,660	70	3,966,200	open market %	70
externals	56,660	10	566,600	coverage sq.ft/net acre	13,177
additional Code 3 costs @ £5/sq.ft		5	141,650		
developer's profit @ 18% of open market turnover			1,671,357		
developer's profit on affordable @ 6.5% of AH build cost			130,651		
TOTAL BUILD COSTS & PROFIT			6,476,458		
finance costs @ 6.5% of build cost			303,839		
professional fees @ 6.5% of build cost			303,839		
TOTAL BUILD COSTS, FEES & PROFIT			**7,084,136**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £100/sq.m (£9.30/sq.ft)	368,857	9.30			
strategic infrastructure - local highway/access improvements, drainage, other S.106	645,000	150,000			
demolition/remediation estimate - £5/sq.ft		5	0		
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	1,013,857		**1,013,857**	overall CIL & other infrastructure costs/net acre	235,781
TOTAL BUILD COSTS & TADCs			**8,097,993**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**2,268,804**		
finance costs derived from ILV, @ 6.5%, to arrive at Nominal Purchase Price	147,472	2,121,332			
actual finance costs (to avoid circular calc), @ 6.5% of Nominal Purchase Price		2,025,000	131,625	2,137,179	
legal fees 0.5% LV			10,125		
SDLT 5%			101,250		
NET LAND VALUE			**2,025,804**		
existing use value (EUV), agric land @ £7700k/acre (hope value 20k/gross acre)	7,700	38,500		**VIABILITY TEST COMPARISONS**	
value added by consent			1,987,304	Land value/net acre	471,117
uplift factor			52.62	Land value/gross acre	405,161
viability conclusion - Land vaue of £2.025m (£471k/net acre), uplift of £1.9m = x 52 from EUV, and x 20 hope value. **Conclusion - passes Viability Tests with £100/sq.m CIL.**					

nominal location - Paignton	**net site area acres**	**dwelling capacity**			
Previously-developed land model	**1.5**	**30**		**model variables**	
Summary - PDL windfall site. Proposal is for 30 dwellings on 1.5 net acres (20/acre, 50 dph) Affordable 30% of total, new affordable rent product up to 80% open market rent. Likely market mix to reflect site characteristics, location, and both OM & AH: 15% 1-bed, 35% 2-bed, 40% 3-bed, 10% 4-bed, 0% 5-bed. The market appraisal indicates that this mix produces a total of 24,700 sq.ft of floorspace. Sales values estimated at £185/sq.ft. New Build all-in costs estimated at £80/sq.ft all in, additional £5/sq.ft for Code 3				**total floorspace sq.ft**	**24,700**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**185**
TURNOVER				**build cost £/sq.ft**	**80**
open market housing	17,290	185	3,198,650	**total units**	**30**
sales overhead 2% of OM T/O			63,973	qualifying units for CIL	**20**
net OM T/O			3,134,677	developer profit % of gross turnover	**18**
AH - 30% of total, 75% rent, 25% SO, with new AH rent product, based on RSL bid @ 55% of OMV	7,410	102	753,968	demolition sq.ft	**20,000**
gross turnover T/O			**3,888,645**	net site area acres	**1.5**
total floorspace	24,700			gross area (estimate)	**1.5**
BUILD COSTS - ALL IN		£80/sq.ft		affordable %	30
all housing units - housebuild	24,700	70	1,729,000	open market %	70
externals	24,700	10	247,000	coverage sq.ft/net acre	16,467
additional Code 3 costs @ £5/sq.ft		5	61,750		
developer's profit @ 18% of open market turnover			564,242		
developer's profit on affordable @ 6.5% of AH build cost			49,008		
TOTAL BUILD COSTS & PROFIT			2,651,000		
finance costs @ 6.5% of build cost			132,454		
professional fees @ 6.5% of build cost			132,454		
TOTAL BUILD COSTS, FEES & PROFIT			**2,915,907**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £100/sq.m (£9.30/sq.ft)	160,797	9.30			
strategic infrastructure - local highway/access improvements, drainage, other S.106	225,000	150,000			
demolition/remediation estimate - £5/sq.ft	100,000	5			
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	485,797		**485,797**	overall CIL & other infrastructure costs/net acre	323,865
TOTAL BUILD COSTS & TADCs			**3,401,704**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**486,940**		
finance costs derived from ILV, @ 6.5%, to arrive at Nominal Purchase Price	31,651	455,289			
actual finance costs (to avoid circular calc), @ 6.5% of Nominal Purchase Price		443,000	28,795	458,145	
legal fees 0.5% LV			1,329		
SDLT 3%			13,290		
NET LAND VALUE			**443,526**		
existing use value (EUV), serviced industrial land @ £160k/acre	160,000	240,000		**VIABILITY TEST COMPARISONS**	
value added by consent			203,526	Land value/net acre	295,684
uplift factor			1.85	Land value/gross acre	295,684
viability conclusion - Land vaue of £443k (£295k/net acre), uplift of £203k = x 1.85 from EUV. **Conclusion - passes Viability Tests with £100/sq.m CIL.**					

nominal location - Torquay	**net site area acres**	**dwelling capacity**			
Greenfield model	**1.5**	**20**		**model variables**	
Summary - Greenfield allocated site. Proposal is for 20 dwellings on 1.5 net acres (13/acre, 31 dph) Affordable 30% of total, new affordable rent product up to 80% open market rent. Likely market mix to reflect site characteristics, location, and both OM & AH: 5% 1-bed, 30% 2-bed, 40% 3-bed, 20% 4-bed, 5% 5-bed. The market appraisal indicates that this mix produces a total of 20,000 sq.ft of floorspace. Sales values estimated at £230/sq.ft. New Build all-in costs estimated at £80/sq.ft all in, additional £5/sq.ft for Code 3				**total floorspace sq.ft**	**20,000**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**230**
TURNOVER				**build cost £/sq.ft**	**80**
open market housing	14,000	230	3,220,000	**total units**	**20**
sales overhead 2% of OM T/O			64,400	qualifying units for CIL	**13**
net OM T/O			3,155,600	developer profit % of gross turnover	**18**
AH - 30% of total, 75% rent, 25% SO, with new AH rent product, based on RSL bid @ 55% of OMV	6,000	127	759,000	demolition sq.ft	
gross turnover T/O			**3,914,600**	net site area acres	**1.5**
total floorspace	20,000			gross area (estimate)	**1.5**
BUILD COSTS - ALL IN		£80/sq.ft		affordable %	30
all housing units - housebuild	20,000	70	1,400,000	open market %	70
externals	20,000	10	200,000	coverage sq.ft/net acre	13,333
additional Code 3 costs @ £5/sq.ft		5	50,000		
developer's profit @ 18% of open market turnover			568,008		
developer's profit on affordable @ 6.5% of AH build cost			49,335		
TOTAL BUILD COSTS & PROFIT			2,267,343		
finance costs @ 6.5% of build cost			107,250		
professional fees @ 6.5% of build cost			107,250		
TOTAL BUILD COSTS, FEES & PROFIT			**2,481,843**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £100/sq.m (£9.30/sq.ft)	130,200	9.30			
strategic infrastructure - local highway/access improvements, drainage, other S.106	150,000	100,000			
demolition/remediation estimate - £5/sq.ft	0	5			
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	280,200		**280,200**	overall CIL & other infrastructure costs/net acre	186,800
TOTAL BUILD COSTS & TADCs			**2,762,043**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**1,152,557**		
finance costs derived from ILV, @ 6.5%, to arrive at Nominal Purchase Price	74,916	1,077,641			
actual finance costs (to avoid circular calc), @ 6.5% of Nominal Purchase Price		1,039,000	67,535	1,085,022	
legal fees 0.5% LV			4,156		
SDLT 4%			41,560		
NET LAND VALUE			**1,039,306**		
existing use value (EUV), agric land @ £7700k/acre (hope value 20k/gross acre)	7,700	11,550		**VIABILITY TEST COMPARISONS**	
value added by consent			1,027,756	Land value/net acre	692,871
uplift factor			89.98	Land value/gross acre	692,871
viability conclusion - Land vaue of £1039k (£692k/net acre), uplift of £1027k = x 90 from EUV, and 34 x hope value. **Conclusion - passes Viability Tests with £100/sq.m CIL.**					

nominal location - Brixham	**net site area acres**	**dwelling capacity**			
Previously-developed land model	**0.5**	**9**		**model variables**	
Summary - PDL windfall site. Proposal is for 9 dwellings on 0.5 net acres (18/acre, 44 dph). Likely market mix to reflect site characteristics, location, and both OM & AH: 0% 1-bed, 60% 2-bed, 40% 3-bed, 0% 4-bed, 0% 5-bed. The market appraisal indicates that this mix produces a total of 6,900 sq.ft of floorspace. Sales values estimated at £195/sq.ft. New Build all-in costs estimated at £80/sq.ft all in, additional £5/sq.ft for Code 3				**total floorspace sq.ft**	**6,900**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**195**
TURNOVER				**build cost £/sq.ft**	**80**
open market housing	6,900	195	1,345,500	**total units**	**9**
sales overhead 2% of OM T/O			26,910	qualifying units for CIL	**8**
net OM T/O			1,318,590	developer profit % of gross turnover	**18**
AH - commuted payment based on equivalent of 15% target, OMV - STP + 10% - in additional development costs	0	127	0	demolition sq.ft	**3,000**
gross turnover T/O			**1,318,590**	net site area acres	**0.5**
total floorspace	6,900			gross area (estimate)	**0.5**
BUILD COSTS - ALL IN		£80/sq.ft		affordable %	
all housing units - housebuild	6,900	70	483,000	open market %	100
externals	6,900	10	69,000	coverage sq.ft/net acre	13,800
additional Code 3 costs @ £5/sq.ft		5	17,250		
developer's profit @ 18% of open market turnover			237,346		
developer's profit on affordable @ 6.5% of AH build cost			0		
TOTAL BUILD COSTS & PROFIT			806,596		
finance costs @ 6.5% of build cost			37,001		
professional fees @ 6.5% of build cost			37,001		
TOTAL BUILD COSTS, FEES & PROFIT			**880,599**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £100/sq.m (£9.30/sq.ft)	64,170	9.30			
strategic infrastructure - local highway/access improvements, drainage, other S.106	25,000	50,000			
demolition/remediation estimate - £5/sq.ft	15,000	5			
AH commuted sum	45,000				
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	149,170		**149,170**	overall CIL & other infrastructure costs/net acre	298,340
TOTAL BUILD COSTS & TADCs	298,340		**1,029,769**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**288,821**		
finance costs derived from ILV, @ 6.5%, to arrive at Nominal Purchase Price	18,773	270,048			
actual finance costs (to avoid circular calc), @ 6.5% of Nominal Purchase Price		267,000	17,355	271,466	
legal fees 0.5% LV			1,335		
SDLT 1%			2,670		
NET LAND VALUE			**267,461**		
existing use value (EUV), serviced industrial land @ £150k/acre	150,000	75,000		**VIABILITY TEST COMPARISONS**	
value added by consent			192,461	Land value/net acre	534,923
uplift factor			3.57	Land value/gross acre	534,923
viability conclusion - Land vaue of £267k (£534k/net acre), uplift of £192k = x 3.5 from EUV. **Conclusion - passes Viability Tests with £100/sq.m CIL.**					

nominal location - Torquay	**net site area acres**	**dwelling capacity**			
infill back gardens model	**0.6**	**8**		**model variables**	
Summary - infill back gardens windfall site. Proposal is for 8 dwellings on 0.6 net acres (13/acre, 33 dph) Likely market mix to reflect site characteristics, location, and both OM & AH: 0% 1-bed, 60% 2-bed, 40% 3-bed, 0% 4-bed, 0% 5-bed. The market appraisal indicates that this mix produces a total of 7,900 sq.ft of floorspace. Sales values estimated at £230/sq.ft. New Build all-in costs estimated at £80/sq.ft all in, additional £5/sq.ft for Code 3				**total floorspace sq.ft**	**7,900**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**230**
TURNOVER				**build cost £/sq.ft**	**80**
open market housing	7,900	230	1,817,000	**total units**	**8**
sales overhead 2% of OM T/O			36,340	qualifying units for CIL	7
net OM T/O			1,780,660	developer profit % of gross turnover	**18**
AH - commuted payment based on equivalent of 15% target, OMV - STP + 10% - in additional development costs	0	150	0	demolition sq.ft	
gross turnover T/O			**1,780,660**	net site area acres	**0.6**
total floorspace	7,900			gross area (estimate)	**0.6**
BUILD COSTS - ALL IN		£80/sq.ft		affordable %	
all housing units - housebuild	7,900	70	553,000	open market %	100
externals	7,900	10	79,000	coverage sq.ft/net acre	13,167
additional Code 3 costs @ £5/sq.ft		5	19,750		
developer's profit @ 18% of open market turnover			320,519		
developer's profit on affordable @ 6.5% of AH build cost			0		
TOTAL BUILD COSTS & PROFIT			972,269		
finance costs @ 6.5% of build cost			42,364		
professional fees @ 6.5% of build cost			42,364		
TOTAL BUILD COSTS, FEES & PROFIT			**1,056,996**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £100/sq.m (£9.30/sq.ft)	73,470	9.30			
strategic infrastructure - local highway/access improvements, drainage, other S.106	90,000	150,000			
demolition/remediation estimate - £5/sq.ft	0	5			
AH commuted sum	69,000				
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	232,470		**232,470**	overall CIL & other infrastructure costs/net acre	387,450
TOTAL BUILD COSTS & TADCs			**1,289,466**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**491,194**		
finance costs derived from ILV, @ 6.5%, to arrive at Nominal Purchase Price	31,928	459,266			
actual finance costs (to avoid circular calc), @ 6.5% of Nominal Purchase Price		447,000	29,055	462,139	
legal fees 0.5% LV			1,341		
SDLT 3%			13,410		
NET LAND VALUE			**447,388**		
existing use value (EUV), garden land @ £100k/acre	100,000	60,000		**VIABILITY TEST COMPARISONS**	
value added by consent			387,388	Land value/net acre	745,646
uplift factor			7.46	Land value/gross acre	745,646
viability conclusion - Land vaue of £447k (£745k/net acre), uplift of 387k = x 7 from EUV. C**onclusion - passes Viability Tests with £100/sq.m CIL.**					

nominal location - Paignton	**net site area acres**	**dwelling capacity**			
Greenfield garden model	**0.4**	**4**		**model variables**	
Summary - Greenfield garden site. Proposal is for 4 dwellings on 0.4 net acres (10/acre, 25 dph) Likely market mix to reflect site characteristics, location, and both OM & AH: 0% 1-bed, 0% 2-bed, 50% 3-bed, 50% 4-bed, 0% 5-bed. The market appraisal indicates that this mix produces a total of 4,700 sq.ft of floorspace. Sales values estimated at £190/sq.ft. New Build all-in costs estimated at £80/sq.ft all in, additional £5/sq.ft for Code 3				**total floorspace sq.ft**	**4,700**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**190**
TURNOVER				**build cost £/sq.ft**	**80**
open market housing	4,700	190	893,000	**total units**	**4**
sales overhead 2% of OM T/O			17,860	qualifying units for CIL	**3**
net OM T/O			875,140	developer profit % of gross turnover	**18**
AH - commuted payment based on equivalent of 10% target, OMV - STP + 10% - in additional development costs. (10% of 4 = 0.4 units)	0	124	0	demolition sq.ft	
gross turnover T/O			**875,140**	net site area acres	**0.4**
total floorspace	4,700			gross area (estimate)	**0.4**
BUILD COSTS - ALL IN		£80/sq.ft		affordable %	
all housing units - housebuild	4,700	70	329,000	open market %	100
externals	4,700	10	47,000	coverage sq.ft/net acre	11,750
additional Code 3 costs @ £5/sq.ft		5	11,750		
developer's profit @ 18% of open market turnover			157,525		
developer's profit on affordable @ 6.5% of AH build cost			0		
TOTAL BUILD COSTS & PROFIT			545,275		
finance costs @ 6.5% of build cost			25,204		
professional fees @ 6.5% of build cost			25,204		
TOTAL BUILD COSTS, FEES & PROFIT			**595,683**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £100/sq.m (£9.30/sq.ft)	43,710	9.30			
strategic infrastructure - local highway/access improvements, drainage, other S.106	40,000	100,000			
demolition/remediation estimate - £5/sq.ft	0	5			
AH commuted sum	17,000				
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	100,710		**100,710**	overall CIL & other infrastructure costs/net acre	251,775
TOTAL BUILD COSTS & TADCs			**696,393**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**178,747**		
finance costs derived from ILV, @ 6.5%, to arrive at Nominal Purchase Price	11,619	167,129			
actual finance costs (to avoid circular calc), @ 6.5% of Nominal Purchase Price		166,000	10,790	167,957	
legal fees 0.5% LV			166		
SDLT 1%			1,660		
NET LAND VALUE			**166,131**		
existing use value (EUV), garden land @ £100k/acre	100,000	40,000		**VIABILITY TEST COMPARISONS**	
value added by consent			126,131	Land value/net acre	415,328
uplift factor			4.15	Land value/gross acre	415,328
viability conclusion - Land vaue of £166k (£415k/net acre), uplift of 126k = x 4 from EUV. **Conclusion - passes Viability Tests with £100/sq.m CIL.**					

nominal location - Brixham	**net site area acres**	**dwelling capacity**			
Greenfield garden model	**0.1**	**1**		**model variables**	
Summary - Greenfield garden site. Proposal is for 1 dwelling on 0.1 net acres (10/acre, 25 dph). Likely market mix to reflect site characteristics, location, and both OM & AH: 0% 1-bed, 0% 2-bed, 0% 3-bed, 100% 4-bed, 0% 5-bed. The market appraisal indicates that this mix produces a total of 1,250 sq.ft of floorspace. Sales values estimated at £210/sq.ft. New Build all-in costs estimated at £80/sq.ft all in, additional £5/sq.ft for Code 3				**total floorspace sq.ft**	**1,250**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**210**
TURNOVER				**build cost £/sq.ft**	**80**
open market housing	1,250	210	262,500	**total units**	**1**
sales overhead 2% of OM T/O			5,250	qualifying units for CIL	**1**
net OM T/O			257,250	developer profit % of gross turnover	**18**
No contribution required for sites of less than 3 dwellings	0		0	demolition sq.ft	
gross turnover T/O			**257,250**	net site area acres	**0.1**
total floorspace	1,250			gross area (estimate)	**0.1**
BUILD COSTS - ALL IN		£80/sq.ft		affordable %	
all housing units - housebuild	1,250	70	87,500	open market %	100
externals	1,250	10	12,500	coverage sq.ft/net acre	12,500
additional Code 3 costs @ £5/sq.ft		5	3,125		
developer's profit @ 18% of open market turnover			46,305		
developer's profit on affordable @ 6.5% of AH build cost			0		
TOTAL BUILD COSTS & PROFIT			149,430		
finance costs @ 6.5% of build cost			6,703		
professional fees @ 6.5% of build cost			6,703		
TOTAL BUILD COSTS, FEES & PROFIT			**162,836**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £100/sq.m (£9.30/sq.ft)	11,625	9.30			
strategic infrastructure - local highway/access improvements, drainage, other S.106	30,000	300,000			
demolition/remediation estimate - £5/sq.ft	0	5			
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	41,625		**41,625**	overall CIL & other infrastructure costs/net acre	416,250
TOTAL BUILD COSTS & TADCs			**204,461**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**52,789**		
finance costs derived from ILV, @ 6.5%, to arrive at Nominal Purchase Price	3,431	49,357			
actual finance costs (to avoid circular calc), @ 6.5% of Nominal Purchase Price		49,000	3,185	49,604	
legal fees 0.5% LV			245		
SDLT 0%					
NET LAND VALUE			**49,359**		
existing use value (EUV), garden land @ £100k/acre	100,000	10,000		**VIABILITY TEST COMPARISONS**	
value added by consent			39,359	Land value/net acre	493,588
uplift factor			4.94	Land value/gross acre	493,588
viability conclusion - Land vaue of £49k (£493k/net acre), uplift of 39k = x 4.9 from EUV. **Conclusion - passes Viability Tests with £100/sq.m CIL.**					

nominal location - Paignton	**net site area acres**	**dwelling capacity**			
urban extension model 2	**185**	**3,000**		**model variables**	
Summary - Strategic site, emerging through Core Strategy. Proposal is for 3,000 dwellings on 185 net acres (75 ha) (16/acre, 40 dph) Affordable reduced to 15% of total, new affordable rent product up to 80% open market rent. Likely market mix to reflect both OM & AH: 5% 1-bed, 30% 2-bed, 40% 3-bed, 20% 4-bed, 5% 5-bed. The market appraisal indicates that this mix produces a total of 2,925,000 sq.ft of floorspace. Sales values estimated at £190/sq.ft. New Build all-in costs estimated at £80/sq.ft all in, additional £25/sq.ft from 2016 for Zero Carbon. No CIL				**total floorspace sq.ft**	**2,925,000**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**190**
TURNOVER				**build cost £/sq.ft**	**80**
open market housing	2,398,500	190	455,715,000	**total units**	**3,000**
sales overhead 2% of OM T/O			9,114,300	qualifying units for CIL	**1,950**
net OM T/O			446,600,700	**developer profit % of gross turnover**	**18**
AH - reduced to 15% of total, 75% rent, 25% SO, with new AH rent product, based on RSL bid @ 55% of OMV	526,500	105	55,019,250	commercial sq.ft	
gross turnover T/O			**501,619,950**	net site area acres	**185**
total floorspace	2,925,000			gross area (estimate)	**300**
BUILD COSTS - ALL IN		£80/sq.ft		affordable %	18
all housing units - housebuild	2,925,000	70	204,750,000	open market %	82
externals	2,925,000	10	29,250,000	coverage sq.ft/net acre	15,811
additional Code 5 Zero Carbon costs @ £25/sq.ft from 2016		25	73,125,000		
developer's profit @ 18% of open market turnover			80,388,126		
developer's profit on affordable @ 6% of AH build cost			3,301,155		
TOTAL BUILD COSTS & PROFIT			390,814,281		
finance costs @ 6.5% of annual build cost x 4 years to allow for interest on sales revenues			5,703,750		
professional fees @ 6.5% of annual build cost x 4 years to allow for interest on sales revenues			5,703,750		
TOTAL BUILD COSTS, FEES & PROFIT			**402,221,781**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £75/sq.m (£7/sq.ft)	22,306,050	9.30			
strategic infrastructure - @ £200k/net acre, including S.106 costs - local highway improvements, PoS, etc.	37,000,000	200,000			
demolition/remediation estimate - £5/sq.ft		5			
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	59,306,050		**59,306,050**	overall CIL & other infrastructure costs/net acre	320,573
TOTAL BUILD COSTS & TADCs			**461,527,831**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**40,092,119**		
finance costs derived from ILV, @ 6.5%, to arrive at Annual Nominal Purchase Price x 4 years	868,663	39,223,456			
actual finance costs (to avoid circular calc), @ 6.5% of Annual Nominal Purchase Price x 4 years		22,500,000	487,500	39,604,619	
legal fees 0.5% LV			112,500		
SDLT 5%			1,125,000		
NET LAND VALUE			**38,367,119**		
existing use value (EUV), agric land @ £7700k/acre (hope value 20k/gross acre)	7,700	2,310,000		**VIABILITY TEST COMPARISONS**	
value added by consent			36,057,119	Land value/net acre	207,390
uplift factor			16.61	Land value/gross acre	127,890
viability conclusion - with AH reduced to 18%, and CIL remaining at £100/sq.m, Land Value of £38.3m (£207k/net acre), uplift of £36m, x 816 from agric value, x 6.4 hope value. **Conclusion - just passes Viability Tests with £100/sq.m CIL, but AH needs to reduce to 18%, so this can be considered marginally viable, and the Council may need to further reduce AH %. If AH remains at 30%, CIL needs to be a maximum of £20/sq.m.**					

nominal location - Babbacombe	**net site area acres**	**dwelling capacity**			
infill model in affluent area	**0.6**	**5**		**model variables**	
Summary - infill windfall site. Proposal is for 5 dwellings on 0.5 net acres (10/acre, 25 dph) Likely market mix to reflect affluent site characteristics, location,: 0% 1-bed, 80% 2-bed, 20% 3-bed, 0% 4-bed, 0% 5-bed. The market appraisal indicates that this mix produces a total of 4,000 sq.ft of floorspace. Sales values estimated at £280/sq.ft. New Build all-in costs estimated at £120/sq.ft all in to reflect high spec, additional £5/sq.ft for Code 3				**total floorspace sq.ft**	**7,900**
element	floorspace sq.ft	sales £/sq.ft	turnover	**sales value £/sq.ft**	**280**
TURNOVER				**build cost £/sq.ft**	**120**
open market housing	7,900	280	2,212,000	**total units**	**5**
sales overhead 2% of OM T/O			44,240	qualifying units for CIL	**0**
net OM T/O			2,167,760	developer profit % of gross turnover	**18**
AH - commuted payment based on equivalent of 15% target, OMV - STP + 10% - in additional development costs	0		0	demolition sq.ft	
gross turnover T/O			**2,167,760**	net site area acres	**0.5**
total floorspace	7,900			gross area (estimate)	**0.5**
BUILD COSTS - ALL IN		£100/sq.ft		affordable %	
all housing units - housebuild	7,900	100	790,000	open market %	100
externals	7,900	20	158,000	coverage sq.ft/net acre	15,800
additional Code 3 costs @ £5/sq.ft		5	19,750		
developer's profit @ 18% of open market turnover			390,197		
developer's profit on affordable @ 6.5% of AH build cost			0		
TOTAL BUILD COSTS & PROFIT			1,357,947		
finance costs @ 6.5% of build cost			62,904		
professional fees @ 6.5% of build cost			62,904		
TOTAL BUILD COSTS, FEES & PROFIT			**1,483,754**		
additional development costs		£/sq.ft			
Proposed CIL charge @ £100/sq.m (£9.30/sq.ft)	73,470	9.30			
strategic infrastructure - local highway/access improvements, drainage, other S.106	75,000	150,000			
demolition/remediation estimate - £5/sq.ft	0	5			
AH commuted sum	50,000				
TOTAL ADDITIONAL DEVELOPMENT COSTS [TADCs]	198,470		**198,470**	overall CIL & other infrastructure costs/net acre	396,940
TOTAL BUILD COSTS & TADCs			**1,682,224**		
INTERIM LAND VALUE, ie, T/O minus TADCs			**485,536**		
finance costs derived from ILV, @ 6.5%, to arrive at Nominal Purchase Price	31,560	453,976			
actual finance costs (to avoid circular calc), @ 6.5% of Nominal Purchase Price		604,000	39,260	446,276	
legal fees 0.5% LV			1,812		
SDLT 3%			18,120		
NET LAND VALUE			**426,344**		
existing use value (EUV), @ £200k/acre	200,000	100,000		**VIABILITY TEST COMPARISONS**	
value added by consent			326,344	Land value/net acre	852,687
uplift factor			4.26	Land value/gross acre	852,687
viability conclusion - Land vaue of £426k (£852k/net acre), uplift of 326k = x 4 from EUV. C**onclusion - passes Viability Tests with £100/sq.m CIL.**					

Appendix 2:
Non-Residential Viability Assumptions

TORBAY NON-RESIDENTIAL TESTING ASSUMPTIONS

Introduction

1.1 These assumptions are used as the basis for the viability testing work. The viability testing uses a residual development land appraisal, which involves the assessment of the value of the completed development (know as the Gross Development Value or GDV) and deducting the various development costs to calculate a residual land value.

1.2 The testing will be conducted on a hypothetical typical or notional hectare site basis. Viability testing on a typical/notional hectare basis has been adopted for the following reasons:

- The viability work for CIL is undertaken at a strategic planning level. It is impossible for this study to consider viability on a site-specific basis at this stage, given that there is currently insufficient data on site-specific costs and values, as site details have yet to be established. Such detail would also evolve considerably over the plan period. Site-specific testing would be considering detail in purely speculative/assumed scenarios, producing results that would be of little use for a study for strategic consideration.
- As the Study covers potential development in the entirety of Torbay – hypothetical typical or notional hectare testing results are generic to any site across the city. The results enable Torbay to consider an appropriate levy for different uses on a strategic and long-term basis.

1.3 The relevant industry costs will be deducted from the GDV of the hypothetical typical or notional site, in order to establish a residual development land value. This value will then be measured against benchmark local average comparable land values, which have been researched using Valuation Office Agency data and tested with the development industry.

1.4 The benchmark values reflect the level of value at which a landowner could be reasonably expected to sell. Therefore, following testing, if a resulting residual land value is higher than the established benchmark, development can be reasonably considered as being financially viable at the input values used within the residual valuation (subject to there being enough margin to incentivise development). However, if a resulting residual land value is significantly lower than the established benchmark, then development at the respective input values can be considered to be less likely to be delivered and is subsequently a higher risk strategy towards delivery. Lower residual land values may restrict development, either due to the scheme simply being financially un-viable, or the residual land value is not sufficiently high enough for a landowner to willingly sell and release their land for development.

Establishing Gross Development Value (GDV)

1.5 The Gross Development Value is the capital value of the completed development (i.e. the gross financial value of newly built development). In establishing the GDV of a typical development in Torbay, this study has conducted considerable market research through

various data sources such as Focus as well as discussions with local agents. Given the significant variety in development types, this report has also considered historic comparable evidence for new values on both a local, regional and national level.

1.6 This study has measured value on a 'pound per square metre' basis, which is the most commonly used measure utilised in industry and is appropriate for application in viability testing.

Costs

1.7 Once a GDV has been established, the cost of development (including developer profit) is then deducted. There are numerous detailed costs that can be considered as part of a residual development valuation. For the purposes of viability testing, the following costs and variables are some of the key inputs used within the valuation: -

- Developer profits
- Build Costs
- Professional Fees and Overheads
- Finance
- Marketing fees
- Legal Fees
- Land Stamp Duty Tax

1.8 Further details of the costs and variables used as part of the viability testing can be seen in the following section.

Assumptions and Variables

1.9 We have outlined below details of the assumptions made throughout our viability testing, as well as details of the different testing variables used. This sub section also outlines the various sources of the inputs/variables as well as detailing which are subject to sensitivity analysis.

Site Coverage

1.10 As the viability testing in some circumstances is being undertaken on a 'per hectare' basis, it is important to consider the density of development proposed. Table 1 sets out the assumed site coverage ratios for each development type:

Table 1 Density assumptions

Development Typology	Site Coverage
A1 - Supermarkets and large food stores	40%
A1 - Retail warehouses	40%
A1 - Secondary centre shops	80%
Town centre A1, A2, A3, A4, A5	100%
B1 Business Offices – town centre	200%
B1 Business Offices – edge/out of centre	80%
B1c – Light industrial/non-office	40%

B2 General Industrial	40%
B8 Storage/distribution	40%
C1 Hotels	80%
D2 Assembly and Leisure	60%

Developer Profit

1.11 The developer's profit is the expected and reasonable level of return a private developer can expect to achieve from a development scheme. This figure is based a 20% profit margin of the total Gross Development Value (GDV) of the development. This has been established through a reflection of anticipated returns for residential development, which have been previously well tested through similar studies at this level.

Build Costs

1.12 Build cost inputs have been established from the RICS Build Cost Information Service (BCIS) at values set at the time of this study (current build cost values). The build costs are entered at a pounds per square metre rate at the following values shown in Table 2. The build costs adopted are based on the BCIS mean values, indexed to Torbay prices; and then amended following the development industry feedback at the workshop and subsequent discussion. Also included is an allowance for external works also shown in pound per square metre:

Table 2 Build cost by development type (per sq. m)

Use	Build costs	External works
Town Centre Office	£1,300	£130
Business Park	£1,200	£120
Industrial	£692	£69
Warehouse	£543	£54
Small Industrial	£645	£65
Food Retail	£1,159	£116
Retail warehouse/OOC	£800	£80
Town Centre Retail	£1,251*	£125
Hotel	£1,100	£110
Care homes	£1316	£132

*Sourced from Spons Architects' and Builders' Price Book 2009 and BCIS.

1.13 Viability testing has been completed under the explicit assumption that build costs exclude Breeam standards – however these are accounted for in sensitivity testing.

Professional Fees, Overheads

1.14 This input incorporates all professional fees associated with the build, including: architect fees, planner fees, surveyor fees, project manager fees. The professional fees variable is set at the following rate:

Table 3 Professional fees

12% of Build Cost

1.15 This variable has been applied to the valuation appraisal as a percentage of the total construction cost. This figure is established from discussions with both regional and national developers as well as in house knowledge and experience of industry standards.

Finance

1.16 A finance rate has been incorporated into the viability testing to reflect the value of money and the cost of reasonable developer borrowing for the delivery of development. This is applied to the valuation appraisal as a percentage of the build cost at the following rate:

Table 4 Finance cost

7.5% of total development costs (inc build costs, external works, professional fees, sales and marketing, contingency)

Marketing Fees

1.17 This variable is based on the average cost of marketing for a major new build development site, incorporating agent fees, 'on site' sales costs and general marketing/advertising costs. The following rate is applied to the valuation appraisal as a percentage of the GDV and is established from discussions with developers and agents:

Table 5 Marketing fees

4% of GDV

Gross Development Value – Market Values

1.18 This input is incorporated into the residual valuation as pound per square metre value. This measure is appropriate for viability testing and is also the common approach taken by the development industry.

1.19 The gross development input (pound per square metre rate) is generally established from rental and yields using comparable evidence drawn from new build schemes in the Torbay area. However, given the recent market instability, comparable development schemes have been supplemented with values from discussions with both local agents and professionals operating in the Torbay market plus supplementing with data from the wider sub regional area (Devon). These values were put to the development industry workshop and then amended following feedback and subsequent discussion.

Rental values & void

1.20 The levels of rent will reflect factors such as location and general strength of the property market at the point when development is let/sold. Based on our market analysis, we have assumed the following rental values for the different development types:

Table 6 Rental values

Use	Rental value per sq. m
Town Centre Office	£86
Business Park	£80
Industrial	£50
Warehouse	£55
Food Retail	£210
Retail warehouse/OOC	£215
Town Centre Retail	£200 (Torquay) £150 (Paignton/Brixham)
Hotel	£103
Carehomes	£128

Yields

1.21 The property 'yield' is critical to the value of property; when deciding whether to invest in property at all an investor will compare it against other competing investment opportunities such as company shares or government bonds or ‘gilts’ and also the different risks involved in each case. In the case of property the overall return or yield required by investors from property investments ranks between bonds which often offer higher initial income and lower risk, but little prospect of value growth; and shares where a higher overall return is justified by a lower initial return and higher risks.

1.22 A higher yield in a development appraisal will reflect one or both of the following key factors:

Lower rental growth prospects

Lower security of income (such as tenants with a weaker covenant, shorter leases and more sub-division of floorspace are anticipated).

1.23 Our yields have been derived from a combination of published information from Focus, local agents, regionally and nationally published trends.

Table 7 Yields

Use	Yield
Town Centre Office	7.5
Business Park	7.2
Industrial	8.5
Warehouse	7.5
Food Retail	6.4
Retail warehouse	7
Town Centre Retail	7.9 (Torquay) 8.1 (Paignton/Brixham)
Hotel	6.1
Care homes	6.1

1.24 The GDV is calculated through a capitalisation of rental values using yields, this has been tested against sales values, where available, although this is much more limited dataset.

1.25 The GDV for each of the uses is set out in the following table:

Table 8 GDV for development types

Use	GDV per sq.m
Town Centre Office	£1,027
Business Park	£995
Industrial	£527
Warehouse	£647
Food Retail	£2,938
Retail warehouse	£2,750
Town Centre Retail	£2,267 (Torquay) £1,658 (Paignton/Brixham)
Hotel	£1,512
Care homes	£1,979

1.26 GDV has a significant influence on the residual land value. Because of this the study has subjected the GDV input to sensitivity testing and will be subject to the following inputs:

Table 9 GDV sensitivity tests for development types

-10% of GDV	+10% of GDV

1.27 The GDV inputs are for indicative and illustrative purposes only. The figures are a representation of average pound per square metre rates for new build developments.

Acquisition Fees

1.28 This input represents the legal costs to a developer in the acquisition of land and the development process itself. The input is incorporated into the residual valuation as a percentage of the residual land value at the following rate:

1.29 We also consider the cost of finance for the acquisition of the development land and this is subsequently reflected as a rate deducted from the residual land value:

Table 10 Acquisition fees

10% of Residual Land Value

1.30 The rates chosen to reflect the commercial interest costs at which a financial institution would reasonably lend is based on general long-term trends. All additional costs associated with land finance have also been included within the percentage.

Land Tax

1.31 A Stamp Duty Land Tax is payable by a developer when acquiring development land. This factor has been recognised and applied to the residual valuation as percentage cost against the residual land value at the following rate:

Table 11 Land tax

4% of Residual Land Value (highest rate applicable is used for testing purposes)

Residual Land Value

1.32 After systematically removing the various costs and variables detailed above, the result is the residual land value. In order to ascertain the level of likelihood towards delivery and the level of risk associated with development viability, the resulting residual land values are measured against a benchmark value which reflects a value range that a landowner would reasonably be expected to sell/release their land for development. The results have been identified as either: lower value, medium value, or higher value.

1.33 The benchmark range has been established through research, of the 2009 – 2011 average 'alternative use values' based on typical B1, B2 and B8 industrial use development land values. A premium of 20% has been added to the Alternative Use Value to reflect the motivation to change the use of the land. A value range has then been established by applying a 15% variable either side of the established benchmark. The approximate benchmark range for each of the uses is shown in the following table:

Table 12 Benchmark levels for development types

Land type	Existing use value (per hectare)
Serviced industrial land (B2 & B8)	£0.5m
Residential building (no pp)	£1.1m
Agricultural land	£0.019m

Assumptions and variables notes

1.34 All variables, inputs and values detailed and used within the viability testing is for illustrative and indicative guidance only. Some variables and values fall under areas of the market where there is no formal published research or information – this study has therefore had to identify and establish some variables, inputs and values through holding discussions with property professionals who are active in the Torbay, regional and national property market, as well as utilising our own experience and knowledge in the development sector.

Appendix 3:
Viability assessments – Non-Residential

Torbay Residual Land Valuation
Retail - 3000 sq. m Supermarket

	Quantum			Rate		Total
1. Development Value						
Floorspace	2,500	sq m	@	95.0%		
Rental Value	2,375	sq m	@	£210	per sq m	
Investment Yield	£498,750	p.a.	@	6.4%		
Gross Development Value						**£7,792,969**
Expresssed as GDV/sqm						£3,117
Less buyers costs	*£7,792,969*		@	*5.76%*		*£448,875*
Net Receipts						**£7,344,094**
Expresssed as Net Receipts/sqm						**£2,938**
2. Development Costs						
Construction Costs	2,500	sq m	@	£1,159	per sq m	£2,897,500
External Works (% of build cost)	£2,897,500		@	10.0%		£289,750
Professional Fees (% of all construction)	£3,187,250		@	12.0%		£382,470
Marketing & Sales (% of value)	£7,792,969		@	4.0%		£311,719
BREEAM cost implications	£2,897,500		@	0.0%		£0
Developer Contributions	2,500	sq m	@	£100	per sq m	£250,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£154,929
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£7,792,969		@	20.0%		£1,558,594
Development Costs						**£5,844,961**
Land Value Realised at Sale	£1,499,132					
Less						
Acquisition Fees	1.00	years	@	10.0%		£149,913
Less						
Land Tax			@	4.0%		£59,965
Total Costs						**£6,054,840**
Expresssed astotal cost/sqm						£2,422
Residual Land Value for site						**£1,289,254**
Number of floors	1					
Building footprint	2,500					
Development site coverage	40%					
Balance of site without direct development value	60%	3,750	sqm			
Total site land take		6,250	sqm	0.63	ha	
Residual land value per hectare						**£2,062,806**
Assumed existing use value plus uplift per hectare	£1,100,000					
Site cost						£687,500
Total development cost and site costs						**£6,742,340**
Expresssed astotal cost and site costs/sqm						£2,697
Net residual value of development						**£601,754**
Net residual value per sqm of development						**£241**

Torbay Residual Land Valuation
Retail - 10,000 sq. m Retail Warehouses Scheme of 6 Units

	Quantum			Rate		Total
1. Development Value						
Floorspace	10,000	sq m	@	95.0%		
Rental Value	9,500	sq m	@	£215	per sq m	
Investment Yield	£2,042,500	p.a.	@	7.0%		
Gross Development Value						**£29,178,571**
Expresssed as GDV/sqm						£2,918
Less buyers costs	*£29,178,571*		@	*5.76%*		*£1,680,686*
Net Receipts						**£27,497,886**
Expresssed as Net Receipts/sqm						£2,750
2. Development Costs						
Construction Costs	10,000	sq m	@	£800	per sq m	£8,000,000
External Works (% of build cost)	£8,000,000		@	10.0%		£800,000
Professional Fees (% of all construction)	£8,800,000		@	12.0%		£1,056,000
Marketing & Sales (% of value)	£29,178,571		@	4.0%		£1,167,143
BREEAM cost implications	£8,000,000		@	0.0%		£0
Developer Contributions	10,000	sq m	@	£100	per sq m	£1,000,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£450,868
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£29,178,571		@	20.0%		£5,835,714
Development Costs						**£18,309,725**
Land Value Realised at Sale	£9,188,161					
Less						
Acquisition Fees	1.00	years	@	10.0%		£918,816
Less						
Land Tax			@	4.0%		£367,526
Total Costs						**£19,596,068**
Expresssed astotal cost/sqm						£1,960
Residual Land Value for site						**£7,901,818**
Number of floors	1					
Building footprint	10,000					
Development site coverage	40%					
Balance of site without direct development value	60%	15,000	sqm			
Total site land take		25,000	sqm	2.50	ha	
Residual land value per hectare						**£3,160,727**
Assumed existing use value plus uplift per hectare	£1,100,000					
Site cost						£2,750,000
Total development cost and site costs						**£22,346,068**
Expresssed astotal cost and site costs/sqm						£2,235
Net residual value of development						**£5,151,818**
Net residual value per sqm of development						**£515**

Torbay Residual Land Valuation
Torquay Town Centre Retail - 300 sq. m

	Quantum			Rate		Total
1. Development Value						
Floorspace	300	sq m	@	95.0%		
Rental Value	285	sq m	@	£200	per sq m	
Investment Yield	£57,000	p.a.	@	7.9%		
Gross Development Value						**£721,519**
Expresssed as GDV/sqm						£2,405
Less buyers costs	*£721,519*		@	*5.76%*		*£41,559*
Net Receipts						**£679,959**
Expresssed as Net Receipts/sqm						**£2,267**
2. Development Costs						
Construction Costs	300	sq m	@	£1,251	per sq m	£375,300
External Works (% of build cost)	£375,300		@	10.0%		£37,530
Professional Fees (% of all construction)	£412,830		@	12.0%		£49,540
Marketing & Sales (% of value)	£721,519		@	4.0%		£28,861
BREEAM cost implications	£375,300		@	0.0%		£0
Developer Contributions	300	sq m	@	£50	per sq m	£15,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£18,984
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£721,519		@	20.0%		£144,304
Development Costs						**£669,518**
Land Value Realised at Sale	£10,442					
Less						
Acquisition Fees	1.00	years	@	10.0%		£1,044
Less						
Land Tax			@	4.0%		£418
Total Costs						**£670,980**
Expresssed astotal cost/sqm						£2,237
Residual Land Value for site						**£8,980**
Number of floors	1					
Building footprint	300					
Development site coverage	80%					
Balance of site without direct development value	20%	75	sqm			
Total site land take		375	sqm	0.04	ha	
Residual land value per hectare						**£239,463**
Assumed existing use value plus uplift per hectare	£1,100,000					
Site cost						£41,250
Total development cost and site costs						**£712,230**
Expresssed astotal cost and site costs/sqm						£2,374
Net residual value of development						**-£32,270**
Net residual value per sqm of development						**-£108**

Torbay Residual Land Valuation
Brixham and Paignton Town Centre Retail - 300 sq. m

	Quantum			Rate		Total
1. Development Value						
Floorspace	300	sq m	@	95.0%		
Rental Value	285	sq m	@	£150	per sq m	
Investment Yield	£42,750	p.a.	@	8.1%		
Gross Development Value						**£527,778**
Expresssed as GDV/sqm						£1,759
Less buyers costs	*£527,778*		@	*5.76%*		*£30,400*
Net Receipts						**£497,378**
Expresssed as Net Receipts/sqm						**£1,658**
2. Development Costs						
Construction Costs	300	sq m	@	£1,251	per sq m	£375,300
External Works (% of build cost)	£375,300		@	10.0%		£37,530
Professional Fees (% of all construction)	£412,830		@	12.0%		£49,540
Marketing & Sales (% of value)	£527,778		@	4.0%		£21,111
BREEAM cost implications	£375,300		@	0.0%		£0
Developer Contributions	300	sq m	@	£50	per sq m	£15,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£18,693
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£527,778		@	20.0%		£105,556
Development Costs						**£622,729**
Land Value Realised at Sale	-£125,352					
Less						
Acquisition Fees	1.00	years	@	10.0%		£0
Less						
Land Tax			@	4.0%		£0
Total Costs						**£622,729**
Expresssed astotal cost/sqm						£2,076
Residual Land Value for site						**-£125,352**
Number of floors	1					
Building footprint	300					
Development site coverage	80%					
Balance of site without direct development value	20%	75	sqm			
Total site land take		375	sqm	0.04	ha	
Residual land value per hectare						**-£3,342,707**
Assumed existing use value plus uplift per hectare	£500,000					
Site cost						£18,750
Total development cost and site costs						**£641,479**
Expresssed astotal cost and site costs/sqm						£2,138
Net residual value of development						**-£144,102**
Net residual value per sqm of development						**-£480**

Torbay Residual Land Valuation
Office - 800 sq. m Town Centre B1

	Quantum			Rate		Total
1. Development Value						
Floorspace	500	sq m	@	95.0%		
Rental Value	475	sq m	@	£86	per sq m	
Investment Yield	£40,850	p.a.	@	7.5%		
Gross Development Value						**£544,667**
Expresssed as GDV/sqm						£1,089
Less buyers costs	*£544,667*		@	*5.76%*		*£31,373*
Net Receipts						**£513,294**
Expresssed as Net Receipts/sqm						**£1,027**
2. Development Costs						
Construction Costs	500	sq m	@	£1,300	per sq m	£650,000
External Works (% of build cost)	£650,000		@	10.0%		£65,000
Professional Fees (% of all construction)	£715,000		@	12.0%		£85,800
Marketing & Sales (% of value)	£544,667		@	4.0%		£21,787
BREEAM cost implications	£650,000		@	0.0%		£0
Developer Contributions	500	sq m	@	£50	per sq m	£25,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£31,785
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£544,667		@	20.0%		£108,933
Development Costs						**£988,305**
Land Value Realised at Sale	-£475,011					
Less						
Acquisition Fees	1.00	years	@	10.0%		£0
Less						
Land Tax			@	4.0%		£0
Total Costs						**£988,305**
Expresssed astotal cost/sqm						£1,977
Residual Land Value for site						**-£475,011**
Number of floors	2					
Building footprint	250					
Development site coverage	80%					
Balance of site without direct development value	20%	63	sqm			
Total site land take		313	sqm	0.03	ha	
Residual land value per hectare						**-£15,200,340**
Assumed existing use value plus uplift per hectare	£500,000					
Site cost						£15,625
Total development cost and site costs						**£1,003,930**
Expresssed astotal cost and site costs/sqm						£2,008
Net residual value of development						**-£490,636**
Net residual value per sqm of development						**-£981**

Torbay Residual Land Valuation
Office - 2000 sq. m Business Park B1

	Quantum			Rate		Total
1. Development Value						
Floorspace	2,000	sq m	@	95.0%		
Rental Value	1,900	sq m	@	£80	per sq m	
Investment Yield	£152,000	p.a.	@	7.2%		
Gross Development Value						**£2,111,111**
Expresssed as GDV/sqm						£1,056
Less buyers costs	*£2,111,111*		@	*5.76%*		*£121,600*
Net Receipts						**£1,989,511**
Expresssed as Net Receipts/sqm						£995
2. Development Costs						
Construction Costs	2,000	sq m	@	£1,200	per sq m	£2,400,000
External Works (% of build cost)	£2,400,000		@	10.0%		£240,000
Professional Fees (% of all construction)	£2,640,000		@	12.0%		£316,800
Marketing & Sales (% of value)	£2,111,111		@	4.0%		£84,444
BREEAM cost implications	£2,400,000		@	0.0%		£0
Developer Contributions	2,000	sq m	@	£50	per sq m	£100,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£117,797
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£2,111,111		@	20.0%		£422,222
Development Costs						**£3,681,263**
Land Value Realised at Sale	-£1,691,752					
Less						
Acquisition Fees	1.00	years	@	10.0%		£0
Less						
Land Tax			@	4.0%		£0
Total Costs						**£3,681,263**
Expresssed astotal cost/sqm						£1,841
Residual Land Value for site						**-£1,691,752**
Number of floors	2					
Building footprint	1,000					
Development site coverage	40%					
Balance of site without direct development value	60%	1,500	sqm			
Total site land take		2,500	sqm	0.25	ha	
Residual land value per hectare						**-£6,767,009**
Assumed existing use value plus uplift per hectare	£500,000					
Site cost						£125,000
Total development cost and site costs						**£3,806,263**
Expresssed astotal cost and site costs/sqm						£1,903
Net residual value of development						**-£1,816,752**
Net residual value per sqm of development						**-£908**

Torbay Residual Land Valuation
Industrial (B2) 1500 sq. m

	Quantum			Rate		Total
1. Development Value						
Floorspace	1,500	sq m	@	95.0%		
Rental Value	1,425	sq m	@	£50	per sq m	
Investment Yield	£71,250	p.a.	@	8.5%		
Gross Development Value						**£838,235**
Expresssed as GDV/sqm						£559
Less buyers costs	*£838,235*		@	*5.76%*		*£48,282*
Net Receipts						**£789,953**
Expresssed as Net Receipts/sqm						**£527**
2. Development Costs						
Construction Costs	1,500	sq m	@	£692	per sq m	£1,038,000
External Works (% of build cost)	£1,038,000		@	10.0%		£103,800
Professional Fees (% of all construction)	£1,141,800		@	12.0%		£137,016
Marketing & Sales (% of value)	£838,235		@	4.0%		£33,529
BREEAM cost implications	£1,038,000		@	0.0%		£0
Developer Contributions	1,500	sq m	@	£50	per sq m	£75,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£52,025
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£838,235		@	20.0%		£167,647
Development Costs						**£1,607,018**
Land Value Realised at Sale	-£817,065					
Less						
Acquisition Fees	1.00	years	@	10.0%		£0
Less						
Land Tax			@	4.0%		£0
Total Costs						**£1,607,018**
Expresssed astotal cost/sqm						£1,071
Residual Land Value for site						**-£817,065**
Number of floors	1					
Building footprint	1,500					
Development site coverage	40%					
Balance of site without direct development value	60%	2,250	sqm			
Total site land take		3,750	sqm	0.38	ha	
Residual land value per hectare						**-£2,178,840**
Assumed existing use value plus uplift per hectare	£500,000					
Site cost						£187,500
Total development cost and site costs						**£1,794,518**
Expresssed astotal cost and site costs/sqm						£1,196
Net residual value of development						**-£1,004,565**
Net residual value per sqm of development						**-£670**

Torbay Residual Land Valuation
Industrial (B2) 5,000 sq. m

	Quantum			Rate		Total
1. Development Value						
Floorspace	5,000	sq m	@	95.0%		
Rental Value	4,750	sq m	@	£50	per sq m	
Investment Yield	£237,500	p.a.	@	8.5%		
Gross Development Value						**£2,794,118**
Expresssed as GDV/sqm						£559
Less buyers costs	*£2,794,118*		@	*5.76%*		*£160,941*
Net Receipts						**£2,633,176**
Expresssed as Net Receipts/sqm						**£527**
2. Development Costs						
Construction Costs	5,000	sq m	@	£645	per sq m	£3,225,000
External Works (% of build cost)	£3,225,000		@	10.0%		£322,500
Professional Fees (% of all construction)	£3,547,500		@	12.0%		£425,700
Marketing & Sales (% of value)	£2,794,118		@	4.0%		£111,765
BREEAM cost implications	£3,225,000		@	0.0%		£0
Developer Contributions	5,000	sq m	@	£50	per sq m	£250,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£162,561
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£2,794,118		@	20.0%		£558,824
Development Costs						**£5,056,349**
Land Value Realised at Sale	-£2,423,173					
Less						
Acquisition Fees	1.00	years	@	10.0%		£0
Less						
Land Tax			@	4.0%		£0
Total Costs						**£5,056,349**
Expresssed astotal cost/sqm						£1,011
Residual Land Value for site						**-£2,423,173**
Number of floors	1					
Building footprint	5,000					
Development site coverage	40%					
Balance of site without direct development value	60%	7,500	sqm			
Total site land take		12,500	sqm	1.25	ha	
Residual land value per hectare						**-£1,938,538**
Assumed existing use value plus uplift per hectare	£500,000					
Site cost						£625,000
Total development cost and site costs						**£5,681,349**
Expresssed astotal cost and site costs/sqm						£1,136
Net residual value of development						**-£3,048,173**
Net residual value per sqm of development						**-£610**

Torbay Residual Land Valuation
Industrial - 5,000 sq. m B8 Storage/Distribution

	Quantum			Rate		Total
1. Development Value						
Floorspace	5,000	sq m	@	95.0%		
Rental Value	4,750	sq m	@	£55	per sq m	
Investment Yield	£261,250	p.a.	@	7.5%		
Gross Development Value						**£3,483,333**
Expresssed as GDV/sqm						£697
Less buyers costs	*£3,483,333*		@	*5.76%*		*£200,640*
Net Receipts						**£3,282,693**
Expresssed as Net Receipts/sqm						**£657**
2. Development Costs						
Construction Costs	5,000	sq m	@	£543	per sq m	£2,715,000
External Works (% of build cost)	£2,715,000		@	10.0%		£271,500
Professional Fees (% of all construction)	£2,986,500		@	12.0%		£358,380
Marketing & Sales (% of value)	£3,483,333		@	4.0%		£139,333
BREEAM cost implications	£2,715,000		@	0.0%		£0
Developer Contributions	5,000	sq m	@	£50	per sq m	£250,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£140,033
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£3,483,333		@	20.0%		£696,667
Development Costs						**£4,570,913**
Land Value Realised at Sale	-£1,288,220					
Less						
Acquisition Fees	1.00	years	@	10.0%		£0
Less						
Land Tax			@	4.0%		£0
Total Costs						**£4,570,913**
Expresssed astotal cost/sqm						£914
Residual Land Value for site						**-£1,288,220**
Number of floors	1					
Building footprint	5,000					
Development site coverage	40%					
Balance of site without direct development value	60%	7,500	sqm			
Total site land take		12,500	sqm	1.25	ha	
Residual land value per hectare						**-£1,030,576**
Assumed existing use value plus uplift per hectare	£500,000					
Site cost						£625,000
Total development cost and site costs						**£5,195,913**
Expresssed astotal cost and site costs/sqm						£1,039
Net residual value of development						**-£1,913,220**
Net residual value per sqm of development						**-£383**

Torbay Residual Land Valuation
Hotel - 2,800 sqm (60 bedrooms)

	Quantum			Rate		Total
1. Development Value						
Floorspace	2,000	sq m	@	95.0%		
Rental Value	1,900	sq m	@	£103	per sq m	
Investment Yield	£195,700	p.a.	@	6.1%		
Gross Development Value						**£3,208,197**
Expresssed as GDV/sqm						£1,604
Less buyers costs	*£3,208,197*		@	*5.76%*		*£184,792*
Net Receipts						**£3,023,405**
Expresssed as Net Receipts/sqm						£1,512
2. Development Costs						
Construction Costs	2,000	sq m	@	£1,100	per sq m	£2,200,000
External Works (% of build cost)	£2,200,000		@	10.0%		£220,000
Professional Fees (% of all construction)	£2,420,000		@	12.0%		£290,400
Marketing & Sales (% of value)	£3,208,197		@	4.0%		£128,328
BREEAM cost implications	£2,200,000		@	0.0%		£0
Developer Contributions	2,000	sq m	@	£50	per sq m	£100,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£110,202
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£3,208,197		@	20.0%		£641,639
Development Costs						**£3,690,570**
Land Value Realised at Sale	-£667,165					
Less						
Acquisition Fees	1.00	years	@	10.0%		£0
Less						
Land Tax			@	4.0%		£0
Total Costs						**£3,690,570**
Expresssed astotal cost/sqm						£1,845
Residual Land Value for site						**-£667,165**
Number of floors	2					
Building footprint	1,000					
Development site coverage	50%					
Balance of site without direct development value	50%	1,000	sqm			
Total site land take		2,000	sqm	0.20	ha	
Residual land value per hectare						**-£3,335,825**
Assumed existing use value plus uplift per hectare	£500,000					
Site cost						£100,000
Total development cost and site costs						**£3,790,570**
Expresssed astotal cost and site costs/sqm						£1,895
Net residual value of development						**-£767,165**
Net residual value per sqm of development						**-£384**

Torbay Residual Land Valuation
Mixed Leisure Scheme 8,000 sqm - cinema/bowling

	Quantum			Rate		Total
1. Development Value						
Floorspace	8,000	sq m	@	95.0%		
Rental Value	7,600	sq m	@	£149	per sq m	
Investment Yield	£1,132,400	p.a.	@	8.0%		
Gross Development Value						**£14,155,000**
Expresssed as GDV/sqm						£1,769
Less buyers costs	*£14,155,000*		@	*5.76%*		*£815,328*
Net Receipts						**£13,339,672**
Expresssed as Net Receipts/sqm						**£1,667**
2. Development Costs						
Construction Costs	8,000	sq m	@	£1,440	per sq m	£11,520,000
External Works (% of build cost)	£11,520,000		@	10.0%		£1,152,000
Professional Fees (% of all construction)	£12,672,000		@	12.0%		£1,520,640
Marketing & Sales (% of value)	£14,155,000		@	4.0%		£566,200
BREEAM cost implications	£11,520,000		@	0.0%		£0
Developer Contributions	8,000	sq m	@	£50	per sq m	£400,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£568,457
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£14,155,000		@	20.0%		£2,831,000
Development Costs						**£18,558,297**
Land Value Realised at Sale	-£5,218,625					
Less						
Acquisition Fees	1.00	years	@	10.0%		£0
Less						
Land Tax			@	4.0%		£0
Total Costs						**£18,558,297**
Expresssed astotal cost/sqm						£2,320
Residual Land Value for site						**-£5,218,625**
Number of floors	2					
Building footprint	4,000					
Development site coverage	50%					
Balance of site without direct development value	50%	4,000	sqm			
Total site land take		8,000	sqm	0.80	ha	
Residual land value per hectare						**-£6,523,281**
Assumed existing use value plus uplift per hectare	£500,000					
Site cost						£400,000
Total development cost and site costs						**£18,958,297**
Expresssed astotal cost and site costs/sqm						£2,370
Net residual value of development						**-£5,618,625**
Net residual value per sqm of development						**-£702**

Torbay Residual Land Valuation
Care Homes 1,900 sqm (40 bedrooms) Edge of town

	Quantum			Rate		Total
1. Development Value						
Floorspace	1,900	sq m	@	95.0%		
Rental Value	1,805	sq m	@	£128	per sq m	
Investment Yield	£230,462	p.a.	@	6.1%		
Gross Development Value						**£3,990,000**
Expresssed as GDV/sqm						£2,100
Less buyers costs	*£3,990,000*		@	*5.76%*		*£229,824*
Net Receipts						**£3,760,176**
Expresssed as Net Receipts/sqm						£1,979
2. Development Costs						
Construction Costs	1,900	sq m	@	£1,316	per sq m	£2,500,400
External Works (% of build cost)	£2,500,400		@	10.0%		£250,040
Professional Fees (% of all construction)	£2,750,440		@	12.0%		£330,053
Marketing & Sales (% of value)	£3,990,000		@	4.0%		£159,600
BREEAM cost implications	£2,500,400		@	0.0%		£0
Developer Contributions	1,900	sq m	@	£50	per sq m	£95,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£125,066
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£3,990,000		@	20.0%		£798,000
Development Costs						**£4,258,159**
Land Value Realised at Sale	-£497,983					
Less						
Acquisition Fees	1.00	years	@	10.0%		£0
Less						
Land Tax			@	4.0%		£0
Total Costs						**£4,258,159**
Expresssed astotal cost/sqm						£2,241
Residual Land Value for site						**-£497,983**
Number of floors	2					
Building footprint	950					
Development site coverage	50%					
Balance of site without direct development value	50%	950	sqm			
Total site land take		1,900	sqm	0.19	ha	
Residual land value per hectare						**-£2,620,962**
Assumed existing use value plus uplift per hectare	£500,000					
Site cost						£95,000
Total development cost and site costs						**£4,353,159**
Expresssed astotal cost and site costs/sqm						£2,291
Net residual value of development						**-£592,983**
Net residual value per sqm of development						**-£312**

Torbay Residual Land Valuation
Health & Fitness 4,000 sqm

	Quantum			Rate		Total
1. Development Value						
Floorspace	4,000	sq m	@	95.0%		
Rental Value	3,800	sq m	@	£105	per sq m	
Investment Yield	£399,000	p.a.	@	7.0%		
Gross Development Value						**£5,700,000**
Expresssed as GDV/sqm						£1,425
Less buyers costs	*£5,700,000*		@	*5.76%*		*£328,320*
Net Receipts						**£5,371,680**
Expresssed as Net Receipts/sqm						**£1,343**
2. Development Costs						
Construction Costs	4,000	sq m	@	£1,141	per sq m	£4,564,000
External Works (% of build cost)	£4,564,000		@	10.0%		£456,400
Professional Fees (% of all construction)	£5,020,400		@	12.0%		£602,448
Marketing & Sales (% of value)	£5,700,000		@	4.0%		£228,000
BREEAM cost implications	£4,564,000		@	0.0%		£0
Developer Contributions	4,000	sq m	@	£50	per sq m	£200,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£226,907
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£5,700,000		@	20.0%		£1,140,000
Development Costs						**£7,417,755**
Land Value Realised at Sale	-£2,046,075					
Less						
Acquisition Fees	1.00	years	@	10.0%		£0
Less						
Land Tax			@	4.0%		£0
Total Costs						**£7,417,755**
Expresssed astotal cost/sqm						£1,854
Residual Land Value for site						**-£2,046,075**
Number of floors	1.0					
Building footprint	4,000					
Development site coverage	80%					
Balance of site without direct development value	20%	1,000	sqm			
Total site land take		5,000	sqm	0.50	ha	
Residual land value per hectare						**-£4,092,150**
Assumed existing use value plus uplift per hectare	£500,000					
Site cost						£250,000
Total development cost and site costs						**£7,667,755**
Expresssed astotal cost and site costs/sqm						£1,917
Net residual value of development						**-£2,296,075**
Net residual value per sqm of development						**-£574**

Torbay Residual Land Valuation
200 Room Student Accommodation (5,200 sqm)

	Quantum			Rate		Total
1. Development Value						
Floorspace	5,200	sq m	@	95.0%		
Rental Value	4,940	sq m	@	£180	per sq m	
Investment Yield	£889,674	p.a.	@	6.7%		
Gross Development Value						**£13,977,600**
Expresssed as GDV/sqm						£2,688
Less buyers costs	*£13,977,600*		@	*5.76%*		*£805,110*
Net Receipts						**£13,172,490**
Expresssed as Net Receipts/sqm						£2,533
2. Development Costs						
Construction Costs	5,200	sq m	@	£1,307	per sq m	£6,796,400
External Works (% of build cost)	£6,796,400		@	10.0%		£679,640
Professional Fees (% of all construction)	£7,476,040		@	12.0%		£897,125
Marketing & Sales (% of value)	£13,977,600		@	4.0%		£559,104
BREEAM cost implications	£6,796,400		@	0.0%		£0
Developer Contributions	5,200	sq m	@	£50	per sq m	£260,000
Development Costs Finance (on half build costs)	1.00	years	@	7.5%		£344,710
Void Finance (on total development costs)	0.00	years	@	7.5%		£0
Margin on GDV	£13,977,600		@	20.0%		£2,795,520
Development Costs						**£12,332,499**
Land Value Realised at Sale	£839,991					
Less						
Acquisition Fees	1.00	years	@	10.0%		£83,999
Less						
Land Tax			@	4.0%		£33,600
Total Costs						**£12,450,098**
Expresssed as total cost/sqm						£2,394
Residual Land Value for site						**£722,393**
Number of floors	4					
Building footprint	1,300					
Development site coverage	90%					
Balance of site without direct development value	10%	144	sqm			
Total site land take		1,444	sqm	0.14	ha	
Residual land value per hectare						**£5,001,179**
Assumed existing use value plus uplift per hectare	£1,100,000					
Site cost						£158,889
Total development cost and site costs						**£12,608,987**
Expresssed astotal cost and site costs/sqm						£2,425
Net residual value of development						**£563,504**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