Woking Borough Council

Local Development Framework: Economic Viability Assessment

Report for the consideration of Woking Borough Council:

This document does not constitute Council Policy

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Appendices

[1] Base Appraisals assume base build costs; CfSH Level 4; 17.5% developer's profit, 70% / 30% tenure mix; £5,000 per unit planning infrastructure costs, nil grant.

EXECUTIVE SUMMARY

Introduction and Background:

1 In the process of considering and developing its planning-led affordable housing policies the Council commissioned Adams Integra to study the suitability of various potential policy positions – in terms of likely impact on residential development viability.

2 The Government's key statement on planning for housing, Planning Policy Statement 3 (PPS3), requires local authorities to enable bringing forward a suitable, balanced housing mix including affordable housing. It confirms the well established route for the principles of seeking integrated affordable housing within private market housing developments. It encourages local authorities to make best use of this approach bearing in mind their local markets and circumstances. As a part of this, PPS3 also requires local authorities to consider development viability when setting policy targets for affordable housing.

3 This commission was therefore made against the backdrop of PPS3, in the context of building the evidence base for, and considering the affordable housing content of, Core Strategy Policies for the Council's LDF.

4 The study is to be considered as part of and alongside the Council's developing wider evidence base, including on the local housing market and housing needs; and information on the range of site sizes and types which are likely to come forward.

5 In summary, the Council's recent approach (currently applied policy for negotiating affordable housing from private residential development) has been to seek 35% affordable housing based on a threshold of 15 dwellings, in accordance with the requirements of PPS3.

6 This study is required to review options around this and recommend suitable policy positions from a viability point of view.

7 Maintaining the viability (in this sense meaning the financial health) of residential development schemes is crucial to ensuring release of sites and thus a continued supply of housing of all types. The study addresses only affordable housing which is required to be provided within market housing schemes under the existing established approach of setting site size thresholds (point(s) at which the affordable housing policy is triggered) and proportions of affordable housing to be sought at those points.

8 The study is based on carrying out a large number of developer type appraisals. These use well-established "residual land valuation" techniques to approximate the sum of money which will be left for land purchase once all the development

costs, including profit requirements, are met (hence "residual land value" – known as 'RLV'). The study methodology is settled and tested, having been used in a wide range of local authority locations for this purpose.

9 We vary the affordable housing assumptions across the range of appraisals and the outcomes inform our judgements on the likely workability of various policy positions from a viability viewpoint. Having fixed development costs and profit requirements, we can see the impact on development viability caused by variations to the amount and type of affordable housing. Two of the key ingredients to ensuring viable development are sufficient land value created by a development (relative to existing or alternative use values; or perhaps to an owner's particular circumstances) and adequate developer's profit in terms of risk reward.

10 Affordable housing impacts development viability because it provides a significantly reduced level of revenue to the developer compared with market level sales values.

Woking Borough Council Property Market and Viability Findings

11 Before commencing its appraisal modelling Adams Integra researched the local residential property market to inform a range of appraisal assumptions on residential property values levels, and to help set the context for considering the appraisal outcomes. This research is included within our Property Values Report, which is to be found at Appendix III to the rear of the full study document.

12 We saw a range of values on reviewing the overall (resale property dominated) market and the new builds market. Although at the time of the study there was a small amount of information available on new build property (due to low levels of development and thus new builds marketing activity), values for typical new build property seemed to show less variation across the Borough than the overall market picture suggested. New build values did not always fit well with the perceptions and values patterns indicated by the overall market picture.

13 A scale of 7 Value Points (value levels) was settled on – over which the appraisal modelling was carried out. Those points cover values between £2,500 and £5,000 per sq metre (approximately £232 to £465 per sq ft) sales rate.

14 Some further analysis of the pricing information gathered indicated that the average new build marketing price point for Woking as a whole area was about £3,800/sq m. The range of new build values seen was from approximately £2,800 per sq m to just over £5,000 per sq m. The analysis indicated very few instances of values significantly below £3,000/sq m – regardless of location and after adjustments from marketing price.

15 For ease of reference, the Value Points – "VPs" selected are as follows:

- Point 1: £2,500/m² (meaning lower than majority of current low end new build values – in event of market falling further)
- Point 2: £3,000/m²
- Point 3: £3,500/m²
- Point 4: £4,000/m²
- Point 5: £4,500/m²
- Point 6: £5,000/m² (which exceeded typical levels).

Combined with property size assumptions, these provide a wide range of values which we assumed for the dwellings within the notional development schemes we modelled.

16 There can be no such thing as a formal/fully reliable hierarchy of value levels, but in terms of general patterns the following was indicated for the Borough (by neighbourhood area as provided by Woking Borough Council):

Horsell (Highest average prices and values)
Byfleet, West Byfleet, Pyrford
Hook Heath, Mount Hermon, St Johns & Mayford
Maybury
Knaphill & Brookwood
Old Woking, Kingfield & Westfield
Goldsworth Park
Sheerwater
Woking Town (Lowest average prices and values)

17 This study is being carried out at a time of still relatively fragile and very uncertain market conditions (although there have been recent mixed signs of some degree of improvement in confidence levels in the last 9 months or so). An assumption has to be made that assumes an active market where schemes are brought forward, as with prior to the economic downturn.

18 In general there is a strong tone of viability results, with typical local value levels showing good viability outcomes assuming a more normal level of development activity, but current poor market conditions exacerbating issues that flow from lower end value levels which could be seen more often if current trends continue. Affordable housing requirements are not the single cause of the mixed results.

19 The current lack of activity in the market has caused a virtual stalling of new housing supply. However, underlying value levels in Woking are still very high – typically on a par with those seen elsewhere in the sub-region where similar studies have been prepared or are in the process of completion, and where there are now examples of developing and established policies. Land prices are primarily driven by these property value levels, and this does also mean that land price expectations locally tend to be high too.

20 We consider that in the overall context of the Borough - with varying values - and assuming variable market conditions over the LDF period, a 40% headline would be a sufficiently challenging and appropriately pitched target. We think this will be the case even if values hold up well from this point. A range of other requirements needs to be considered alongside affordable housing. Beyond this level, any target would be potentially too ambitious in our view – given the range of and direction of wider planning obligations and other development costs. Adding to this picture, affordable housing provision needs to be about quality and mix, and not just numbers.

21 In Woking we do also see some values below the levels which would be required to support the 40% target level when considered alongside other requirements. This is also relevant to the positioning of targets, and particularly to not over-reaching with those, especially when market movements could see the frequency of those scenarios increase.

22 In our view the current economic downturn should not be the only factor that determines policy positions, given that housing need is worsening and that those same conditions (with consequent job losses, lack of suitable mortgage arrangements, etc) are most likely to be adding to the needs trend. The Council needs to find a balance between the opposing tensions of housing need and viability and we think a 40% headline position meets that criterion better than the alternatives considered.

23 Whilst we have to consider the particular market conditions now in coming to our recommendations, those are very likely to change in some way over a short period of time in relation to the planning periods being considered. We do not consider that it is appropriate or realistic to set strategic policies and targets based on a snapshot of current market features alone. Such an approach could mean regularly varying those policies and targets. That could lead to potential inequities and requirements that are uncertain – the approach needs to create certainty and clarity of expectations.

24 When considering delivery based on challenging targets, particularly in the short-term as policy expectations change and we have continuing difficult market conditions, it is vital that the Council continues to apply policy with flexibility where needed.

25 Given the level of need and type of site supply (the significant role of smaller sites in the Borough) the Council is also considering widening its approach by bringing within the policy scope a wider set of, or potentially all, schemes which include an element of residential development. This could be part of looking for an appropriately challenging but reasonably market-sensitive approach which, overall, could be more equitable than focussing only on the sites that fall above the 15 dwelling threshold.

26 Having stated within this study that smaller sites are no more or less viable than larger ones (i.e. site size in itself is not a determinant of viability), we recommend the application of reduced target proportions to smaller sites which are currently outside the affordable housing policy scope. In Woking Borough Council's case this means sites of fewer than 15 dwellings.

27 This is related to the issue of the significant first-time impact of policy in such situations. Also to be considered is how the RLV tends to reduce the smaller the development scheme, so that it is more likely to become increasingly marginal compared with existing/alternative land use values.

28 While there could be various options around this sliding scale type approach, relating to the various threshold points and proportion (%) combinations, as well as to the potential role of a financial contributions approach, our recommendations are set out below. The wider options are discussed in the report chapters 4 and 5.

29 The potential policy positions are suggested not in isolation of other scheme costs and planning obligations, but have been arrived at through including assumptions on a range of other matters as set out in the study detail – the key areas being:

- Planning infrastructure obligations
- Sustainable construction and design standards (costs of achieving those).

Findings and Recommendations

30 A **headline affordable housing target of 40% applicable to schemes of 15 or more dwellings.**

31 The **potential to lower the threshold** to include schemes in the range 1 to 14 dwellings (or across a part of that range) could also be considered for policy development.

32 Considering on-site affordable housing applicable to schemes of 5 or more dwellings; not fewer – owing to potential integration, sustainability, management and other likely practical issues. As an alternative, on-site requirements could be triggered at 10 dwellings.

33 **A target proportion of 20% (not more) appropriate to schemes of 5 to 9 dwellings**, if included within the policy scope.

34 **A target proportion of 30% (not more) appropriate to schemes of 10 to 14 dwellings**.

35 The **possibility of seeking financial contributions in lieu of on-site provision for sites within the range 1 to 14 dwellings**. In particular this is **suggested for consideration as an alternative for sites of fewer than 10 dwellings; and in any event for sites for fewer than 5 if those are to come within the policy scope.**

36 An equivalent proportion of not more than 20% for use with a financial contributions approach (a 10% target equivalent proportion could be considered as an additional step within the scale for sites fewer than 5 dwellings, if those are included within the policy scope).

37 Carefully considered calculation of any financial contributions levels and details.

38 Again with all outcomes dependent on site specifics (with a backdrop of certainty of expectations). An appropriate balance is required between affordable housing needs and development viability.

39 Clarity of expectations will be needed, including on the net/gross application of polices (noting that in our experience inspectors have focused on the sensitivities around this, particularly on the very smallest schemes of less than say 5 dwellings).

40 Some flexibility may well be needed on the application of affordable housing targets particularly in the short-term (noting the market difficulties) and especially if the collective costs burden on schemes is to rise significantly (including higher Code for Sustainable Homes Levels and increased wider planning obligations). The cumulative effect of increasing cost areas will need to be viewed alongside affordable housing needs and aspirations. This approach should extend to considering the collective burden placed on development schemes in terms of planning obligations and potentially other costs – potential prioritisation in certain situations. It needs to be kept in mind that affordable housing is not just about numbers.

41 Due to potential existing and alternative use values relevant to schemes and owners' circumstances combined with the specific characteristics of sites, it is impossible to provide definitive "cut-off" points where viability will be compromised to the degree that development may not take place. However, it is possible to provide likely outcomes at varying levels – based on judgements from review of the results.

42 Approximate residual land values (RLVs) should not be considered in isolation. It is also necessary to consider the change in these as affordable housing requirements (and other obligations and costs) are varied. The study explores the scale of reduction in land values flowing from the proposed policy impact in each case. Whether a specific site comes forward for residential development will hinge on the wide range of factors to be discussed in the report, not least any competing land use value (and potential incentive level in some situations) –

which will usually be highly site specific and need consideration accordingly, particularly if viability issues are expressed.

43 Above all, clarity of expectations is required. The study is to guide policy development and therefore set a realistic backdrop for site-specific negotiations; it is not intended to override detailed outcomes which will always need site-specific consideration. We envisage that the Council will require the usual approach of developers sharing viability information where they need to demonstrate viability issues – leading to open working for appropriate solutions in the particular circumstances.

1 INTRODUCTION

1.1 Background

1.1.1 Woking Borough Council is in the process of preparing its Core Strategy Development Plan Document (DPD) as part of the Local Development Framework (LDF).

1.1.2 Woking Borough's Local Plan was adopted in 1999. This set out affordable housing policies as follows:

"…on all other housing sites of more than 1 hectare or 25 units the Council will normally expect an element of affordable housing to be provided …the exact proportion to be determined through consideration of market and site conditions and local needs through a process of negotiation with the developer of the site".

The supporting text to the policy goes on to say that *"…it is likely that at least 25% of the housing on identified sites and likely future windfall sites of at least 25 units or 1 ha will need to be affordable".*

1.1.3 This policy was further supplemented by the Council's Affordable Housing Supplementary Planning Guidance adopted in March 2004. This set out the following requirements:

> *"That the Borough Council will expect 35% affordable housing on sites that trigger the threshold and will refuse planning permission if this is not provided unless there are clear reasons why this is not deliverable".*

1.1.4 In negotiating affordable housing the Council has more recently been applying the policy to sites of 15 or more dwellings based on the requirements of Planning Policy Statement 3: Housing (PPS3).

1.1.5 In September 2007 the Secretary of State issued a direction that listed which of Woking Borough Council's policies could be saved beyond this date so as to be used to inform planning decisions. This included Policy HSG 10: 'Affordable Housing Through New Build'.

1.1.6 In October 2009 the Council released for consultation an Issues and Options document which set out the key issues that the Core Strategy will have to address and the options the Council have for tackling them. This includes reviewing its policies for planning-led affordable housing.

1.1.7 The purpose of this study is to contribute to a robust evidence base to support the preparation of the Council's Core Strategy, other LDF documents and any other planning policy documents relating to affordable housing. The study assesses the (financial) capacity of residential development schemes in the Borough to deliver affordable housing without their viability being unduly affected. This is in the context of developing suitable affordable housing policies which aim to strike an appropriate balance between affordable housing needs and scheme viability, bearing in mind the need to also maintain overall housing supply. Specifically the study is carried out in accordance with Planning Policy Statement 3 (PPS3) - Housing[2] and its accompanying document “Delivering Affordable Housing”[3], and with reference to sub-regional and regional policies.

1.1.8 Paragraphs 27-30 of PPS3, in particular, deal with the Government’s approach to, and key guidance to local authorities on, seeking affordable housing through Local Development Documents (LDDs). Paragraph 29 is the focus of this, within which local authorities are required to undertake an informed assessment of the economic viability of any proposed affordable housing thresholds and proportions.

1.1.9 The main objectives of this study are:

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

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

- An assessment of potential development scenarios of sites that should be used to reflect viability in the Borough overall, in terms of scope to deliver the affordable housing requirements; and,

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

1.1.10 Woking Borough is an area with generally high house prices, particularly in relation to median incomes locally - and therefore affordability of housing is a major issue. Findings from the Council’s Strategic Housing Market Assessment with data taken from an earlier Housing Needs and Market Assessment[4] suggest a net affordable need of 499 per annum. The SHMA recommends that, based on the evidence found, consideration should be given to an affordable housing target of 40% affordable housing with a tenure mix of approximately 61% affordable rent to 39% intermediate housing.

[2] Communities and Local Government - Planning Policy Statement 3: Housing (November 2006)
[3] Communities and Local Government - Delivering Affordable Housing (November 2006)
[4] Fordham Research - West Surrey Strategic Housing Market Assessment (February 2009)

Woking Borough Council however have looked at the crude average taken from the earlier Housing Needs and Market Assessment (Table 10.3 of that document) and concluded that a tenure split of 77.5%/22.5% affordable rent/intermediate rent better reflected the need in the Borough. On consultation with Woking Borough Homes, this was further refined to 70%/30% tenure split, thought to be a more realistic split.

1.1.11 As acknowledged at 1.1.7, however, it is important that the Council's policies do not deter development through unduly reducing the supply of land brought forward for residential development more widely. Any policy must balance delivery of affordable housing and planning obligations with maintaining sufficient incentive (reasonable land value levels) for landowners to release land – allowing developers to promote and bring forward schemes.

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

1.1.13 Specifically, it investigates and assesses the likely impact on land values, and therefore on development viability, of a range of affordable housing policy options being considered for application to private (market sale) residential schemes across the Borough. These are considered alongside wider planning obligations and costs. The range of testing carried out for this study is shown at Appendix I – Development Scenarios.

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

1.1.15 The study tests the impact of a range of affordable housing proportions, in order to generate a feel for viability based on current requirements and how that varies with potential changes to those. The key outcomes are advice on the thresholds and proportions of affordable housing that are considered to be broadly viable and therefore suitable as targets.

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

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

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

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

1.1.20 The methodology and assumptions used are described in Chapter 2; the results are discussed in Chapter 3; the conclusions and recommendations are set out in Chapters 4 and 5. Chapter 6 includes wider discussion points in relation to affordable housing delivery. The tables, graphs and associated information referred to throughout this study are appended to the rear of the document.

2 METHODOLOGY AND ASSUMPTIONS

2.1 Background

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

2.1.2 This study investigates residential development scenarios across a range of scheme sizes. Schemes sizes of between 5 and 100 dwellings have been considered in respect of potential on-site affordable housing provision. Appendix I – Development Scenarios – outlines the range of appraisals carried out for scenarios which include on-site affordable housing.

2.1.3 The schemes modelled are notional sites chosen to reflect scenarios that best match the various policy options to be tested. At certain scheme sizes, a range of dwelling mixes has been tested. These were arrived at through discussion with the Council's officers based on the range of site types which have and are likely to come forward across Woking Borough. As a starting point these were based on the Council's 'exemplar' scheme types taken from the Strategic Housing Land Availability Assessment (SHLAA)[5]. These were then adapted and altered to enable development viability to be tested at a range of points with reference to potential affordable housing policy thresholds and varying dwelling mix, as part of this strategic overview work. The smaller scheme sizes enable us to test viability at potential lowered thresholds, whereas the larger notional schemes enable us to test the impact of varying the proportion of affordable housing on sites that already trigger the requirement for affordable housing (i.e. developments of 15 or more dwellings, as per the current approach).

2.1.4 These should reasonably reflect a range of scheme types coming forward now and in the future, though it is acknowledged that a strategic overview cannot and does not need to cover the very wide range of potential scenarios that may be seen in practice.

2.1.5 The financial impact, and therefore viability, of collecting carefully judged financial contributions in lieu of on-site affordable housing provision has also been tested on sites of 1 to 14 dwellings. This enables us and the Council to

[5] Woking Borough Council Local Development Framework Research Report – Woking Strategic Housing Land Availability Assessment (July 2009)

consider a financial contributions approach for potential application to smaller sites or certain smaller sites within this size range, if appropriate.

2.1.6 An alternative approach to testing development viability on a strategic basis could be to investigate the development viability with reference to actual sites. We have chosen the notional approach for a number of reasons including:

- Our established approach to this viability work, including the use of notional sites, has been tested successfully through the former Local Plan Inquiry and current Development Plan Examination processes.
- Understandably, there can be difficulties in obtaining sensitive information from developers and landowners in relation to actual sites. This leads to appraisals of actual sites becoming heavily assumption based in any event.
- The use of actual sites affects our ability to compare outcomes ‘like with like’ to assess the impact of varying affordable housing requirements – the key viability factor being studied. Affordable housing impacts can become blurred with, or by, other issues which vary from one site to another when specifics are examined in detail.
- Sensitivities with reporting, information and potential effect on future negotiations.
- Site sizes may not align to studying potential threshold points.
- An actual site approach can be very resource hungry and thus costly for this stage of the process.
- Ultimately, unless extensively applied (noting the previous point) and still assumption based, an actual sites approach does not fit well with taking a strategic overview of the impact of potential affordable housing polices, when in fact sites vary so much.
- All noting that there is no published good practice guidance on a methodology to follow for carrying out development viability studies.

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

2.2 Residual Land Value (RLV) Appraisal Methodology

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

2.2.2 The key viability outcome and indicator for this study is the land value that can be generated where there is a predetermined and fixed level of developer profit assumed (alongside an allowance for all other assumptions that have been included and varied in this report). The study is not based on the notion of fixed land values with developer's profit varying as affordable housing or other requirements change. Land value expectations (and how those will inevitably need to be adjusted over time with changing markets in addition to changing planning and environmental requirements) are central to this work and to the ongoing negotiation and delivery processes. Local authorities and others involved in the process must recognise that developers need to make appropriate profits, and this work is not based on a premise that those should be eroded below reasonable levels. This area is discussed further below, including at 2.5 – Developer's Profit.

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

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

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

2.2.6 The simplest, most effective and widely understood way of checking site viability in most instances is via a developer-type Residual Land Value (RLV) appraisal (see Appendix V – Glossary). We have developed our own spreadsheet tool for this purpose. In doing so we have made what we feel are reasonable assumptions but it must be noted that individual developers will have their own varying approaches, and a developer might also apply a different approach from one scheme to another. Consultation has been carried out with key stakeholders locally (see section 2.11).

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

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

Starting point is total sales value ("Gross Development Value")	
Number of Units =	10
Sales Value =	£120,000
Gross Development Value = A	£1,200,000
Development Costs (build costs, fees, etc.) = B	£575,000
Development Profit (@17.5% of Sales Value) = C	£210,000
Land Purchase Costs and Planning Infrastructure (not including affordable housing element) = D	£75,000
"Residual Land Value" (Gross Development Value - Development Costs - Profit - Land Purchase and Planning Obligations) = E	
A – (B + C + D) = E	**£340,000**

2.2.8 This method reflects one of the main ways of how development viability tends to be assessed. We have been able to verify our experience and thoughts on the structure of, and components within, the approach and indicative output land values through our contact with developers and their advisers, through our experience of site specific appraisal work and comparison with inputs and outputs used in/by a range of similar tools.

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

2.2.10 Accounted for within this RLV calculation is the inclusion of an affordable housing element, whereby the developer receives a payment from a Registered Social Landlord ('RSL') (or other affordable homes provider) for a number of completed affordable homes provided within a market housing development. This level of receipt is based on a predetermined calculation, and it is not at a level comparable with open market values. Essentially, this (usually significantly) reduced level of revenue to the scheme, relative to market level receipts (sales values), is where the key viability impact of the affordable housing comes from.

2.2.11 In addition, an allowance for other planning infrastructure (usually in the form of Section 106 obligations) costs is also included. Although in practice these payments will be calculated on a site-by-site basis (depending on dwelling mix and location, etc), this study looks at a range of fixed overall costs (per dwelling) to determine the additional impact that varying planning infrastructure costs may have on development viability in tandem with other potential cost areas (e.g. – but not exclusively - renewable energy, Code for Sustainable Homes etc). This fits with the necessary strategic overview approach, and also informs the Council's wider thinking on collective costs and obligations. See paragraphs below (from 2.9) on Other Assumptions.

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

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

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

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

2.3 Property Values and Market Backdrop

2.3.1 In determining the range of modelling to be carried out, it was decided to consider a scale of “Value Points” appropriate to the Borough area as a whole, rather than concentrate on the specifics of neighbourhood areas or centres (across which values can vary greatly in any event). This fits the strategic approach needed. It allows a more meaningful review of trends – how viability varies with the key driver of values. By taking a Value Points approach effectively we are considering what the viability of a scheme might look like if it were moved to a range of locations. The methodology also enables us to review the impact of changing market conditions as are likely to affect values over time. The resulting scope of outcomes, therefore, means we can see what happens as we move a particular scheme type around the Borough and/or expose it to varying market demand levels as could affect its values.

2.3.2 We undertook research into property prices, across the Borough as a whole, on a detailed localised basis from February to March 2010, to determine a realistic range of development values (property sales values) for each of our appraisals. The research was kept open during the study period – so that we could also consider any further information that became available in interpreting the results.

2.3.3 We carried out a review of the pricing of all available and "sold subject to contract" properties (1 and 2-bed flats and 2, 3 and 4-bed houses) across the area. This was undertaken using internet searching ('rightmove'[6] being the key source). This part of the exercise helped us to understand and consider, very broadly, how values vary with location across the Borough in the context of the Value Points and whether (and if so what) particular values patterns are seen. It enables us to provide reasonable average values for the Borough, and localities within it, by dwelling type.

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

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

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

[6] www.rightmove.co.uk

2.3.7 The results of the property values research, and in particular the new build values research, led to the formation of 6 Value Points (see Figure 2 below) within which new build housing values in most areas of Woking Borough fall The upper and lower Value Points (1 and 6) were used in the modelling for this study to enable us to consider the sensitivity of results to market conditions and price levels outside the *typical* range seen at the time of the study. As stated above, most areas see a variety of property values (even within the same postcode area or down to street level), therefore the results of this research can be used independently of location where approximate sales values can be estimated. The overall range covers values from £2,500/m² (about £230/ft²) to £5,000/m² (about £465/ft²), with the core part of the range in the current climate being £3,000/m² (about £280/ft²) to £4,500 (about £420/ft²).

Figure 2: Summary of Value Points Adopted (example prices based on assumed floor areas, but also applicable to other dwelling types and sizes):

Property Type / Value Point	1-Bed Flat (50m²)	2-Bed Flat (67m²)	2-Bed House (75m²)	3-Bed House (85m²)	4-Bed House (100m²)	£ per m²
Value Point 1	£125,000	£167,500	£187,500	£212,500	£250,000	£2,500
Value Point 2	£150,000	£201,000	£225,000	£255,000	£300,000	£3,000
Value Point 3	£175,000	£234,500	£262,500	£297,500	£350,000	£3,500
Value Point 4	£200,000	£268,000	£300,000	£340,000	£400,000	£4,000
Value Point 5	£225,000	£301,500	£337,500	£382,500	£450,000	£4,500
Value Point 6	£250,000	£335,000	£375,000	£425,000	£500,000	£5,000

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

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

2.3.10 Prior to and during the study period, there has been continued reporting at all levels of a weak and uncertain property market. As at February/March 2010 (the research period) these conditions could not be described as over. However, in the last few months modest month on month average house price increases have been seen in many areas. One of the principal concerns with the market recently has been the volume of sales being achieved rather than simply the value levels. Sales volume is difficult to reflect in financial viability terms. It may affect developers' views on risk levels, and it may affect development and sales periods, and thus finance periods. These will in any event be site-specific factors. To what extent the depressed levels of market activity, if prolonged, will ultimately affect value levels with time remains to be seen. However, it should also be noted that value levels are still high when long-term trends are reviewed. In the past, schemes have been brought forward and have therefore been viable at similar or lower value levels.

2.3.11 This is also discussed later in the report and our market review information is included Appendix III. There are still wide-ranging views as to what extent the market is stabilising overall. Examples of characteristic features of the downturn to be noted in the context of this study have included:

- Mortgage lending well down. Increased deposit requirements and difficulties in obtaining funding more widely experienced by prospective purchasers.

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

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

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

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

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

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

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

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

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

- Fewer investment buyers active.

2.3.12 Despite the recent signs of a more positive market picture, it would be premature to say that the above effects are now a thing of the past. Some key commentators consider there to be a strong possibility of a further dip in the market in 2010 and into 2011. This is because house prices have received some protection through a lack of supply, rather than through significantly increased confidence levels or significantly improved availability and terms of mortgage finance. In terms of study methodology, the continued uncertainties are very difficult to reflect in the detail, beyond considering varying house price levels as those drive scheme viability. The economic backdrop remains weak, with unemployment fears still apparent. The recent General Election and subsequent Budget may also affect market confidence.

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

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

2.3.15 A key message for local authorities in this situation is the need to monitor the market, housing delivery outcomes and trends locally - and respond to those through consideration of contingency measures and possible policy review longer-term. It is also about adopting a practical and flexible approach to secure delivery of all housing types, especially in the short-term. This theme will be picked up again in Chapters 4 and 5.

2.4 Gross Development Value (GDV)

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

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

2.5 Developer's Profit

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

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

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

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

2.5.5 At the time of considering the study assumptions, Adams Integra's experience of working with a range of developers and of reviewing appraisals, lead us to suggest that they would need to seek a fixed profit (margin) of approximately 15% to 20% (gross) of GDV.

2.5.6 This study therefore uses a developer's profit-based assumption fixed at 17.5% of GDV. Lower and higher profit levels than those we have assumed may well be appropriate, depending on the nature of the project and risk/reward scenario – and in this sense also the market conditions. Some developers will look at alternative profit criteria, for example a higher percentage (perhaps up to 30%) of capital employed. Different profit aspirations will also be held by different types of house building and development companies.

2.5.7 Until recently, the former Housing Corporation Economic Appraisal Toolkit (re-launched in Summer 2009 by the Homes and Communities Agency (HCA)) developer's profit guide figure was 15%. This was raised to 17.5% at that point of the re-launch.

2.5.8 Our experience shows that particularly for smaller and lower risk schemes, and those often carried out by smaller more local developers (or contractor developers), a lower level of developer profit may well be an appropriate assumption. However, given our acknowledgement of varying profit levels, as above, we have carried out our base appraisals assuming 17.5% developer's profit with further sensitivity analysis carried out on the basis of 20% developer profit (based on GDV). In this context, development profit can be regarded as a development cost. In reality, again there will be no substitute for site-specific consideration of the details – as with other assumptions that will be reviewed where viability is discussed on sites coming forward. The assumptions used here are suitable guides and starting points, but should not be regarded as fixed figures which will always suit.

2.6 Model Scenarios, Property Types, Size and Mix

2.6.1 The Council required a range of scenarios to be appraised to assess the viability of the potential approach to thresholds and proportions of affordable housing.

2.6.2 In considering on-site provision of affordable homes, the scheme types modelled range in size from 5 to 100 dwellings to allow the study to investigate a full range of potential policy options.

2.6.3 The scenarios modelled tended to concentrate on smaller sites, as in our experience the most sensitive area can be around newly captured sites (which under adopted policy, provided no affordable housing contribution and therefore which see a large – “first time” - viability impact on policy adoption). Variations to the dwelling mix help to consider the impact of various dwelling types on development viability, within and between these scenarios.

2.6.4 The schemes were tested using 0% (representing adopted policy on sites of fewer than 15 units) and at 20%, 30% and 40% affordable housing. This range of testing allows us to investigate viability related to a range of potential options for policy development around both the proportion of affordable housing sought and the threshold positions. These options include potential lower proportions of affordable housing sought from smaller sites below the current 15 unit threshold - as part of a sliding scale type approach to affordable housing policy. In addition, modelling has been carried out on one large site example at 40%, 50% and 60% affordable housing. This was requested to test the viability impact of requiring higher proportions of affordable housing on intrinsically low value Greenfield sites or sites in the Council’s possession that may be brought forward for development. It is simply not practical or economic for this type of study to appraise and consider every conceivable policy option (combination of threshold and proportion). The volume of results can grow very rapidly without adding very usefully to how the study can assist policy development. Reviewing of trends is necessary, and a degree of interpolation of results is also possible.

2.6.5 The indicative dwelling sizes used in the modelling are 50sq m for 1-bed and 67 sq m for 2-bed flats. For 2, 3 and 4-bed houses we have assumed 75sq m, 85sq m and 100sq m respectively. These are gross internal areas (GIAs). They are reasonably representative of the type of units coming forward for smaller and average family accommodation, within the scheme types likely to be seen most frequently providing on-site integrated affordable housing. We acknowledge that these 3 and 4-bed house sizes, in particular, may be small compared with some coming forward, but our research suggests that the values for larger house types would also often exceed those we have used and would, therefore, be similar on a “£ per sq m” basis. Conversely, many new build flats for the private market may be below the unit sizes assumed. All will vary, and from scheme to scheme. It is always necessary to consider the size of new build accommodation while looking at its price – hence the range of prices expressed per square metre (or per square foot) is the key measure used in considering the research, working up the range of Value Points and reviewing the results.

2.6.6 This study assumes that the affordable housing mix will broadly reflect that of the private housing and so would be transferred to an RSL on a proportional basis to the market mix (or reflect that as closely as possible, to ensure a range of affordable dwellings coming forward as part of a wider sustainable approach). Clearly, in practice, the exact private and affordable housing mixes will vary from site to site, as may the consistency between them. The intention of this study assumption was to follow the principle that a mix of affordable housing dwelling types will be expected wherever that is achievable; rather than an assumption of only smaller dwellings for affordable tenure.

2.6.7 For details of the dwelling mix for each on site scenario appraised see Appendix I – Development Scenarios. It is acknowledged that dwelling mix will vary from site to site in practice, but for the purposes of this modelling it was requested by the Council that the dwelling mix used on all sites over 15 units broadly reflect the recommendations set out in the Council's SHMA. In practice, there would be a tendency towards developers needing to maintain the higher value units within a scheme for private sales whilst also thinking about the relationship of the private units to the affordable units in terms of location. These are all factors which in reality (and dependent on the site location and characteristics) will affect the dwelling and tenure mix as part of the negotiated approach.

2.7 Affordable Housing Transfer (to RSL) – Method of Payment Calculation and Type of Property Transferred

2.7.1 Discussions with the Borough Council suggested that for the purposes of this study the payments developers receive from RSLs (Registered Social Landlords) for the provision of completed affordable homes are currently based on a negotiated approach between those two parties. These are in turn driven by scheme costs and what the RSL can afford to pay based on its business planning and financial assumptions when it considers the cashflow that will be produced by a scheme.

2.7.2 The Council also wholly owns Thameswey Ltd which in turn wholly owns Woking Borough Homes. Woking Borough Homes was established to deliver affordable housing to meet local need and currently delivers 50 dwellings every year for intermediate rent at approximately 80% of market rent.

2.7.3 PPS3 asks us to consider the availability of funding in looking at viability, and the Council also wanted to test the impact of public subsidy (in the form of Social Housing Grant (SHG). The grant funding climate is uncertain. All appraisals were carried out without grant and a small sample was tested "with grant". The "with grant" appraisals assume an approximate level of £65,000 per unit housed for social rented homes and £20,000 per unit for intermediate tenure homes.[7] In practice, on specific sites this might vary considerably, dependent on the scheme details, timing and property types. It is simply not possible to predict the amount of SHG that will actually be available. Recent grant rates have often been significantly higher than these assumptions. However, rather than assume high figures based on what seems to have been quite an opportunity-led approach to funding by the Homes and Communities Agency (HCA) in very recent months, we have preferred what we consider to be more realistic, sustainable assumptions longer-term – where social housing grant is made available. The Government's drive through the Homes and Communities Agency (HCA) is for best value, and making sure that grant money achieves the "additionality" rather than supporting land value or similar.

2.7.4 The likely payment that an RSL would make for an affordable rented or unit of intermediate tenure within this modelling was determined through carrying out a series of appraisals using industry standard software (in this case - "ProVal") whilst making judgements on the range of input assumptions following liaison with a number of locally active RSLs. Effectively, the value that could be paid to a developer for completed affordable homes is usually related to the mortgage finance the RSL could raise based on the rental income stream (affordable rent) or capital and rental income stream (in the case of shared ownership or similar) with management and other costs deducted.

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

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

[7] Source: Woking Borough Council/Stakeholder Consultation

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

Rent (no Grant)					
Value Point	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House
1	£47,000	£58,000	£60,000	£69,000	£79,000
2	£50,000	£62,000	£65,000	£74,000	£85,000
3	£54,000	£67,000	£71,000	£79,000	£92,000
4	£57,000	£72,000	£76,000	£86,000	£99,000
5	£61,000	£76,000	£81,000	£92,000	£106,000
6	£65,000	£81,000	£86,000	£98,000	£106,000
Rent (with Grant)					
Value Point	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House
1	£73,000	£97,000	£112,000	£134,000	£156,000
2	£76,500	£101,000	£118,000	£140,000	£163,000
3	£80,000	£106,000	£123,000	£145,000	£170,000
4	£83,000	£110,000	£128,000	£151,000	£177,000
5	£87,000	£115,000	£133,000	£157,000	£184,000
6	£91,000	£120,000	£139,000	£163,000	£184,000
Intermediate (no Grant)					
Value Point	1 Bed Flat	2 Bed Flat	2 Bed House	(n/a) 3 Bed House	(n/a) 4 Bed House
1	£72,500	£97,150	£108,750	£123,250	N/A
2	£86,250	£115,575	£129,375	£146,625	N/A
3	£102,308	£137,092	£153,462	£173,923	N/A
4	£118,750	£159,125	£178,125	£201,875	N/A
5	£135,000	£180,900	£202,500	£229,500	N/A
6	£150,568	£201,761	£225,852	£255,966	N/A
Intermediate (with Grant)					
Value Point	1 Bed Flat	2 Bed Flat	2 Bed House	(n/a) 3 Bed House	(n/a) 4 Bed House
1	£83,750	£112,225	£125,625	£142,375	N/A
2	£99,750	£133,665	£149,625	£169,575	N/A
3	£114,423	£153,327	£171,635	£194,519	N/A
4	£130,000	£174,200	£195,000	£221,000	N/A
5	£145,658	£195,182	£218,487	£247,618	N/A
6	£161,364	£216,227	£242,045	£274,318	N/A

Note: That the 'N/A' entries within Figure 3 above were where 4 (+) bed dwelling types were not considered for intermediate tenure within the base appraisal dwelling mixes, owing to likely lack of affordability to households in need. In practice this does mean that intermediate affordable tenure of 4 (+) bed homes would be ruled out – each case would be considered by the Council on site specifics.

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

2.7.8 Although tenure mix is a site-specific consideration and dependent on local housing needs evidence plus the type of factors mentioned at 2.7.7, this study tests the impact of varying the tenure mix on development viability – based on certain assumptions as have to be fixed to drive appraisals. Current experience with scheme specifics is that in the current climate the RSL type financial appraisals for shared ownership and intermediate rent are producing similar outcomes in respect of what RSLs can afford to pay for dwellings. As with much of this, figures will, of course, vary with scheme specifics. The tenure mixes tested were as follows and as agreed with the Council:

- 70% social rent/30% intermediate
- 60% social rent/40% intermediate
- 85% social rent/15% intermediate

2.7.9 In looking at our assumptions for intermediate tenure more generically in this way, for shared ownership accommodation our calculations were based on a 35% initial capital sale with 2.5% rent paid by the purchaser on the retained equity. Intermediate rents would normally be at up to 80% of market rent levels. For the base appraisals we assumed that only houses and flats of 3 bedrooms or less would be transferred to an RSL for intermediate tenure - with larger units remaining as private and/or being transferred for affordable rented tenure. This is due to the potential lack of affordability, particularly of shared ownership properties - where larger units may be unaffordable to the end user.

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

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

2.8 Indicative Site Area, Scheme Density and Resulting RLV

2.8.1 The results of all the appraisals provide us with data in both absolute value (£) terms and as a percentage (%) of GDV. To provide broad comparisons with published Valuation Office Agency (VOA) sourced land value data so as to provide an additional basis for interpretation of results, the approximate site area (land take) and density for each development scenario (site type and size) has been indicated. These are the sizes and densities as set out in the information provided via the Council's 'exemplar' SHLAA schemes. The details are set out in Appendix I.

2.8.2 Based on the unit sizes assumed in this study, this provides us with indicative densities of between 30 and 315 dwellings per hectare (dph) depending on the scheme. We can then calculate the approximate value of each scenario and appraisal variation in indicative £ per hectare (ha) terms, to enable a comparison with other published land value data. Again, in practice, densities will be highly variable. Indicative site sizes are shown within the relevant tables of the appendices.

2.9 Other Assumptions

2.9.1 The appraisals include a range of other variables that are all taken into account when calculating an approximate RLV. This is an extensive list and includes items such as fees, land buying costs, finance, agency costs and planning infrastructure provision (generally planning obligations secured through Section 106 agreements).

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

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

- **Base Build Costs (House Schemes)** – *£1,100/sq m*

- **Base Build Costs (Flatted Schemes)** - *£1,250/sq m*

- **Build Costs (Higher Density Flatted Schemes e.g. 4 to 6 Storey)** - *£1,600/sq m*

2.9.4 The above are applied to the Gross Internal Area (GIA) of the accommodation. Base costs for flats are likely to be higher than for a scheme of houses particularly where sites are constrained and often difficult to work on (involving materials storage difficulties, craning etc). Common areas have to be allowed for, as does the degree of repetition of costly elements. Cash-flow for flatted development can also be less favourable as rolling sales are more difficult to deliver. In this study the £1,250 per sq m figure assumes standard low-rise flats (typically no more than 3 storeys and allowing standard construction techniques). The £1,600 per sq m figure assumes typically 4 to 6-storey construction. This form of development was discussed with the Council to be representative of some larger, often higher density, apartment-based schemes seen in the Borough. In practice, again all schemes will be different. We considered that we needed to assume a significant increase in build costs for this higher density type of scheme, where framed constructions and elements such as lifts become the norm.

2.9.5 Build cost figures have been taken as an indicative level, supported by our ongoing experience of scheme specifics, whilst also taking into account a range of information from BCIS data (the Building Cost Information Service of the Royal Institution of Chartered Surveyors (RICS)), and feedback from developers.

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

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

2.9.8 Typical scheme-specific additions to these are:

- **Architects and other professional fees**: *10.0 % of build costs.*

- **Contingencies** and insurance allowance: *5.5% of build costs.*

- **Marketing and Sales Fees**: *3.0% of Estimated Total Sales Value (GDV). There will be instances, dependent on the location and scheme type, where some of this expense, or an additional sum will be directed to the setting up of a show home. This will, however, not be appropriate on all schemes hence we have not included for it as a standard assumption item. We would not expect it to alter the outcomes fundamentally.*

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

- **Finance (build)**: *7.0% - on build costs, fees, etc, over build period.*

- **Build Period**: *6 to 24 months depending on scheme size within the range assumed.*

- **Land Survey Costs**: *Approximate cost of £500 per unit including basic ground conditions research (on larger schemes especially there will usually be additional cost associated with transport, environmental/landscape, ecology, etc, dependent on the scheme and not covered here).*

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

- **Planning Application costs:** *£335 per dwelling where the number of dwellings is 50 or fewer; where the number of dwelling houses exceeds 50 - £16,565 plus £100 per dwelling in excess of 50, subject to a maximum total of £250,000.*

- **Stamp Duty Land Tax:** *Between 0% and 4% depending on RLV.*

- **Infrastructure Payments**: Appraisals carried out assuming £5,000, £10,000 and £20,000 per unit for wider planning obligations. This covers a range of potential infrastructure costs but equally could apply to other future costs. They are notional levels. We varied this assumption so that we and the Council could review the sensitivity of results to this factor – using similar thinking to the Value Points methodology rather than looking only at a relatively narrow set of assumptions. This was done with the potential nationwide Community Infrastructure Levy (CIL) policy developments in mind, but also in the context of a range of other areas which could effectively add costs to schemes from a developer's and therefore landowner's perspective (e.g. Special Protection Areas mitigation costs (SPA) and Suitable Alternative Natural Green Space (SANGS).

The figures used are not intended to be a guide to CIL levels. We have used the range of values to test the additional impact of those costs on development viability of the schemes types appraised. As stated elsewhere in the study text, this group of appraisals can also serve a wider purpose in that the outcomes give a guide as to how RLVs vary when costs at these levels are added to appraisals. In fact those costs could be related to a range or group of different factors – including on sustainability measures or abnormal site costs. The results can be interpreted in a wider way.

- **Code for Sustainable Homes**: All base appraisals assume compliance with Level 4 of the Code for Sustainable Homes (for all dwellings – market and affordable). A sample of appraisals was also carried out assuming compliance with Levels 5 and 6 (again for all dwellings) of the CfSH in accordance with the requirements of the Council. The costs of achieving those levels of the Code were based on research for the Government's Department for Communities and Local Government (CLG)[8]. These equate to an increase above our base build costs of 3-4% at Level 3, 6-8% at Level 4, 25-30% at Level 5 and anything from 30 to 40 % at Level 6. For each level, we assumed a middle point (7% increase at CfSH Level 4; 27.5% at Level 5 and 35% at Level 6). These are only guides and again site-specific details might well vary. Once again, the wide scope of appraisals and outcomes allows other results to be considered as also representing the impact of particular added costs beyond those allowances specifically mentioned in these sections.

- **Renewable Energy**: Allowance to achieve reduction in CO_2 through on-site renewables on schemes assumed met through achievement of CfSH Level 4 and above.

- **Lifetime Homes** - While this can affect scheme viability in a wider sense - from the point of view of increasing building footprints and therefore cost and, potentially, site capacity - it does not necessarily add significant cost but has design implications. Interpretations and opinions vary widely. Early design input minimises its impacts, and costs depend on to what degree standards are applied and what other standards are already to be met. There are overlaps, and even areas where it can compromise or not fit well with other requirements. It is an area that needs to be kept under review in terms of practicalities, costs

[8] DCLG – Code for Sustainable Homes: Cost Review (March 2010)

and impacts – as part of the overall expectations from schemes. For the purposes of this exercise and to build on our acknowledgment of the relevance of this area, rather than make our own judgement we have preferred to rely on the published work by Habinteg Housing Association (www.lifetimehomes.org.uk) which suggests that the cost of meeting Lifetime Homes standards is up to £545 per dwelling (included) depending on size, layout and specification of the property. It is an area that needs to be kept under review in terms of practicalities, costs and impacts – as part of the overall expectations from schemes. The same applies to the Council's likely approach to wheelchair adapted housing being incorporated wherever possible within schemes – specific needs, design implications and impacts will need to be considered as sites come forward and planning applicants will need to build this in to their thinking.

- **Finance related to land purchase**: 7.0% interest cost on land survey, planning costs, legal fees on land purchase and RLV over build time plus 26 weeks. No finance arrangement or related fees have been included for the purposes of this exercise. They might in practice be applicable, but we would not expect them to alter the viability equation fundamentally. Scheme funding arrangements will vary greatly, dependent again on the type of developer and scheme. As with much of this exercise, this is a snapshot and there are varying views as to what future trends will hold, and so over time we would need to see how added costs balanced with changes in sales values.

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

2.10 Wider Research

2.10.1. To supplement our research on the property market local residential property values (as set out in Appendix III), Adams Integra has also carried out further desktop research and contacted a variety of organisations which are (or have been in more buoyant conditions) involved in the local land market, i.e. in selling or perhaps buying sites.

2.10.2. The information gathered from that process, as far as it was available, is also included in Appendix III. We collected it with the aim that it would help our understanding of land price expectations locally, potentially to enable us to consider the information offered by the VOA reporting in a more informed way, and potentially inform further comparisons with our indicative RLV results while we considered those, and thus help with the judgements we seek to make.

2.11 Stakeholders and Consultation

2.11.1 We invariably find that developers are, understandably, more often than not reluctant to share information on their assumptions. There are commercial sensitivities to be respected. However, as part of considering a range of information and informing our judgements for each of our studies we consult with a range of stakeholders including developers, landowners, RSLs and agents as a matter of course. This is done through the “on the ground” and web-based/desktop research we have mentioned. For this study details of the study and the main assumptions were circulated to the Council’s stakeholder group. Participants were given the opportunity to submit their views individually (privately) on the proposed study assumptions. The purpose of this was for Adams Integra (and the Council) to engage with a range of organisations involved in the local market and to gain an understanding of key stakeholders’ perspectives on development issues in the Borough, with a view to further informing our research and judgements in setting assumptions and so as to provide additional context for considering results later on. Adams Integra undertook not to disclose the detail of any of the responses but these were collated and have helped to inform our progress from that point. It is our job to make an independent view. A sample pro-forma issued to stakeholders is shown in Appendix IV.

2.12 General Notes

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

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

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

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

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

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

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

3 Results and Related Commentary

3.1 Background

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

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

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

3.1.4 The Appendices are set out as follows:

- Appendix II shows the results from the base appraisals carried out across a range of scenarios, with in all cases assumptions including tenure mix of 70% affordable rented and 30% intermediate; Code for Sustainable Homes Level 4; nil social housing grant; 17.5% developer's profit and a £5,000 per unit infrastructure/other planning obligations cost allowance.

- Appendices II(a) and II(b) show the results of the sample appraisals carried out assuming changes to affordable tenure mix (to 85% affordable rented/15% intermediate and 50% affordable rented/50% intermediate respectively. These were carried out on all schemes of 15 or more units only. All other assumptions are as per the base appraisals.

- Appendices II(c) and II(d) show the results of the sample appraisals carried out assuming variations to planning infrastructure or other planning obligations costs. Appendix II(c) shows the results where the cost is increased to £10,000 per unit; Appendix II(d) shows the results where the cost is increased to £20,000 per unit. All other assumptions are as per the base appraisals.

- Appendices II(e) shows the results of the appraisals that assume an element of grant added to the schemes. This was carried out on a sample of site types (25, 50 and 100 units) across all tenure variations.

- Appendix II(f) shows the results of the sample appraisals carried out assuming increased developer profit (at 20% of GDV). All other assumptions as per the base appraisals.

- Appendix II(g) show the results of the sample appraisals carried out testing the requirement for Level 5 and 6 of the Code for Sustainable Homes. All other assumptions as per the base appraisals.

- Appendix II(h) outlines results that look at the cumulative impact of costs on one scheme type at Value Point 4.

- Appendix II(i) sets out a summary of the RLV maths behind and the appraisal results relating to the potential collection of financial contributions from sites in the size range 1 to 14 dwellings.

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

- Appendix IV sample pro-forma for the stakeholders consultation process which complimented our wider and "on the ground" research.

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

3.1.5 The results appendices also summarise the RLV results across all scenarios and site sizes showing the corresponding monetary value in pounds per hectare (£ per ha) based on assumed indicative site areas ("land take") and density for each scenario. These graphs also show Valuation Office Agency (VOA) reported land values[9] for example alternative land use types in the Woking Borough context. Again, it should be noted that both the assumed development scenario site (land take) areas and the VOA data are highly indicative. This type of data can become outdated quickly – especially in times of fast-changing markets as we have had currently. Such comparisons are used within this study only to help highlight how land value varies as assumptions change, and to show very generally the type or range of other information that the indicative RLV results might be compared with when it comes to considering how likely a scheme is to proceed given other valuation factors. The inclusion of this information here seeks to help with illustrating

[9] VOA Property Market Report July 2009

how the value (RLV) created by residential development proposals may look and vary relative to other example uses only. The key point through these indications is to build on the emphasis that considering alternative/competing or existing use values (and potentially additional incentive levels, as has been discussed) will often be important in site-specific viability and thus delivery discussions. In practice, as the study notes elsewhere, the values likely to be attributed to various existing or potential uses of a particular site will be highly site-specific.

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

3.1.7 There will need to be a second stage to this overall viability process whereby site-specific discussions prevail in situations where it is necessary to have those – for example in the event of landowners or developers needing to demonstrate that affordable housing targets, or perhaps other planning obligations, cannot be met. The same might apply where a developer or landowner wished to explore enhanced (in excess of target levels) or alternative provision of affordable housing with the Council, possibly reliant on a varied extent on SHG or other subsidy.

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

3.1.9 Our suggested starting point for considering the viability (and therefore the parameters for affordable housing provision and other planning obligations) of the residential element of a mixed use scheme would be to consider that part of the development in a similar way to a solely residential scheme. Then it would be necessary to consider any positive or negative impact, on overall viability, from the other scheme elements, and to what extent those are being driven by planning requirements to create the mix and type of uses being proposed. Inevitably these considerations will always be highly site and scheme-specific. However, there is no reason why the general target approach - the level at which that is pitched, and the overall process - would not follow that which is related to wholly residential sites.

3.1.10 The following results sections cover the main scheme type/development scenarios (5 to 100 units). Towards the end of this section we discuss the potential viability of the example Greenfield/Council owned land development scenario and financial contributions scenarios separately.

3.2 Property Values

3.2.1 One of the key inputs into the appraisal process is the completed value of residential properties that will make up a scheme (i.e. the estimate of the scheme's GDV by reviewing the likely values of the component properties). Across Woking Borough generally, but also within neighbourhood areas, there is a range of values seen. Typical value levels that reliably represent particular localities are hard to pin down given the highly variable nature of housing product and local influences on price. However, on an indicative overview basis, from our research, the following hierarchy of values was indicated from our overall (re-sales dominated) market research (expressed by neighbourhood area as provided by Woking Borough Council) – see Figure 4 below:

Figure 4: Average asking price analysis and trends - by neighbourhood area – including indicative hierarchy

Average Asking Prices Analysis - Flats and Houses						
Neighbourhood	**1 Bed Flats**	**2 Bed Flats**	**2 Bed House**	**3 Bed House**	**4 Bed House**	**All Properties**
Horsell	N/A	£177,200	£285,000	£382,713	£555,300	£422,348
Byfleet, West Byfleet & Pyrford	£156,575	£194,640	£241,313	£316,038	£540,686	£336,605
Hook Heath, Mount Hermon, St Johns & Mayford	£162,129	£250,654	£243,856	£322,845	£586,309	£326,044
Maybury	£147,280	£179,950	£239,970	£319,133	£548,990	£307,998
Knaphill & Brookwood	£143,513	£221,069	£238,496	£277,485	£404,466	£282,105
Old Woking, Kingfield & Westfield	£153,950	£203,889	£230,528	£272,926	£354,975	£264,334
Goldsworth Park	£154,281	£185,013	£209,537	£278,379	£366,490	£242,144
Sheerwater	£129,950	N/A	£213,708	£242,700	£274,950	£229,308
Woking Town	£161,931	£219,905	£250,800	£291,633	£358,317	£212,127
Overall	£157,106	£217,327	£231,788	£301,710	£493,050	£296,403

3.2.2 This data has also been analysed with regard to more specific settlement areas that make up each of the neighbourhood classifications - as shown in Figure 5:

Figure 5: Average asking price analysis and trends by settlement area – including indicative hierarchy

Average Asking Prices Analysis - Flats and Houses						
Settlement	**1 Bed Flats**	**2 Bed Flats**	**2 Bed House**	**3 Bed House**	**4 Bed House**	**All Properties**
Hook Heath	£161,283	£249,950	N/A	£325,971	£778,168	£526,157
Pyrford	N/A	N/A	£263,300	£450,983	£603,975	£501,871
Horsell	N/A	£177,200	£285,000	£382,713	£555,300	£422,348
Mayford	N/A	N/A	N/A	£348,867	£486,650	£383,313
West Byfleet	£158,000	£193,782	£275,000	£339,150	£619,264	£347,578
Brookwood	N/A	N/A	£239,950	£250,355	£499,988	£316,230
Westfield	N/A	N/A	£212,450	N/A	£417,475	£314,963
Mount Hermon	£166,003	£250,385	£265,000	£332,631	£553,918	£309,835
Maybury	£147,280	£179,950	£239,970	£319,133	£548,990	£307,998
Kingfield	N/A	£199,950	£217,475	£286,400	£359,975	£291,400
Knaphill	£143,513	£221,069	£238,364	£283,257	£389,182	£277,576
Byfleet	£153,725	£196,270	£228,856	£280,915	£383,141	£274,142
St Johns	£157,175	£251,146	£241,213	£305,423	£359,975	£261,468
Old Woking	£153,950	£204,192	£242,980	£269,298	£330,808	£253,152
Goldsworth Park	£154,281	£185,013	£209,537	£278,379	£366,490	£242,144
Sheerwater	£129,950	N/A	£213,708	£242,700	£274,950	£229,308
Woking Town	£161,931	£219,905	£250,800	£291,633	£358,317	£212,127
Overall	£157,106	£217,327	£231,788	£301,710	£493,050	£296,403

3.2.3 These are based on averages and across the area these general observations and trends are affected by prices in particular locations or areas within settlements and/or by volumes of particular housing types for sale at any one time (which in turn is influenced by the local stock make up). Values can be driven by specific location and scheme desirability as much as by particular area or settlement. In certain areas there can be wide variations.

3.2.4 With regard to new build values which are the focus for the appraisal assumptions, we noted a different picture. These show much greater consistency across the Borough than the variations in the *overall* market suggest. Although this is based on relatively a limited sample and given the relatively small amount of recent development activity, it does support more anecdotal evidence from agents and other consultees. We have to be careful in analysing new build pricing, since often when higher values are seen, the property floor areas are larger too. That relationship needs to be borne in mind, as explained in the methodology – at 2.6.5.

3.2.5 The general range of values seen (in £ per sq m) and used for carrying out appraisals are as follows:

Figure 6: New Build Range of Values

Value Point	£ / sq m	Approx. £ / sq ft
1	£2,500	£232
2	£3,000	£279
3	£3,500	£325
4	£4,000	£372
5	£4,500	£418
6	£5,000	£465

3.2.4 Further analysis of the pricing information indicated that the average new build marketing price point for Woking Borough as a whole area was about £3,800/m² (£353/sq ft) at the time of our research (i.e. around our Value Point 3 to 4). This does not take account of the number of properties for sale at each point that fed into this calculation and as such the average can be skewed. The range of new build values seen goes from approximately £2,800/m² to just over £5,500/m² (or about £260/sq ft to £511/sq ft). For the purposes of this study we have capped the highest Value Point in the range at £5,000 per sq m, representing a level above the values range most regularly seen. At the time of our research, we saw only very few instances of values below £3,000/sq m – regardless of location. The new build averages suggest a fairly narrow range of property values across the Borough making it difficult to comment on significant variation of new pricing by locality. Studying viability over this range of values enables the results to be viewed in the context of values changing as influenced by moving market conditions.

3.2.5 It appears that, generally, values in the range of our Value Points 3 to 5 were most common. Infrequent examples of values falling below Value Point 3 were noted. Value Point 5 levels are at the top of the range regularly seen although it appears that there are also new build values that get to levels in excess of that. We also have to acknowledge that this is unlikely to be a fixed scenario as market conditions change. Given the condition of the current property market, the direction the market next takes is particularly difficult to assess at the moment - both nationally and more locally. By looking at this range of values this methodology is able to be used in a way which enables a review of viability outcomes in response to value levels as those vary. As mentioned previously, Value Points 1 and 6 were modelled to allow us to look at the impact on viability should the property market deteriorate further or improve from the point at which this research was carried out. This means that overall the range of values utilised is likely to remain appropriate for, and will most likely still capture, the typical value levels locally as they move within this scale.

3.2.6 Recent RICS research suggests that "asking" to sale price gaps have been reducing again recently. However, sales prices usually vary from asking prices - to a variable and sometimes significant degree, especially in a weak market. Bearing this in mind, there may be occasions in certain areas where new build values achieve only low levels in the South East context (but not as low as our Value Point 1 at present). Such low values (in the Woking Borough context) do not occur regularly in the current market. If market conditions deteriorate further we could see a general move downwards within our overall scale of value levels meaning lower value occurrences could increase, at least over the short-term. Nevertheless, even in depressed market conditions, it is likely that for highly desirable locations and schemes there will also be cases where values are much higher within the overall range considered (e.g. up to our Value Point 5-6 or perhaps higher).

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

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

3.2.9 We feel there is no doubt that current conditions add up to a negative financial viability impact when compared with how schemes are viewed and pursued in a more stable, confident market. Developments in general will be taking longer to sell (with build progress possibly slowed and costs outstanding for longer as a result) and varying packages of incentives are typically being offered. These factors were identified at 2.2 and are recognised in Appendix III as well. A key point here, again, is that affordable housing is not solely responsible for any viability difficulties – and it should not be regarded in that way. There is often a complex interaction of influences.

3.3 Indicative Value Comparisons

3.3.1 As mentioned previously, due to highly variable potential existing and alternative use values of sites, and in some cases particular “overbid” or incentive requirements, it is not possible to provide the Council with definitive “cut-off” points where viability will be compromised to the degree that development may not take place. However, it is possible to provide likely outcomes at varying levels.

3.3.2 By way of a basic example, a residual calculation that provides an output of zero value (i.e. RLV of 0% of GDV) after testing the policy proposal means that development on this site would not go ahead unless there was a special business case for pursuing it. Conversely, on a site where the RLV approaches 25% to 40% of GDV after the application of affordable housing policy it is likely (although not definitive) that land values are going to be high enough to absorb the impacts of the new policies.

3.3.3 In addition, the indicative RLVs in monetary terms (as at Appendix II) resulting from the application of various policy positions across the different site types, can be compared very generally to land values provided by organisations such as the VOA through estimating the land area (“land take”) of the notional schemes (Tables suffix “b” each Appendix). These tables group together the results of the appraisals at differing densities and by location – please refer to Appendix I for the density assumptions. The density assumption clearly has a direct effect on the RLV when expressed in £ per ha terms. We decided, again to cover a range of scenarios. Density is a factor of the particular type of development, and in practice will vary significantly from scheme to scheme and area to area.

3.3.4 As an example and again bearing in mind the notional nature of it, Adams Integra’s 15 unit housing scheme based on the Council’s ‘exemplar’ SHLAA data could occupy 0.5 ha (30 dph). Assuming our base appraisals here (Appendix II) at this site size, the value of the land at Value Point 4 (around the average value seen in the Borough) with zero (0%) affordable housing is indicated to be £3,902,072 per ha. With a requirement for 20% affordable housing this falls to £3,021,901 per hectare. At 30% affordable housing it falls further to £2,292,196 and further still at 40% to £2,141,731 per hectare. Valuation Office statistics for industrial land in the South East[10] provide values between £250,000 and £2,450,000 and a typical value of £1,256,000 per ha. VOA data also suggests that agricultural land value is below £20,000 per ha (dependent on type).

3.3.5 What this broadly indicates on a comparison basis with average data from the VOA, is that the value of our 15 unit housing scheme at Value Point 4 with 20%, 30% and 40% affordable housing exceeds values likely to be produced

[10] VOA Property Market Report July 2009

by typical industrial schemes and potentially higher end commercial values as well. The same is true of values produced at Value Point 3 although at this point we start to see marginal results at 40% affordable housing when compared to upper end industrial/commercial values.

3.3.6 At Value Point 5 we would see the value of the land for our 15 unit housing scheme (based on and indicative 30 units per hectare) exceed the range of industrial and upper end commercial use values at all proportions of affordable housing compared to the indications provided by the VOA data.

3.3.7 For general information, the VOA also provides average data for residential land within the South East as an average. Figures of between £2,370,000 and £2,590,000 per hectare are indicated. These levels of RLV also align to our results as seen from our mid to high Value Points and/or lower proportions of affordable housing at lower Value Points. As the density of our schemes increase (e.g. our 15 unit flatted scheme at 160 dph), we see RLVs far in excess of those values shown by the VOA even taking into account the additional cost of development of those schemes. This information can only be regarded in very general terms, however, since we stress again that development values and appraisals are very site-specific once actual schemes are being looked at. It also needs to be borne in mind that the basis of that VOA values data may well not be consistent with particular planning obligations expectations, including on affordable housing, as well as with other current locally applicable assumptions and market trends.

3.3.8 It is also very important to note when comparing values with VOA data (or other historical data) that the commercial property market is currently very depressed, has lost confidence and has been seeing demand levels reduced more severely even than in the residential market – with very low occupier demand levels affecting values very significantly. It needs to be borne in mind that land value comparisons between residential and other existing/potential alternative (commercial) uses will vary quite significantly over time, particularly in such turbulent economic conditions. The VOA data will look increasingly historic.

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

3.3.10 As stated previously, comparisons on this sort of basis are difficult to make with any real certainty or confidence. Again, there will be no substitute for consideration of site specifics where viability issues arise, but we consider it helpful to make some cross reference between our results and this sort of information on land values. We have also discussed the potential influence of incentive/”overbid” values levels in some situations.

3.3.11 At section 3.12 below we also comment briefly on how the existing and potential uplift in value related to Greenfield land might produce very different comparisons and outcomes for any such site releases. While land value expectations and payments in those cases are likely to be very much lower than with many previously developed sites, there may well still be varying degrees of incentive required – taking comparative land value situations up to perhaps £300-500,000 per hectare. Again, this is necessarily purely indicative. Section 3.12 provides a little further information by high-lighting various results and comparisons to aid consideration of these potential dynamics.

3.3.12 The site densities assumed above are for example purposes only as site specifics will influence viability on individual sites. The example values for alternative uses cannot be considered definitive. This section is provided as a guide only, and to emphasise that considering alternative use values will often be important in delivery discussions.

3.4 Results Trends

3.4.1 This study has looked at the influences of a range of affordable housing proportions and thresholds on development viability.

3.4.2 The wider work has also looked at the possibility of seeking affordable housing on sites below the currently applied threshold of 15 units. The potential introduction of a “sliding scale” of policy requirements has also been reviewed, purely in viability terms, enabling the Council to consider that – potentially in relation to reducing or effectively removing the threshold. This could lead to a policy position where the affordable housing proportion sought increased with site capacity at certain steps, if appropriate.

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

- Market property values decrease;
- The proportion of affordable housing increases;
- Availability of grant is reduced/removed;
- Developer’s profit is increased;

- Planning obligations/infrastructure requirements are increased, and
- Other costs are added to the scheme (just for example through increased Code for Sustainable Homes attainment, but potentially through a wide range of matters).

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

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

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

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

3.4.8 At Value Point 2 (the lower end of the new build values range typically seen across Woking in the current market), relatively strong land values are generated across most scheme types and sizes at the lower proportions of affordable housing reviewed. The indicative land values (RLVs) generated by our appraisals are still relatively low with the higher proportions of affordable housing (40%) applied and at this point are unlikely to match existing higher end commercial or industrial use values or sites in existing residential use (residential redevelopment).

3.4.9 By Value Point 3, much stronger RLVs are generated more often, where the affordable housing requirement reaches 30% or 40%. At 40% the indicative RLV regularly exceeds likely alternative commercial or industrial use values but again may struggle to compete with sites at the higher end of the commercial values range and on sites in existing residential use. At this point it is worth re-iterating that the requirement for affordable housing or any other "cost" to a scheme will have a negative impact on RLV. The frequent occurrence of sites for residential redevelopment (re use of existing residential land) has a bearing on our judgements on potential policy positions and how ambitious those could be.

3.4.10 At Value Points 4 and 5, towards the middle and upper end of the range of values most regularly seen locally, the indicative land values generated by our appraisals reach levels likely to be well in excess of most potential existing/alternative use values where there is a requirement for 40% affordable housing.

3.4.11 By Value Point 6 and above, where the frequency of these sales value levels reduces significantly, indicative RLVs generated by our appraisals reach the point where they are likely to comfortably exceed any alternative use value even with the highest proportions of affordable housing. What we have to bear in mind, though, is the likely frequency of such value levels and also the suitability of many of those sites and locations for on-site affordable housing.

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

3.4.13 We will now go on to describe the impact of these variables in more detail whilst drawing out examples from the results, before setting out our conclusions in relation to the likely viability of various affordable housing policy options (affordable housing thresholds and proportions being the key ingredients for this purpose).

3.5 Affordable Housing Proportion

3.5.1 The effect of affordable housing proportion has been tested on all scheme sizes at 20%, 30% and 40%. On a single example site representing a portion or phase of a Greenfield release site/Council owned land the effect of the affordable housing proportion has been tested at 40%, 50% and 60% (this is discussed later). The entire range of proportions has been tested to enable us to consider a range of options for the Council's ongoing policy development stages.

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

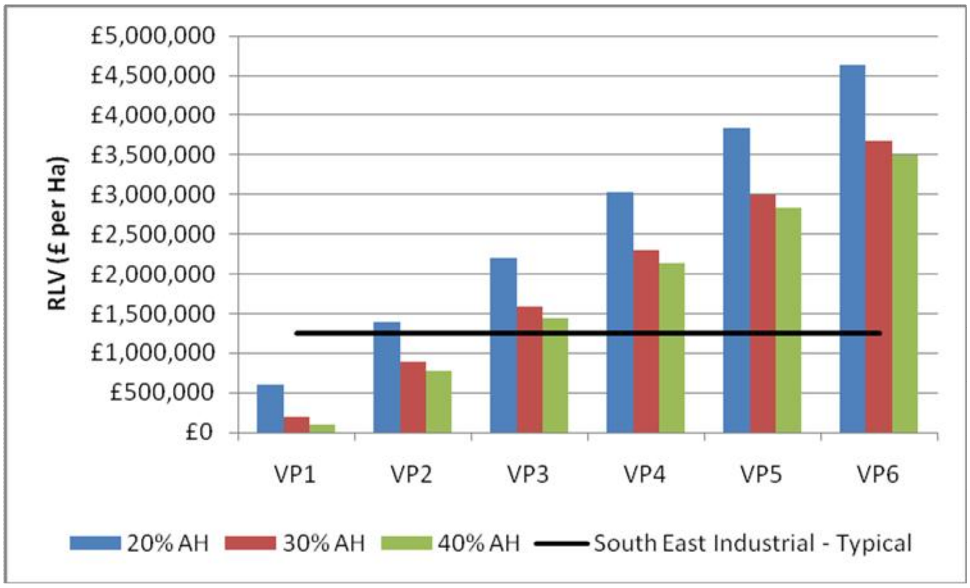
3.5.3 For this section we will look at the results of our 15 unit schemes to see the impact on those as the range of affordable housing proportions is applied.

3.5.4 In terms of the notional land residual remaining for our 15 unit housing scheme at Value Point 1, with 30% or 40% affordable housing we see RLVs of £102,263 (or £204,525 per ha) and £50,577 (or £101,754 per Ha). At Value Point 2 we see RLVs of £447,748 (£895,497 per Ha) and £386,917 (£773,833 per ha) at 30% and 40% affordable housing proportion respectively. The results suggest that there will be difficulties experienced in applying a 30%, or 40% proportion of affordable housing in areas or on schemes aligned to Value Point 1 and, to some degree, Value Point 2 levels. In those instances the RLVs produced by residential schemes may be marginal or even low compared to existing use values (although above lower end industrial/commercial use values). Affordable housing requirements at the higher proportions considered by the study (40%) would be likely to mean that the Council would need to negotiate in such instances, particularly in current market conditions – with more emphasis on negotiation if the market weakens further. This could also apply to schemes with high abnormal or planning infrastructure costs (potentially even where they are higher value), highlighting the importance of regarding the policy positions as targets, wherever they are set. The occurrence of Value Point 1 and 2 levels is relatively limited, however, and at present most new build values in Woking Borough are seen above these levels.

3.5.5 By Value Point 3 the indicative RLV for our notional 15 unit housing scheme reaches £792,776 (or £1,585,551 per Ha) at 30% affordable housing and £724,799 or £1,449,597 per Ha). This assumption is alongside the lower level of infrastructure cost requirements £5,000 per dwelling), assumes Code for Sustainable Homes Level 4 (but, depending on other site specifics, most likely without other potential higher cost obligations including increased planning infrastructure, increased sustainable design and construction standards, increased developer's profit, etc). The range of results of our relatively low density housing scheme (30dph) can also be compared to that produced by our 15 unit flatted scheme, with a density in this instance of 160 dph. The results of the flatted scheme at Value Point 3 provide a residual land value of £3,354,077 per Ha where there is a requirement for 40% affordable housing. At this value level (towards the lower end of the values range most regularly seen) although exceeding typical industrial/commercial alternative/existing use, values for our 15 unit housing scheme may struggle compared to existing residential. With our 15 unit flatted scheme however, we see values in excess of most potential alternative or existing use values across all proportions of affordable housing.

3.5.6 By Value Point 4 (where we reach more typical values for Woking Borough), the RLV of our 15 unit housing scheme has increased to £1,146,098 (£2,292,196 per Ha) at 30% affordable housing and drops to £1,070,865 (£2,141,731 per Ha), with the effect of a 40% affordable housing policy. These value levels could exceed a range of alternative use values in the Woking Borough context including, potentially, existing residential uses. Figure 7 shows these trends for this notional scheme through Value Points 1 to 6.

Figure 7: Indicative RLV (£ per Ha) - 15 Unit Housing Scheme



3.5.7 So, for schemes around Value Point 3 to 4 the indicative RLVs on the lower density schemes appear to be able to support affordable housing at a proportion of up to 40%, but in conjunction with the base assumptions on other cost areas. This will obviously be dependent on the existing or alternative use value and owner expectation of any site value, and as such there is no fixed cut off point where it is possible to say that land values definitely can or cannot support affordable housing at a certain proportion. However, it indicates that Value Point 3 to 4 related RLVs are more likely to support up to 40% affordable housing requirement than Value Points 2 or 1 bearing in mind the alternative use values factors.

3.5.8 Value Point 2 related RLVs remain positive at the lower proportions of affordable housing but it is likely that negotiation is more frequently going to be required on the percentage of affordable housing to be sought, especially alongside other planning obligations. A different view of the cost (particularly overall build cost)/value relationships may kick-start certain schemes and mitigate against viability issues around lower value development (Value Point 1 and Value Point 2).

3.5.9 A practical approach will need to be applied in all cases, and especially while we have uncertain economic conditions feeding a low level of market activity. In lower value cases (as above) we think there will need to be a particular emphasis on the affordable housing requirements being looked at sensitively on a site-by-site basis as part of the overall planning obligations package. In our view this does not suggest abandoning a challenging target which clearly sets expectations for the long-term strategy; it is about how that is implemented, particularly in the short-term.

3.6 The Effect of Affordable Housing Thresholds and Potential Sliding Scale

3.6.1 The overall impact of a range of potential affordable housing policies also needs to be judged with reference to the scheme size (principally number of dwellings) at which policy requirements could take effect. These scheme sizes, or trigger points for policy, are known as thresholds. The study brief extended to cover wider potential options including the review of a lowered or no threshold (i.e. where a wider range of smaller sites, or perhaps all sites, would contribute in some way towards meeting affordable housing needs).

3.6.2 Woking Borough Council's currently applied affordable housing policies place a requirement for the provision of affordable housing on sites of 15 dwellings or more across the Borough. To reflect schemes of fewer dwellings, i.e. falling outside the scope of the current approach, the range of modelling carried out for this study also included a starting proportion of 0% affordable housing on those smaller sites – as a benchmark representing the fact that currently no affordable housing is sought from them. It then looks at the impact of applying 20%, 30% or 40% affordable.

3.6.3 Analysis of the results indicates that, as expected, a potential lowering of the on-site affordable housing threshold (effectively increasing the proportion of affordable housing from 0% to 20%, 30% or 40%) on any of the scenarios modelled leads to significant reductions in RLV across the entire range of scheme types and Value Points.

3.6.4 A comparison of the reduction in the relative RLVs produced for a 10 unit housing scheme across Value Points 1 to 6 resulting from a change in the affordable housing requirement on qualifying sites from 0% to 20%, 30% and then 40% indicates a reduction of 40%, 65% and 92% respectively at Value Point 1 improving to 17%, 29% and 42% respectively at Value Point 6. The tables and graphs numbered 1 within Appendix II show this trend.

3.6.5 The pattern of reduction in approximate RLVs is repeated across all scheme types and sizes below the 15 unit threshold. We see RLV reducing as the affordable housing proportion increases, but this effect is mitigated by increased market value levels as schemes are able to generate more significant land value whilst bearing more cost.

3.6.6 Appraisals have been carried out assuming 0% to 40% affordable housing on all schemes of fewer than 15 dwellings. By way of an example (Figure 8 below), a comparison of the RLV generated at 0% affordable housing with those generated at increasing affordable housing proportions shows the reducing RLV (i.e. the viability impact increasing) from the landowner's current position (i.e. compared with 0% affordable housing) as we move from left to right. The same is seen on other similar graphs as scheme type varies.

Figure 8: Example showing impact on RLV of increasing affordable housing proportion below existing threshold (Value Point 4) – 10 Unit Housing Scheme

3.6.7 The results which show very large reductions in RLV are caused by relatively low starting value schemes. Only a small increase in costs (or reduction in sales receipt) results in a large relative percentage drop in RLV. Although this impact is principally going to have an effect on sites which are asked to provide affordable housing for the first time (i.e. go from providing 0% to potentially up to 20%, 30% or 40%), we also see it with lower end value schemes above the current 15 unit threshold where even a low affordable housing proportion deteriorates results significantly and provides very low or nil land values.

3.6.8 In terms of the indicative RLV produced by the 10 unit housing scheme in the example referred to above, at Value Point 4, this lowers from £1,455,674 at 0% affordable housing to £1,169,156 at 20%, £971,148 at 30% and £773,140 at 40% (Appendix II, Table 1). Alternatively, this can be expressed in value per hectare (Appendix II, Table 1b at 30dph). So, for this 10 unit housing scheme, we see a reduction in RLV (£ per Ha) from £4,411,132 per Ha at 0% affordable housing to £3,542,898 per Ha at 20%, £2,942,874 at 30% and £2,342,849 at 40% affordable housing from an original starting position where affordable housing was not required.

3.6.9 Again, similar trends are seen on all other notional scheme types below the existing 15 unit threshold for on-site affordable housing - with a similar reduction in land values. The impact of those reductions is greater at the lower end of the values scale due to the initial (pre-affordable housing requirement) lower land values which in turn lead to a reduced ability to bear cost.

3.6.10 These results show that scheme size is not a determinant of viability in itself. This is a consistent finding common to all of our studies. There is nothing within the appraisal maths which suggests that smaller or larger sites tend to be any more or less viable than each other. It really does come down to site specifics – the nature of sites and the proposals for them relative to existing use, specific costs, etc, all as discussed. In addition, the actual sum of money remaining with which to purchase land diminishes for the smaller schemes to the point that regardless of the value created in terms of the rate per hectare, there may well be insufficient value remaining in actual terms (£s) to compete with other uses. Other effects also come into play on the smallest sites, as discussed below.

3.6.11 We see the same basic trend of RLV deteriorating with affordable housing proportion increasing, regardless of scheme size.

3.6.12 Consideration of the effect of this first time policy impact (i.e. moving from 0% rather than an existing proportion) helps to demonstrate why we consider a sliding scale of affordable housing requirements could have potential as a useful and effective tool for reducing viability impacts on these smaller sites (those that would trigger affordable housing requirements for the first time should the affordable housing threshold be lowered from 15 units).

3.6.13 The wider evidence beyond this study points to lowered thresholds being necessary and justified to optimise progress towards meeting affordable housing needs. Given this and the finding that there is no particular reason for smaller sites not making a carefully judged contribution on a target basis, then in our view the sliding scale approach relating to sites which could often be significantly smaller than those currently within policy scope would be preferable to a straight requirement for say 40% from those – in viability terms.

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

3.6.15 However, for sites falling beneath current policy scope, this is not the case (that expectation has not been in place). Those will need to be brought within that adjustment process owing to the first time impact that we refer to. This means that the benchmarks that currently apply to such sites, in our view, need to be considered differently to those for the larger sites – and treated sensitively, particularly at this stage of policy development. Whereas, for a larger site, the no (0%) affordable housing related land value expectation should be a thing of the past, this is not the case for smaller sites when viewed at this stage of policy development.

3.6.16 As an example (from Table 1) our 10 unit housing scheme is indicated to produce an approximate RLV of £1,110,326 at Value Point 3 assuming 0% affordable housing. That, rather than any lower RLV figure, is the relevant benchmark in terms of driving land value expectations in that example. If 40% affordable housing is assumed then the indicative RLV figure falls to £523,330 - a considerable (53%) reduction. As a proportion of the starting value expectation, this represents a large drop and is likely to bring the RLV significantly closer to or below any existing or alternative use value. If, however, a lower (say 20%) affordable housing proportion is assumed then the impact is mitigated to a useful degree in viability terms. While the impact is still very significant, the RLV is boosted back to an indicative £861,345 (in this example) assuming a 20% affordable proportion. With a site of more than 15 dwellings, the starting/expectation point would be to the right of Table 1, so that we do not see this very significant first time impact – we see much smaller relative reductions; and therefore we are making different judgements about the suitability of a higher percentage target – against other, closer, alternatives.

3.6.17 On some of the very smallest sites, numbers rounding of the affordable housing component means that varying affordable housing percentages produce the same RLV outcomes. That means the target percentages are actually being distorted by the calculation – an anomaly which again points to careful consideration of how to most appropriately treat the smaller sites.

3.6.18 In addition, there may be cases on the smallest sites where the on-site provision of affordable housing may not be a suitable and practical response to seeking to meet affordable housing needs while meeting a wider range of planning obligations. This has less to do with development viability alone than the practicalities of delivery on small sites - including integration of affordable homes, scheme design, marketing issues, perceptions, management sustainability and the potential for occupiers to become isolated. As discussed above such smaller schemes can be very high value and comprise very large dwellings as well, with consequential affordability issues around suitability and affordability for affordable housing tenure, as well as around meeting wider planning objectives.

3.6.19 Given our findings on viability and views on the values of a sliding scale approach, the potential to collect financial contributions in lieu of on-site affordable housing for the wider group of small sites (i.e. potentially applicable across Woking Borough to schemes of fewer than 15 dwellings – or to a group of scheme sizes within the range 1 to 14 dwellings) has also been considered and is discussed further at 3.7 below.

3.7 Potential Approach to Seeking Affordable Housing Financial Contributions

3.7.1 The Council required the study to include consideration of the collection of financial contributions on smaller development sites to test the impact as a possible alternative to requiring on-site provision. The thinking behind this is the need to optimise overall contributions towards meeting affordable housing needs by seeking some level of provision from the numerous smaller sites which typically make up a significant proportion of the authority's housing delivery pattern. There is certainly merit in at least exploring policy options for bringing a wider range of sites, and potentially all sites, with the affordable housing policy scope in some way.

3.7.2 This study does not seek to cover any wider justification or evidence that may be necessary in the background to pursuing an approach to include the smallest sites through seeking financial contributions in lieu of on-site provision of affordable housing. The purpose of this element of the study is not to comment on the planning policy scope or wider merits of this type of approach, but to inform only on the development viability aspects.

3.7.3 In all of our calculations for such studies we find no reason for stating that smaller sites are more or less financially viable than larger ones. Hence there is no viability reason why smaller sites should not make an appropriate, carefully judged, level of contribution towards meeting affordable housing needs.

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

3.7.5 This approach, if implemented, would effectively mean a lowering or an effective removal of thresholds but with financial payments being made (in lieu of on-site affordable housing requirements) from schemes within the relevant size range.

3.7.6 The range covered in this instance relates to the potential viability of requesting financial contribution payments for affordable housing from schemes of fewer than 15 dwellings. At each point we appraised a range of affordable housing equivalent proportions of 20%, 30% and 40% so that we could see how results varied over this scale, and consider the potential to align this thinking to a sliding scale approach. We also appraised these sites assuming 0% equivalent (i.e. no affordable housing contribution) to reflect the current situation whereby no affordable housing policy applies to this group of sites. This set of results, as shown at Appendix II(i), overlaps with those generated for the smaller on-site affordable housing scenarios. We will not describe these results in detail here.

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

3.7.8 Having set out a formulaic approach for schemes below the on-site provision threshold, we suggest that the same basis could also be applied for larger sites where (exceptionally) it is agreed that the most appropriate solution for meeting balanced communities and wider planning objectives is through a financial contributions route. This would promote consistency within the overall approach. In all cases the relevant per unit (dwelling) sums would be apportioned depending on the scheme details and relevant affordable housing equivalent proportion. In any event, it could play a role as an additional tool for the Council – for example, in moving affordable housing subsidy to support higher priority schemes; or (if a mix of on-site homes and part contributions is applied) to cross subsidise a reduced number of priority needs affordable rented homes within the same scheme (for example, where no grant is available to enable the target provision).

3.7.9 Distorting anomalies that result from numbers rounding and how that affects on-site provision could be set aside through this route; sums could be calculated exactly, to include part dwellings equivalents where those arise. This detail may be important for specific viability outcomes on the smallest sites where on-site provision involving rounding can significantly skew the actual proportion sought or provided.

3.7.10 The results for this set of appraisals show that, as in all other instances of increasing affordable housing proportion, the indicative RLV decreases as the calculation assumes a financial contribution based on a potential policy positions where the equivalent proportion increases - from 0% to 20%, 30% and again assuming 40%.

3.7.11 As identified throughout the results and discussed above, stronger RLVs are maintained in higher value development scenarios. Consistent with the on-site affordable housing results, there is a significant improvement in indicative RLVs as the scenarios move from Value Point 1 to Value Point 6, as would be expected.

3.7.12 Bearing in mind the deterioration of results with increasing affordable housing proportion on these first time impacted sites, it may be appropriate for the Council to consider a lower proportion to be applied to the calculation in these instances. This would respect a sliding scale principle which we consider as a possibility for schemes of fewer than 15 dwellings across the Borough.

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

3.7.14 We are asked to review these areas, in terms of viability, in many of our studies. Adams Integra produced the viability study for South Hams District Council to support its Affordable Housing DPD at examination. We understand that approach and study, with which this and our other studies share common principles and methodology, has been received as good practice. Since then both Southampton City Council and Mole Valley District in Surrey have also had their policy stance (to include a similar type of financial contributions and sliding scale approach) examined (2009), with our similar study supporting that and meeting the examination requirements.

3.7.15 Compared with previous national advice under Circular 6/98 and PPG3 (now rescinded), PPS3 gives more scope for the consideration of thresholds, related to local circumstances “where viable and practicable”.

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

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

- Relates to the build cost of the affordable homes, or
- Relates to the land cost element – allied to a nil-cost land approach to on site affordable housing, or

- Considers the difference between the open market sale revenue and the affordable housing revenue for the relevant homes which would have formed the on-site quota. This latter route may be more complex, need more updating and be viewed as less market related.

3.7.18 Some local authorities have continued using mechanisms which relate back to the former Housing Corporation Total Cost Indicator ("TCI") regime in some way, or to RSL finance-driven models which link to how much finance RSLs are able raise or grant/other subsidy they need based on dwelling type and tenure assumptions. Reference to TCIs is now outmoded. Furthermore, methodologies such as those relate less well to the market in our view. Methodologies which relate more closely to the market-led provision that flows from the planning obligations are preferable and more widely understood in our experience.

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

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

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

3.7.22 Adams Integra's suggested route involves a formulaic approach to approximating the land value that needs to be replaced elsewhere, and then allowing also for the cost of acquiring and servicing that land – as above. In practice, the Council might not look to buy another site, but should have a strategy for monitoring, managing, allocating and committing these contributions. That strategy could include providing a variety of more creative affordable housing funding assistance to other local schemes, addressing priority needs and contributing to sustainable communities aims - again as envisaged by PPS3.

3.7.23 The methodology used to calculate the financial contributions involves taking a pre-affordable housing land (plot) value, calculated as a percentage of the market sale value of a property and taking account of other planning obligations and development cost assumptions. This percentage would reflect the pre-affordable housing (0%) RLV results, as taken from this study. We take the view that an allowance should be added to this base sum (bearing in mind that as well as land value there would be acquisition and (potentially) site preparation and servicing costs to bear). We are envisaging being able to replace the land elsewhere as the broadly equivalent benefit being secured.

3.7.24 The details at Appendix II(i) include indicative 'per dwelling' equivalent payment figures (financial contributions) generated through the following steps:

a. Open market value (OMV) of relevant or comparative property (depending on to what degree the formulaic approach is to be site-specific and linked to actual values or to a Borough-wide guide figure, etc).

b. Multiply by the RLV percentage. In Woking's case, we have used 32.6%, derived as per 3.7.23 above (and see also Appendix II(i)). Note that it would be possible to look at this in a variety of ways, including on a more scheme specific RLV basis.

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

d. Apply to the relevant dwelling numbers and types, and to the equivalent affordable housing policy proportion (in this case we reviewed potential positions for this at 20%, 30% or 40% equivalent proportion).

3.7.25 Appendix II(i) sets out the per (whole) dwelling indicative financial contributions which we have arrived at on this basis for this study, using our dwelling size and wider assumptions as applied for the wider study modelling.

3.7.26 The results at Appendix II(i) suggest that seeking to collect financial contributions driven by these sums in areas or instances that fall within Value Point 1 will have a significant impact on viability – again reflective of the on-site affordable housing results. At Value Point 3 value levels and above, RLVs improve to the point where, with the normal caveats applying (with regard to site specifics, being allied to a target approach as with on-site provision, etc), viability should be workable subject to a negotiated approach. So we see a similar pattern, as would be expected, to the on-site affordable housing results. At Value Point 2 we see relatively poor results with the higher proportions of financial contribution tested. The range of results highlighted in the following two paragraphs is shown at Appendix II(i).

3.7.27 The overall range of results across all scenarios tested shows a range of outcomes from 1.9% of GDV at Value Point 1 assuming a 40% affordable housing equivalent financial contribution to 45% of GDV at the highest Value Point and assuming 0% affordable housing. Towards the lower end of the range of new build values that we typically see across the Borough (Value Point 3) we see that at 0% affordable housing the RLV equates to between 31.1% and 33.5% of GDV with 0% affordable housing. This reduces to between 24.1% and 26.3% (depending on scheme type) with a 20% equivalent proportion and reduces further to between 20.6% and 22.6% at 30% affordable housing and between 17.1% and 19.0% at 40% affordable housing.

3.7.28 In all cases of moving from one level of affordable housing equivalent to the next (e.g. 20% to 30%, and so on) the RLV results deteriorate notably. On these small sites this could potentially become critical to scheme finances including existing/alternative use value relationships, perhaps especially where residential development is concerned.

3.7.29 Whilst, as with other results, there can be no single right answer or definitive cut-off point, we consider that the results indicate potential or even likely viability difficulties with increasing affordable housing equivalent % at the lower end of the values range tested. The Value Point results suggest that while a 20% affordable equivalent based financial contribution should be workable on this basis, a 30% or 40% one might well be difficult to achieve on a regular basis. Also, at these value levels, the potential contributions tend to look disproportionately large in relation to the scale of RLV indicated as being produced by some of the schemes. This effect should be borne in mind (whereby if the balance is wrong, too large a contribution relative to site value would be required).

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

3.7.31 The simplest interpretation of this approach to financial contributions would be setting out a Borough-wide single contribution figure per property type. If this route were preferred then a mid-range figure from the above could be selected for each unit type. This would mean taking an average approach, with the outcome from some sites more favourable in terms of monies secured than others (from both the Council's and developer's/landowner's points of view). In the case of Woking Borough's local property price levels, as discussed, the point selected for this simple uniform approach could be the Appendix II(i) indicative contribution figures relating to Value Point 4 for example.

3.7.32 Alternatively, a more sophisticated approach could be developed for the Borough. For example, guidance could set out higher level guide or target contributions sums applicable to high value areas (e.g. allied to Value Point 5 to 6 levels), compared with lower value areas within the Borough. The approach would rely on defining the higher value areas relevant to the increased target contribution levels, but this might also be viewed as an equitable approach in the circumstances.

3.7.33 The same formulaic approach could be used to develop an equitable approach to seeking financial contributions from schemes which produce much larger and more valuable properties than those envisaged through our current appraisals. The use of increased values and/or floor areas (or multiples of the more typical floor areas) could be picked up through the formula to generate appropriate contributions.

3.7.34 Similarly, the formulaic approach could be used to calculate top-up financial contributions if the Council decided to seek whole numbers of affordable homes on-site and accept payments for the part units produced by the proportion calculation.

3.8 Social Housing Grant (or equivalent other subsidy) and Tenure Mix

3.8.1 Appraisals have been carried out to show what happens to our notional schemes as we alter the viability picture through the addition of grant to the scheme or change the tenure mix. All appraisals have been run at a 70/30 tenure mix but also on sites of 15 or more units at a 50/50 and 85/15 tenure mix. See Appendix II(a) and I(b) for the results showing the change in tenure mix (85/15 and 50/50 respectively). See Appendix II(e) for the results showing the impact of grant input into schemes at both 70/30, 85/15 and 50/50 tenure mix. Figure 9 below compares the results of appraisals run with and without grant on a 25 unit mixed scheme. In this instance grant was added to the base appraisals.

Figure 9: Comparison of Appraisal Results With and Without Grant (70/30 tenure mix) - Value Point 4 only; base assumptions

Appraisal Type	25 Unit Mixed Scheme			
	RLV Without Grant (£)	RLV With Grant (£)	RLV Without Grant (£/Ha)	RLV With Grant (£/Ha)
20% Affordable	£1,891,011	£2,080,383	£2,701,444	£2,971,976
30% Affordable	£1,520,376	£1,819,262	£2,171,966	£2,598,946
40% Affordable	£1,280,030	£1,651,854	£1,828,614	£2,359,792

3.8.2 Figure 9 with data taken from Appendices II and II(e) indicates that adding grant to the scheme improves the RLV by 9%, 16% and 22% (at 20%, 30% and 40% affordable housing respectively). Grant ultimately improves the viability of a scheme, but the availability of grant is an element that must be considered on a site-specific basis. Related to these points, the use of Cascade type mechanisms, or similar, will be valuable for consideration within the Council's overall approach. This envisages the Council working with developing partners - where necessary - to adjust, but still optimise, affordable housing delivery in all the circumstances relevant to a particular site, including the funding levels ultimately available. The Council would expect to take a lead role in such discussions, aimed at maintaining appropriate affordable housing delivery within the Section 106 framework agreed - avoiding going back to the start with that process, and thus avoiding significant delivery delays.

3.8.3 The findings indicate a range of values across the study area from relatively weak values (where development viability is compromised even with the most favourable cost assumptions) to relatively strong values (where development viability is improved and schemes will usually be able bear greater costs). Grant may well have an important role to play on many sites - where affordable housing numbers or deliverability of a favourable tenure mix can be improved compared with a nil grant route.

3.8.4 Given the viability constraints discussed so far at Value Point 1 and to some degree Value Point 2, with high levels of affordable housing, plus the possibility of increased planning obligations or other increased cost impacts, it is likely that social housing grant or other public subsidy would need to be levered in as support to achieve optimal affordable housing content. At the higher Value Points there is scope for the Council to adopt a relatively robust position on the use of grant, and so in negotiations with landowners and developers on what any grant input will be adding to a scheme. On lower value schemes, it should be possible for the Council and its partners to readily demonstrate the "addtionality" achieved through grant input where that is available, in accordance with HCA principles.

3.8.5 Figure 10 shows a comparison between indicative RLVs for a scheme with grant assuming a 85/15 and 70/30 tenure mix, and no grant on the same scheme combined with a 50/50 tenure mix (Note: That because of the rounding of affordable housing with a 20% proportion of affordable housing, there is no difference in the results between 85/15 and 70/30 tenure mix – i.e. 4 affordable rented and 1 intermediate unit).

Figure 10: Comparison of Appraisal Results With and Without Grant with variations to tenure mix (Value Point 4 Only)

Appraisal Type	25 Unit Mixed Scheme					
	85/15 Mix Without Grant (£/Ha)	85/15 Mix With Grant (£/Ha)	70/30 Mix Without Grant (£/Ha)	70/30 Mix With Grant (£/Ha)	50/50 Mix Without Grant (£/Ha)	50/50 Mix With Grant (£/Ha)
20% Affordable (RLV)	£2,701,444	£2,971,976	£2,701,444	£2,971,976	£2,797,944	£3,043,084
30% Affordable (RLV)	£2,103,572	£2,546,888	£2,171,966	£2,598,946	£2,381,579	£2,744,263
40% Affordable (RLV)	£1,663,721	£2,236,627	£1,828,614	£2,359,792	£2,054,842	£2,508,210

3.8.6 From the Figure 10 examples and the wider results, it is possible to see how (in terms of indicative RLV outcomes and on the assumptions made) the addition of grant is having a greater impact on the RLVs than the change in assumed affordable housing tenure mix.

3.8.7 Similarly, the proportion of affordable housing overall (i.e. of all tenure forms) is having a greater impact on the indicative RLVs than tenure mix alone. Tenure mix will be an important consideration for viability, but dependent on other factors such as overall proportion and grant availability – so its effect will need to be viewed alongside these other factors rather than in isolation.

3.8.8 We can see what happens as we track a single example through Figure 10 above, for example, starting at 40% affordable housing based on a 50/50 tenure mix with no grant. This gives us an indicative RLV of £2,054,842/Ha. If we reduce the overall affordable housing proportion to 30%, there is an immediate quite significant improvement in the RLV – to £2,381,579/Ha. If we then alter the tenure mix towards a greater proportion of affordable rent (to 70/30 and then 85/15) that result deteriorates gradually to £2,171,966/Ha and to £2,103,572/Ha respectively. Then, by adding-in grant, we boost that last indicated RLV very significantly – to £2,546,888. Taking this one step further, we could then see how RLV falls back again, but still stays above its no grant starting point, as we increase the affordable housing proportion from 30% to £2,236,627 at 40% overall proportion, and so on. With no grant applied at 40% overall affordable housing proportion we see that the value generated with an 85/15 tenure mix is approximately 20% below that generated with a 50/50 tenure mixes.

3.8.9 These results indicate:

- The impact (viability boost) that grant can have, though this should really be seen through improved affordable housing provision in some way (additionality) - not by way of increased land value beyond a reasonable point.

- How much RLVs can deteriorate by the time we allow for the higher proportions of affordable housing, particularly with no grant and even with a more balanced tenure mix.

- That only on the larger schemes will a 85/15 tenure mix impact on viability very much more significantly than a 70/30 mix and so on between 70/30 and 50/50.

3.8.10 It may be useful to the Council to make some comparisons between various results – in terms of the RLVs that the various combinations of assumptions produce. Although we see a reduction in RLV as the proportion of affordable rent increases, this has much less of an impact than increasing the overall affordable housing percentage.

3.8.11 These figures are based purely on the appraisals carried out and assume that the intermediate product is feasible for RSLs and their customers. Aside from the well-established difficulties that can arise with the overall affordability (total costs) of shared ownership for its purchasers, there are increased experiences of difficulties with shared ownership saleability in the current market. This is largely due to current deposit requirements and mortgage availability. As we understand it, experiences are mixed, and tend to echo the open market in that the most popular, well located and attractively priced schemes can still sell relatively well, while others are attracting little or no interest.

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

3.8.13 Whilst (in line with the HCA's "additionality" approach), the Council's starting point may well be to consider what affordable housing can be achieved without grant, as discussed above, our view is that grant may have an important role to play in balanced housing delivery locally; in particular in supporting varied and appropriate tenure provision, perhaps especially on lower value schemes or in instances of competing alternative land use values where viability may be more marginal. We understand that the Council's general approach will be that it may seek up to 70% affordable rented tenure, although site specifics will prevail. Whether or not grant is available, and if so at what level, will be one of the key determinants of whether this level of tenure mix can be supported on a regular basis over the longer-term. Unfortunately, it is not possible to rely on, or predict, grant availability. The HCA have been contacted previously and Adams Integra were provided with the following information which reflects our understanding:

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

3.8.14 Our recent experience of schemes is that HCA social housing grant funding has been quite opportunity-led for a period (coinciding with the difficult market conditions and HCA incentives aimed at maintaining affordable housing development) and many schemes have been providing increased proportions of affordable rent compared with previous experience. This is because of a mixture of factors including:

- This recent more opportunity-led funding approach (although we understand that a reversion to a more planned funding approach is underway).

- Wider housing market trends (crucially the limited availability, still, of suitable mortgage finance) mean that low cost homes ownership tenure such as shared ownership may be either unattractive or unworkable in many instances.

- Linked to this, affordable rent with grant can now look equally or more attractive to RSLs in terms of their financial appraisals (and thus can mean better relative offers to developers for that form of tenure).

3.8.15 Overall, this can only be regarded as a fluid set of circumstances, which together with the levels of local needs and Regional Policy, point towards a significant bias to affordable rented tenure as a target position.

3.8.16 In our experience, approximately balanced tenure can be achieved with little or no grant, providing the affordable housing proportions sought (and other planning requirements) are not too high. However, as above, we consider that there is likely to be a role for grant to support a bias towards the priority needed affordable rented tenure in particular, especially where the proportion of that tenure rises. As an example of the possible positive impact of grant, with regard to the current mortgage access issues often experienced with home ownership products, it may be that through increased grant input more affordable rent could produce more viable schemes which are also more acceptable financially to RSLs in the current conditions. Although there is much uncertainty surrounding grant funding availability, the Council and their development partners will need to consider such factors in relation to site specifics.

3.8.17 As mentioned above, the use of “Cascade” type mechanisms will be valuable for consideration within the Council’s overall approach. This envisages the Council working with developing partners - where necessary - to adjust, but still optimise, affordable housing delivery in all the circumstances relevant to a particular site, including the funding levels ultimately available.

3.8.18 A Cascade principle or mechanism allows the affordable housing element of a scheme to adapt to funding circumstances at the point of the delivery details being fixed (i.e. most likely post-planning, but prior to contracts being entered into by the developer and RSL for the affordable housing construction and purchase).

3.8.19 Where used, it would normally be built in to the Section 106 agreement. It has the potential to help delivery when the availability of funding is uncertain, or perhaps when other planning or site issues mean that the exact details of the affordable housing delivery need to be agreed. This can help avoid or reduce delays where Section 106 agreements would otherwise be renegotiated instead. An agreement including a Cascade principle provides scope for the affordable housing content of a scheme to be reshaped and usually optimised given the available funding and perhaps other financial circumstances.

3.8.20 Usually a local authority would expect to lead the process which redefines the affordable housing, working closely with the other parties such as the developer, HCA and any involved RSL. As an example of a potential Cascade outcome, the Council may take a view that it is best to consider fewer affordable homes, but of the priority needs tenure type (i.e. usually affordable rent). Alternatively it may decide to maintain affordable homes numbers delivery by allowing the tenure mix to skew towards more financially viable home ownership or intermediate housing tenure; or to commute the affordable housing delivery into fewer family homes. Ultimately, discussions and outcomes would be very site-specific.

3.8.21 The same principle as outlined above (i.e. the need to inform judgements on the affordable housing target proportions in conjunction with wider criteria - including likely funding availability) will also be relevant in the context of any wider consideration the Council may be giving to overall planning obligations requirements, and other burdens on schemes. The wider costs and obligations also affecting viability always need to be taken account of.

3.9 Developer's Profit

3.9.1 As mentioned at 2.5 of this report, viability has also been investigated on a small sample of scenarios using 20% developers profit in place of 17.5%. This has been carried out on schemes of 25, 50 and 100 units at all Value Points. A summary of a 25 unit mixed scheme results at Value Point 4 is provided here with a comparison to the results using a 17.5% developer's profit. The full results can be found in Appendix II(f).

3.9.2 This comparison allows us to investigate the additional impact of increased profit requirements that may be more likely on schemes as a result, for example, of increased risk in bringing more complex sites forward for development. The results also allow us to see what happens if profit levels decrease from our base level, as may happen, for example, with a stronger, more confident market or on smaller, lower risk schemes. As expected, the same trends discussed previously are seen, whereby with higher profit levels the lower the development value, the greater the additional impact on scheme viability and vice versa. The impacts from increased costs are more significant news for the lower value scenarios – as values increase, there is usually more scope to bear increasing cost assumptions.

3.9.3 Figure 11 below shows the comparison where the only change made was to the developer's profit level. In this instance the developer's profit altered on the base appraisals.

Figure 11: Comparison of Appraisal Results at Varying Developer's Profit (Value Point 4)

Appraisal Type	25 Unit Mixed Scheme – Without Grant			
	RLV – 17.5% Profit (£)	RLV – 20% Profit (£)	RLV (£/Ha) 17.5% Profit	RLV (£/Ha) 20% Profit
20% Affordable	£1,891,011	£1,761,166	£2,701,444	£2,515,952
30% Affordable	£1,520,376	£1,409,275	£2,171,966	£2,013,250
40% Affordable	£1,280,030	£1,182,561	£1,828,614	£1,689,373

3.9.4 As would be expected, the result of an increase or decrease in developer's profit leads to further reductions or increases in the residual land values across the range. The impacts can be quite significant. As the percentage of affordable housing increases, with reducing RLV the impact of an increased developer's profit on scheme viability becomes greater; in simple terms there are more burdens on the development revenue. The impact is also more marked with lower starting values. What can clearly be seen is the combined impact that both a 40% affordable housing proportion and a 20% profit requirement have on the residual land value (and in any event what increases in both assumptions from base levels mean for outcomes). This reinforces earlier points that there will be schemes that the Council will need to consider in this context, in negotiations. It should be noted that this effect will be more in focus when looking at lower value schemes.

3.9.5 We have to consider that there will be a wide range of scheme types brought forward by an equally wide range of parties. Once again, there are no firm rules when it comes to scheme-specifics. In our view, however, the 17.5% level we use would form a reasonable benchmark for the Council when first considering site-specific viability appraisals and engaging developers and other in discussions. We might expect to see some profit expectations beneath this level. In any event, the Council will be able to track its experiences of required profit levels for varying scheme types over time, as part of its ongoing dealings with developers and others over time.

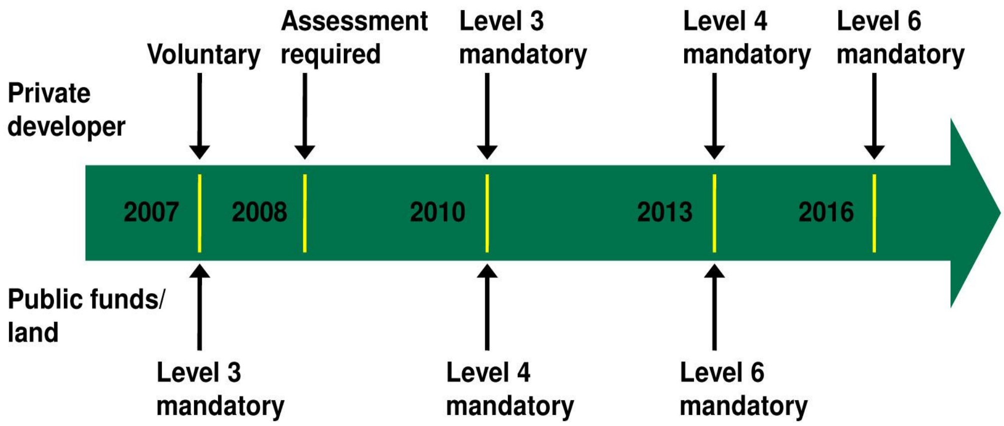
3.9.6 As the study progressed we have seen some reporting on developers having to accept reduced profit levels in some instances in what have been weakening market conditions. However, there is also an argument to be made about increased risk in such circumstances. In this context we noted at 2.5 that on its summer 2009 Appraisal Tool re-launch the HCA moved its developer's profit guide assumption up to 17.5% of GDV from 15%. In the current uncertain market conditions we are seeing a range of indicators on developer's profit levels, and these are becoming increasingly difficult to judge with respect to perception of risk levels. So, on balance, our range of assumptions is considered to be appropriate with regard to market conditions. These will need to be kept under review as part of the Council's monitoring processes, negotiations and delivery experiences. What is appropriate for one scheme may well not be for another, and the collective costs burden on schemes will always need to be borne in mind.

3.10 Carbon Reduction Measures (Code for Sustainable Homes and Renewables)

3.10.1 Further sensitivity analysis has been carried out on the impact of applying likely additional development costs to schemes as the requirement to meet higher sustainable construction and design criteria increases over time. There are various interpretations of how the requirements will progress and be laid out at a national level, but it is likely that they will be achieved through increasing Building Regulations requirements, with the Code used as a tool or mode for achieving carbon reduction measures and other criteria. For the purposes of this study we have used the attainment of varying levels of the Code for Sustainable Homes as our cost measure. All (base) appraisals have been carried out assuming that Code Level 4 is achieved, however, on a sample of site types we have also carried out appraisals that assume Code Level 5 and 6 attainment.

3.10.2 Currently the timetable for all residential development to meet increasing environmental standards aligned to raised levels of the Code is set out by the Government as follows[11]:

Figure 12: Timeline for Code for Sustainable Homes Compliance



3.10.3 The sensitivity analysis has been carried out on schemes of 25, 50 and 100 units only. On an example scheme of 25 units, the comparison of the residual land values created after the addition of each level of cost is shown in Figure 13 below (all other assumptions as per the base appraisals).

[11] From: www.tarmachomesproject.co.uk/what_is_the_code/2016_legislative_timeline.

Figure 13: Comparison of Appraisal Results – Increasing Code for Sustainable Homes Requirements – Value Point 4 Only

Appraisal Type	25 Unit Mixed Scheme (VP4)		
	20% Affordable Housing	30% Affordable Housing	40% Affordable Housing
RLV (£) CfSH Level 4	£1,891,011	£1,520,376	£1,280,030
RLV (£) CfSH Level 5	£1,439,850	£1,069,215	£828,869
RLV (£) CfSH Level 6	£1,274,792	£904,157	£663,811
RLV (£ per Ha) CfSH Level 4	£2,701,444	£2,171,966	£1,828,614
RLV (£ per Ha) CfSH Level 5	£2,056,929	£1,527,451	£1,184,099
RLV (£ per Ha) CfSH Level 6	£1,821,131	£1,291,652	£948,301

3.10.4 The results show the impact a requirement to meet Code for Sustainable Homes Level 5 and 6 has on RLVs when taking into account the other base assumptions in this study. The additional approximate costs included to achieve Code Level 5 and 6 reduce the RLVs generated (and this is before the addition of potentially higher infrastructure - wider planning obligations - costs). Of course this is likely to vary and be sensitive to site-by-site specifics. While there can never be any defined cut-off points for scheme viability (unless looking at a specific site with known parameters on existing use value, owner's requirements, etc), the impact of the Code 4 attainment alone is not felt to be a make or break scenario for scheme viability. However, as the Code level requirement increases beyond this we see a significant deterioration in RLV. There are potentially cost savings to be made over time as the likelihood of meeting the CfSH requirements becomes cheaper (potentially as technologies and their supply improve and cost savings are made through future innovations in this area). We cannot assume those and so do not build in any such savings from developments in this area. These results assume approximate costs as known at the point of fixing assumptions and as set out in the DCLG report.[12]

3.10.5 As with tenure mix and grant, again we can again see the trade-off that may be required in some instances order to meet these requirements and still provide profitable residential development. It is worth reiterating here that the collective burden of all the costs analysed within this study are unlikely to be met through development alone without subsidy from elsewhere. We talk about the collective impact from all of the items investigated through the

[12] DCLG – Code for Sustainable Homes – A Cost Review (March 2010)

sensitivity analysis at the end of this chapter. In comparison with indicative information such as South East land values guides or alternative use values per hectare provided by the VOA (see section 3.3), it appears likely that the Figure 13 scenarios wouldn't exceed the typical industrial/lower end commercial use values at Code Level 5 or above with a 40% or higher proportion of affordable housing applied and would struggle to compete with existing residential land values.

3.11 Increase in Planning (infrastructure) Obligations Costs

3.11.1 Another cost area that impacts on development is the level of other wider (i.e. not affordable housing) planning obligations or infrastructure requirements. Appraisals were carried out assuming varying infrastructure (planning obligations) contribution levels of £5,000, £10,000 and £20,000 per dwelling (applied to all dwellings). This part of the work also has a wider potential relevance in that it enables the Council to see how viability results deteriorate when costs are added regardless of what those costs are. An increase in costs could come from a wide variety of sources – related to planning requirements, site conditions, scheme specification or a combination of those.

3.11.2 Increased planning obligations burdens, as with any costs, have a negative impact on development viability. We have discussed the effect of additional costs, profit, affordable housing, etc above. Figure 14 below shows a brief example of the additional impact that higher planning infrastructure costs may have on schemes when combined with the "cost" of affordable housing provision.

Figure 14: Comparison of Appraisal Results from varying Infrastructure Cost/ (Planning obligations/other costs)

Appraisal Type	25 Unit Mixed Scheme – 70/30 Tenure Mix – VP3		
	RLV (£/ha) £5,000 / Unit	RLV (£/ha) £10,000 / Unit	RLV (£/ha) £20,000 / Unit
20% Affordable	£1,919,317	£1,767,175	£1,462,889
30% Affordable	£1,462,560	£1,310,417	£1,006,132
40% Affordable	£1,164,463	£1,012,320	£708,034

Appraisal Type	25 Unit Mixed Scheme – 50/50 Tenure Mix – VP4		
	RLV (£/ha) £5,000 / Unit	RLV (£/ha) £10,000 / Unit	RLV (£/ha) £20,000 / Unit
20% Affordable	£2,701,444	£2,549,301	£2,245,016
30% Affordable	£2,171,966	£2,019,823	£1,715,537
40% Affordable	£1,828,614	£1,676,472	£1,372,186

3.11.3 These results (taken from Appendices II, II(c) and II(d) – show the reduction in RLV that occurs as the planning infrastructure (or other equivalent) cost assumptions are increased. We refer to 'other costs' as an alternative here, because any equivalent increase in the appraisal cost assumptions would have the same effect. In practice, scheme costs could increase over time for a variety of reasons, not only planning obligations. Effectively, therefore, these appraisals reviews added collective cost (whether related to planning obligations in full, a mix of those and other items, or other items in full).

3.11.4 The trends shown in the example results above are again repeated for all scheme types. This further emphasises the potential viability issues that could flow from seeking the highest levels of affordable housing whilst at the same time increasing the infrastructure burden on sites coming forward, especially in the event of nil or limited social housing grant. Land value is effectively reduced by 40% in the example above a Value Point 3 where the planning infrastructure is increased to £20,000 per unit at 40% affordable housing when compared to the same example scheme with a £5,000 per unit cost. It must be remembered however that the additional infrastructure costs shown above are in addition to our other base appraisal assumptions including a 70%/30% tenure split and a Code for Sustainable Homes Level 4 cost assumption on all units. Where the tenure mix improves (from a viability point of view) and at higher values we see improved figures from those shown (see lower table section).

3.12 Potential Greenfield Release/Council-Owned Land Scenario

3.12.1 On our 100 unit Greenfield release/Council-owned land scheme we have carried out appraisals at 40%, 50% and 60% affordable housing only. The modelling has been carried out on the basis that the likely alternative or existing use values for this site type is agricultural. With this there is also likely to be an uplift in land value expectation which in our experience would often be significantly above agricultural values levels and perhaps up to somewhere between £300,000 and £500,000 per hectare. On this basis we see with our 100 unit Greenfield scheme that the results of the 40% affordable housing (base level appraisals) exceed that potential value expectation in all but the lowest Value Point (Value Point 1). With a requirement for 50% affordable housing values need to reach Value Point 3 and with a 60% requirement, values need to reach Value Point 4. This is assuming our base level assumptions and so does not take into account increased planning infrastructure costs or higher sustainable design and construction standards than CfSH Level 4. Figure 15 shows a comparison of results at 40%, 50% and 60% affordable housing at Code Levels 4, 5 and 6.

Figure 15: Comparison of Appraisal Results on Greenfield/Council Owned Land – Varying Affordable Housing Proportion & Code for Sustainable Homes Levels

Appraisal Type	100 Unit Mixed Scheme – 70/30 Tenure Mix – VP4		
	RLV (£/ha) CfSH Level 4	RLV (£/ha) CfSH Level 5	RLV (£/ha) CfSH Level 6
40% Affordable	£2,068,973	£1,284,428	£997,399
50% Affordable	£1,534,244	£749,699	£462,671
60% Affordable	£987,419	£204,988	£0

3.12.2 With increased sustainable design and construction requirements (Code Levels 5 and 6) we see our RLVs fall to the point that to achieve 50% affordable housing and Code Level 5 (with all other assumptions as per the base appraisals) values need to reach Value Point 4 to overcome possible likely land value expectation levels. To achieve 60% on the same basis values would need to reach Value Point 5. To achieve Code Level 6 and 60% affordable housing values at Value Point 6 would be required – again based on other assumptions as per our base levels.

3.13 Cumulative Impact on Development Viability

3.13.1 The results discussed within this chapter have shown the individual impact of one cost variance on the residual land value generated by the base results. By looking at one scheme type we can begin to see the cumulative impact of each of those “costs” (be it tenure variation, grant input, increased planning infrastructure, etc). Figure 16 below shows the impact on the RLV on one scheme as each of the “costs” is added.

Figure 16: Cumulative impact of applying cost assumptions over and above base RLV results (Value Point 4); 25 Unit Mixed Scheme (£ per Ha)

	1	2	3	4
A	Value Point 4 Variations	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
B	With Grant, 17.5% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£3,000,223	£2,705,611	£2,472,883
C	No Grant, 17.5% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£2,758,536	£2,348,036	£2,025,900
D	No Grant, 20% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£2,575,656	£2,191,556	£1,888,620
E	No Grant, 20% Developer's Profit, 70/30 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£2,480,516	£1,984,895	£1,665,579
F	No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£2,480,516	£1,917,464	£1,503,008
G	No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £10,000 Infrastructure	£2,330,516	£1,767,464	£1,353,008
H	No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £20,000 Infrastructure	£2,030,516	£1,467,464	£1,053,008
I	No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 5, £20,000 Infrastructure	£1,395,078	£832,026	£421,920
J	No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 6, £20,000 Infrastructure	£1,162,601	£605,794	£192,805

3.13.3 The results shown in Figure 16 are just one set of possible combinations of "cost" areas, but one chosen to show the impact on residual land value of combined potential requirements. This area of the results clearly shows the type of prioritisation that may be needed between affordable housing requirements and other added cost areas in some circumstances. On this point, what we would be looking at is results which give similar RLV outcomes through different potential assumption combinations. Just by way of illustration, the 40% affordable housing requirement with grant at cell C4 in Figure 16 above indicates an RLV of £2,025,900/Ha, similar to that produced by the appraisal with 20% affordable housing (table cell H2) but with additional cost areas applied (£2,030,516/ha). This is showing that on the basis of the cost and values assumptions used in this study (and assuming the RLV produced is sufficient), to achieve a broadly similar land value, the affordable housing requirement can be increased from 20% with a 85/15 tenure split, 20% developer's profit, £20,000 per unit infrastructure cost to 40% affordable housing where the tenure split is 50/50 and the developer's profit is to 17.5% – to maintain the same approximate RLV. In this example, the priority decision may well need to be taken between a lower proportion of affordable housing, higher planning infrastructure requirements, change in tenure or a mixture of those.

4 CONCLUSIONS

4.1 General Considerations – land values and viability

4.1.1 There will always be certain cases where abnormal site costs, planning obligations impacts, existing/alternative use values (or a combination of these) mean that affordable housing targets cannot be met. Those will more often be lower value schemes but may also include wider range schemes where the combination of assumptions goes against viability and means compromises being considered. Those issues are relevant in any area and we advise all of our local authority clients accordingly.

4.1.2 Land values are in many ways a function of property values – the high property values in essence feed in to high land values. Therefore, it should also be noted that where property values are so high, land value expectations also tend to be high. So while land value results look strong, to a degree they need to measure up appropriately to owners' expectations in ensuring the release of sites.

4.1.3 Land value expectations will need to be adjusted over time, not just because of affordable housing requirements, but also through the growing climate for higher specifications related to sustainability, wider scoped planning obligations, CO_2 emissions reduction/renewable energy and the like. It is possible that current property market trends could help with this overall adjustment process in the longer-term. In that sense we consider that this is a good point at which to be clarifying the various policy expectations.

4.1.4 At the time of preparing this study, Adams Integra has had to acknowledge the very weak and uncertain market conditions which were particularly dominant in the period preceding the study getting underway. The wider economic and property market uncertainty is likely to be a feature in the months to come.

4.2 Local values, market and general overview

4.2.1 Following a long period of continuous and significant market decline, in recent months sales rates and prices have undergone a level of recovery so that values have been seen to stabilise or increase – eroding the major reductions seen through the downturn. However, a range of commentators view the level of recovery as fragile, with house prices having been protected to a degree by lack of supply. Some still report a significant chance of a further downturn as 2010 proceeds and we move on to 2011. The consensus is that uncertainty will be with us for some time, given the fragile economic climate, ongoing employment fears and now the General Election.

4.2.2 Looking at the latest available Land Registry data (released 30 April 2010) on completion of our work, we can track the trends in sales volumes and average houses prices in Surrey up to January and March 2010 respectively.

4.2.3 It can be seen that sales volumes peaked at 3,007 per month in August 2007. They fell away steeply that September and again in November 2007. By the end of 2007, sales volumes were at very approximately half their peak level. Sales volumes continued to fall away through 2008 and into 2009; the trough in that measure coming in February 2009 – when the levels had fallen to just 587 – about 20% of their peak level.

4.2.4 The lag from declining sales volumes to impact on house prices can be seen. The Land Registry House Price Index shows Surrey average house prices not peaking until around March 2008 (at £312,125) and steadily declining to reach a low in June 2009 – at £259,268. Now indicated at £289,781, it can be seen that Surrey average prices are now just over half way between their recent trough and peak levels (in other words, approximately half of the value erosion seen through the downturn has now been replaced).

4.2.5 Our research and local enquiries process has shown the Woking Borough market to be broadly reflective of these sentiments and features. Despite the downturn, prices locally remain very. Even in the areas of the Borough where, in the local context, cheaper property tends to be found, the resale market data we collected indicated average property prices in excess of £200,000 and modest family houses ranging from £200-£300,000 and upwards. The overall average prices (all property types) indicated by our resale market data were similar to the South East Average level (at £208,035) shown in the Land Registry House Price Index data for March 2010 (latest published) for areas having typically the lowest values in the Borough (Sheerwater and Woking Town). In all other areas of the Borough our research showed prices well in excess of this level, looking at overall averages for all property types. Our average asking price analysis (at Appendix III) indicated a figure for all properties of £281,888; at a very similar level to the latest Land Registry House Price figure for the Surrey average (at £289,781). The Land Registry equivalent figure at this point for England and Wales was £164,288. In overview terms, Woking prices are therefore in line with Surrey prices; well ahead of the South East average and very approximately 75% higher than the England and Wales average.

4.2.6 Whilst a range of values is seen in the Borough, as is inevitable given the varying characteristics of its different areas, taking an overview we found that value levels are relatively consistent and especially so in the case of new build property. Our resale market review indicated that the highest value areas when viewed individually (areas where average house prices are typically the highest – and on a consistent basis) are Pyrford, Horsell, Mayford and Hook Heath. These areas appeared at the top of our indicative informal hierarchy with average prices notably higher than in other areas. A group of other locations having similar value levels to each other, at what might be described as typical levels (middle part of the range) for the Borough when viewed individually within the overall Borough picture, included Brookwood, Westfield, Maybury, West Byfleet, Kingfield, Mount Hermon, Knaphill and Byfleet. Slightly lower values were seen in St Johns, Old Woking and Goldsworth Park. Looking to the base of our indicative hierarchy of local values, the lowest average values were seen Sheerwater and Woking Town. We also looked at an informal hierarchy of values – on an indicative basis again – in terms of the 9 neighbourhood areas recognised by the Council, as follows, where it can be seen that although the same general picture emerges the outcome is dependent on the particular blend of property and locations feeding in to the data:

Highest average values by neighbourhood - indicative

1. Horsell
2. Byfleet, West Byfleet and Pyrford
3. Hooks Heath, Mount Hermon, St Johns and Mayford
4. Maybury
5. Knaphill and Brookwood
6. Old Woking, Kingfield and Westfield
7. Goldsworth Park
8. Sheerwater
9. Woking Town

Lowest average values by neighbourhood – indicative

4.2.7 These are general trends and features of the overall (re-sales dominated) local market and will be influenced by local facilities and amenities, schooling, road networks/transport, local reputation and other factors – so that, in practice, values will vary over very short distances.

4.2.8 Looking at the new build market and through information gathered locally (see Appendix III) there appeared to be relatively little variation in pricing across the Borough. This is when viewed overall, as appropriate for this strategic level work and the consideration of policy targets, rather than in terms of individual site or particular location specific variations.

4.2.9 The new build housing information we collected and the soundings we took from local agents suggested that at the current time the relevant new homes values in the Borough were not likely to vary very far from the range £300 to £400/sq ft (around £3,200 to £4,300/sq m). The range of new build values seen went from approximately £2,800 to £5,500 per sq m (approximately £260 to £511/sq ft). However, we saw very few instances of values below £3,000 per sq m (about £278/sq ft) with only one incidence of Value Point 2 at the research point, so that the extremes of this overall range did not represent the typical picture. The average new build pricing point was approximately £3,800 per sq m (about £353 per sq ft).

4.2.10 So, making the necessary overview for strategic policy development, typical values in the Borough currently fall within our Value Points range 3 to 5. That part of the Value Points range 3 to 4 can be considered the mid-range and representative of the typical Woking picture in the current market.

4.2.11 The Value Points range gives us and the Council scope to consider the influence of the market housing value levels on viability and as to how that influence may vary as values vary by particular scheme/location and/or through time with varying economic and property market conditions.

4.2.12 Consideration of the range of outcomes (indicative RLV results) across this scale of values is a key element of interpreting the study results and in making judgements for our policy recommendations.

4.2.13 Driven by the high values associated with the market housing element of schemes, in general we have seen a strong tone of viability results. Typical local value levels show good viability outcomes assuming a more normal level of development activity.

4.2.14 Also relevant to bear in mind, however, is the impact of the poor market conditions and particularly on lower end values, and especially in the event that further market decline means we see those value levels more frequently. The lower end values are associated with poorer results. It is also very important to consider that affordable housing requirements are not the single cause of the mixed results. While they are certainly a factor, the market characteristics currently represent a more significant one.

4.2.15 While, as above, the Borough does contain areas of greatly varying character (in terms of building ages, styles, densities, etc) it is essentially a collection of closely related and often overlapping built-up areas – containing no rural areas or settlements of note in terms of likely future development. So far as we can see, there is also likely to be only limited scope for Greenfield development such that the urban area characteristics are key in considering this overview.

4.2.16 The nature of the Borough and the relatively consistent values seen (particularly likely for new builds) strongly points to the most appropriate affordable housing policy headlines being simply and clearly stated as Borough-wide positions. Our view is that in viability terms there is no strong evidence or need for varying affordable housing thresholds or targets by area. A single policy position would be suitable and the best for clarity – a key ingredient needed by landowners, developers, RSLs and other stakeholders. It would provide a suitable backdrop for dealing with the inevitable site-specific variations in the Woking Borough context.

4.2.17 More complex/area distinctive policies usually require more resourcing, more involved monitoring and updating; and more complex additional guidance through SPD. We would therefore recommend that a 'blanket' approach to the affordable proportions sought is implemented based on scheme size only (not on geography or value). This inevitably means that more negotiation and adjustment may be required in some instances and locations than in others – but in our experience there is nothing unusual about that and it need not prejudice the effectiveness of targets.

4.3 Policy and Target Headlines

4.3.1 Given the tone of our results we consider than an appropriate headline affordable housing target proportion would be 40%. In line with the Council's current application of policy for negotiation purposes (following the introduction of PPS3), it would be appropriate to combine this with a threshold of 15 dwellings (and appropriate site size – area in ha - threshold). This would be consistent with other policies established and under development in Surrey. It also fits in terms of the value levels available to drive scheme viability in Woking (and the tone of wider costs and obligations) being similar to those in some other Council areas we have studied in the sub-region. Given the range of factors we discuss, including the potential wider scope of costs and obligations, the fact that affordable housing is not simply about numbers of dwellings and the funding uncertainties, we do not consider that a higher proportion than 40% would be suitable as a target applicable Borough-wide.

4.3.2 In fact we consider that alongside the other costs and obligations, and bearing in mind the most likely general trend of those increasing, a 40% target headline would be a challenging one (but appropriately so given the balance that must be struck between the opposing tensions of need and viability).

4.3.3 This would be the case not only during the ongoing period of market uncertainty, but also longer-term bearing looking deeper into the LDF timeframe bearing in mind the scope of wider obligations and other factors mentioned in this Chapter and elsewhere in the this study report. It will inevitably be necessary to consider overall priorities and to balance planning objectives in certain cases.

4.4 Other Scenarios – potential Greenfield distinction and Council-owned land

4.4.1 Having considered the dominant character of the Borough, there are other potential development scenarios which the Council may wish to consider as special cases relative to the Borough-wide policy headline target(s) that it will go on to consider through review of this work and its wider evidence. The first of these is Greenfield development - should schemes of that nature be considered during the LDF period? The second is Council or perhaps other publicly-owned land.

4.4.2 We consider that on uncomplicated Greenfield release sites (i.e. where those do not require very significant infrastructure measures or other major costs/obligations that might be considered abnormal) there is potential scope to target and therefore aim to secure a greater proportion of mixed tenure affordable housing. In that case, the considerations would be based primarily on a different view of existing/alternative land value rather than on significantly higher property and therefore development values). Lower levels of land value would normally be appropriate to such scenarios, with potential levels sufficient to "trigger" a sale perhaps somewhere in the range, say, £100,000/ha up to £500,000/ha rather than the higher levels of land value that will need to be achieved to ensure a sale or incentivise landowners to sell in the case of previously developed land where there may well be valuable existing or alternative uses to compete or compare with. In Chapter 3, we considered £500,000 as a potential alternative lower level trigger point for the release of land, as a basis for review of this point. This in no way creates any fixed rules or cut-offs; it merely demonstrates how significantly varying comparisons and land values levels may well be relevant in this type of case. In any event, it will be important to consider that a range of benchmarks at various land value levels might be appropriate and site specifics will determine the particular levels, comparisons and outcomes.

4.4.3 As with all cases, particular scheme characteristics and overall costs and obligations would need to be considered. We can support a higher proportion of affordable housing being sought – again as a target – but suggested at not more than 50%. With this type of development there is often an earlier and longer opportunity to consider the scheme planning, options and viability – so potentially more scope to engage and work with landowners, developers, RSLs and others at an early stage and as proposals develop, as part of the usual processes. Sites of this types will usually be further guided by allocations DPDs, Development Briefs and the like, further increasing the opportunity to explore how the affordable housing scope as a key part of optimising what sustainable community benefits a scheme will bring. Greenfield sites would usually involve a greater degree of early planning and feasibility engagement by the local authority and its range of partners – potentially providing a greater opportunity to set expectations early on and to review those against the available delivery ingredients (market, values, costs, funding, etc).

4.4.4 As suggested at 4.4.1, Council-owned land (and perhaps land owned by other public bodies and other organisations) presents the potential to consider increased affordable housing or other planning infrastructure provision through exercising landowner controls. Conditions of land sale/long lease/joint venture or other agreements struck with developer partners could determine increased affordable housing requirements. Providing wider planning and Housing Strategy objectives are met, these scenarios could extent the normal planning-led affordable housing parameters that this study focuses on. We see this as an additional and potentially distinct area of scope for the Council to consider alongside the key areas of policy development; that it need not be tidied up with potential Greenfield land release, but might also apply to other types of opportunities. Therefore, in our view this second potential additional area need not be linked to a target set at no more than 50%. Perhaps it could be a more general strategy for consideration – with details dependent on site specifics and the potential to weigh-up the benefits of enhancing the base policy level of affordable housing alongside or as opposed to other planning and community objectives.

4.5 Potential to consider lowered threshold(s)

4.5.1 A large proportion of housing sites in the Borough produce fewer dwellings than the current PPS3 based threshold position of 15 dwellings applied for development control purposes. Woking Borough Council[13] figures suggest that between April 2004 and March 2009, 29% of all completions occurred on sites of less than 15 units (9% on sites of 1-4 dwellings; 9% on sites of 5-9 dwellings and 10% on sites of 10 to 14 dwellings).

4.5.2 Consistent with other viability study results, the findings show as a key outcome that scheme size is not in itself a key determinant of viability – site specifics determine detailed outcomes, so that smaller sites are not necessarily any more or less viable than larger ones. Viability is principally value and cost driven. How the relationship between values and costs pans out exactly will depend on a range of site-specific factors – as per the study discussion on assumptions and on the dynamic process of development.

4.5.3 Having established this principle, however, this outcome needs to be considered alongside other factors relevant in particular to small sites beneath the current policy threshold level.

4.5.4 The key factor to consider here is the significance of the first-time impact of policies, as we have described it. Schemes would be brought within the policy scope for the first time. This has a greater impact than varying the affordable housing proportion on schemes already within the policy scope; it means that developers' and crucially landowners' expectations and land value positions move significantly.

4.5.5 It is also important to consider that, in likely monetary terms, in the case of smaller schemes the residual value of the land may reduce to the point whereby small landowners will not find there is sufficient justification to release their land (perhaps especially in the case of redevelopment of existing residential use). The value created by a development or redevelopment might be more marginal or insufficient compared with existing use value or value aspirations.

[13] Figures provided by WBC from the Council's Decision Monitoring Database

4.5.6 There is certainly potential for the Council to consider lowering thresholds and in our view this should be considered. In our view, following this principle could well offer a more suitable and equitable approach than unduly burdening a narrower group of larger sites with proportions which might be problematic for viability too often (while leaving smaller sites contribution free in this respect).

4.5.7 If the principle of lower thresholds is to be part of the Council's approach our view is that it should be aligned to sensitive treatment of target proportions, principally because of the significant shift in expectations and the first time impact, as above. A wider approach could be a potential compensatory measure in housing strategy terms for those sites which struggle to provide the full target proportion of a proposed 40% through viability and funding issues, for example.

4.5.8 This sensitive treatment could take the form of a sliding scale (or graduated approach) to affordable housing targets – whereby those increase to some degree with increasing scheme size (paying particular attention to the existing policy threshold point bearing in mind the first-time impact).

4.5.9 Due to the potential issues around meeting wider planning objectives, achieving successful sustainable development and management - and generally dealing with the likely practicalities - our suggested parameters for seeking on-site affordable housing would be not for sites that provide fewer than 5 dwellings. This is unless the Council has firm evidence or experience showing that these issues can be appropriately overcome and affordable housing successfully integrated within schemes smaller than 5. The Council could discuss and test the pros and cons of this with its RSL partners. In some areas we find that local authorities and RSLs are used to dealing with very dispersed affordable housing provision (e.g. in single pairs of units) and that the nature of the area and shape of site supply means a level of reliance on very small sites. These tend to be rural authorities or those with significant rural areas and dispersed villages. More generally, we find a picture that means considering a threshold not lower than 5 dwellings for on-site affordable housing provision. So the likely parameters for the threshold for on-site affordable housing in Woking Borough are schemes within the range 5 to 15 dwellings (unless the threshold is to be kept at a straight 15).

4.5.10 Following the "sliding scale" (graduated) approach we favour, schemes in the range 5 to 14 would be appropriately combined with a target proportion of affordable housing in the range 20 to 30%. By this we do not mean quoting a target range – clarity and certainty of expectations is needed. We mean setting targets at a point or points within these parameters, depending on the threshold (scheme size) they are to be applicable at.

4.5.11 From a viability viewpoint, there are variations on this theme available to the Council should it pursue the lowering of the threshold as other authorities have done or are doing in the region and more widely, driven by affordable housing needs and the role of smaller sites within overall housing supply.

4.5.12 For example, a 20% affordable housing target proportion would combine suitably with schemes in the range 5 to 9 dwellings. A 20% target proportion could be taken up to 14 dwellings (beneath the 40% at 15) or another step could be introduced and be workable – with 30% sought on sites of 10 to 14. Although less favourable to viability than a 20% target, on balance we consider that 30% at 10 dwellings would form a workable and viable sliding scale scenario. It would have the positive effect of producing a smoother stepping-up of requirements, therefore reducing the incentive to perhaps under-use a site's potential. When considered relative to the current 0% requirement on sites of fewer than 15, a 20% target would of course still be positive in these respects.

4.5.13 In conjunction with the potential to lower thresholds, we have reviewed the potential role of a financial contributions approach. This might be applied across the whole range 1 to 14 dwellings – or to any sub-group of scheme sizes within that range. So a mixed approach to the sliding scale (on-site provision and financial contributions) could be applied between 1 and 14 dwellings.

4.5.14 In any event, as at 4.5.9, if schemes of fewer than 5 dwellings were to come within the policy scope then in our view the most realistic scenario in the Woking context would certainly be to look at appropriately judged levels of financial contributions. The following table provides a quick guide to the parameters we consider suitable for policy development in respect of schemes of fewer than 15 dwellings. It should be treated as an overview and considered in the context of the wider report content.

Figure 17: Potential policy options on sites of <15 units.

Site Size Range (no. of dwellings)	Potential Policy Option (%)	On-Site	Financial Contribution
1-4	10% to 20%	X	✓
5-9	20%	✓	✓
10-14	20% to 30%	✓	✓

4.6 Considering the potential role for a financial contributions approach alongside lowered thresholds

4.6.1 As has been carried out for a wide range of our studies, we have looked at indicative potential calculations and run associated RLV appraisals to enable the Council to further consider a range of alternatives should it decide to lower the policy threshold.

4.6.2 We have provided an indicative formula-based methodology hinged on land value replacement. That is a suggestion which we have experience of, rather than being definitive – there are other ways of looking at it.

4.6.3 This or an alternative calculation route could be applied at any scheme size including larger schemes where it is agreed that housing needs and sustainable communities objectives can be better met through a financial contribution. Financial contributions can also be used in lieu of part of an on-site affordable housing requirement, resulting in a mixed overall contribution.

4.6.4 The suitable parameters on equivalent affordable housing proportions for a financial contributions approach are 10 to 20%, depending on scheme size. A fit would be envisaged with other sections of the graduated approach, if those principles are going to be followed.

4.6.5 A financial contributions approach could be operated over the whole (sub current threshold) range 1 to 14 dwellings. However, the Council is likely to need to maintain a focus on, and priority for, direct affordable housing provision, integrated into mixed tenure market-led schemes. Therefore the scheme size range likely to be most appropriate for a financial contributions route is 1 to 9 dwellings or (if the very smallest sites are excluded from the policy scope) 5 to 9 dwellings. If on-site provision is considered at 5+ then schemes of 1 to 4 dwellings might be considered for a carefully pitched financial contributions approach. A 20% equivalent proportion would be appropriate as a target for schemes of 1 to 9 or 5 to 9; a 10% equivalent proportion could be considered for the 1 to 4 dwellings range.

4.6.6 At Appendix II(i) we set out indicative workings for the per (whole) dwelling financial contribution sums that our land value replacement approach produces - across the range of Value Points. The guiding and collection of contributions, if pursued to policy stages, could be set out in a range of ways – depending on the level of sophistication sought but also on its resourcing and the level of clarity created for the development industry.

4.6.7 The purpose of gathering meaningful contributions but based on a relatively simple and clear approach might be best served by setting out guide contribution sums for a range of dwelling types by selecting a midrange calculation level – i.e. at Value Point 3 or 4. Effectively this would involve an averaging out of contribution levels. Alternatively, the Council could look at varying degrees of added detail or adjustment for the value levels relevant to a particular site. It could also run the formula including site-specific inputs on each occasion. Clarity of expectations is an essential ingredient to seek to hold on to, however.

4.6.8 If the Council considers including a role for financial contributions towards meeting affordable housing needs it will also need to develop a strategy and openly available records for the calculation, collection, use and monitoring of them. There can be a wide range of very positive uses of such contributions including forward/gap funding other affordable housing schemes, empty properties/regeneration initiatives, the Council's own programme through its subsidiary Woking Homes, purchase of existing suitable properties, etc. There is scope to use and combine funding creatively. The consideration of a potential outline strategy, early on in the thought process, might help the Council to further review whether or how to incorporate this type of thinking in to its approach, and its scope (and/or limitations) as an additional housing enabling tool in the Woking context.

4.7 More on policy considerations, including affordable tenure mix and funding

4.7.1 As a starting point around/beneath which this range of other considerations might revolve, we reiterate our view that a 40% affordable housing target as the Woking headline is likely to be a suitably challenging policy scenario for the Borough (applied to sites of 15 or more dwellings). This means longer-term, not just in current/short-term continued uncertain market conditions (which will undoubtedly involve a higher frequency of negotiated solutions and compromises when appropriately explained and justified by planning applicants).

4.7.2 As an overall key point, we must remind ourselves that affordable housing is not just about numbers but also about dwelling types, mix, choice/distribution, tenure, quality, etc. Not over-playing targets, especially given grant funding uncertainties, would, we think, fit better with continuing to prioritise affordable rent, delivering CfSH (on which there will be increasing emphasis), maintaining wider sustainable communities and planning objectives and the like.

4.7.3 The Council's policy wording and approach to its applications will need to include acknowledgement of viability as a key factor. A continuation of the Council's practical, flexible where necessary, approach to policy application will be necessary (regardless of exactly where policies are pitched). This strategic level overview, for clear policy development (to create certainty for developers, landowners and other stakeholders above all) will not override site-specific considerations, but is aimed to help inform a clear backdrop for that next layer of consideration – the working flow of information, working together and negotiations.

4.7.4 In <u>all</u> cases the proportions (or equivalent proportions) would need to be regarded as <u>targets</u>, with the relevance of development viability to site specifics acknowledged. This does not mean the word 'target' having to be used necessarily – it is more about stating the requirement that will be sought but also making it clear that flexibility will be applied as becomes necessary.

4.7.5 The proportions need to be considered alongside the other key factors we have outlined, such as dwelling and tenure mix, grant availability, numbers rounding, expectations on dwelling size and specification, etc. These all influence the extent to which the affordable housing impacts viability and will be deliverable in any given circumstances.

4.7.6 In all cases and results seen, we assume no major abnormal costs. These would need to be considered as part of the overall impact on sites and could affect viability outcomes.

4.7.7 The study base modelling assumed a tenure mix target of 70% affordable rent/30% intermediate tenure. Alternative mixes of 85/15 (in favour of affordable rented tenure) and 50/50 were also reviewed so as to consider the sensitivity of the outcomes to this assumption. Shared ownership has been assumed for this purpose in terms of building the intermediate tenure revenue assumptions, although so far as we can see a range other intermediate tenure models often now produce similar levels of revenue. Intermediate tenure has therefore been looked at generically. There is a likelihood that there will continue to be a menu of tenure models – with certain models suiting particular groups in need, scheme opportunities and market circumstances. The potential market implications for that have been noted, however, and it is not to the exclusion of the Council considering or trialling other intermediate forms of tenure, or variations to the assumptions applied. The aspiration to seek a predominance of affordable rented tenure is in line with local needs profiles, consistent with that of other Councils locally and also with the Regional thrust and investment priorities.

4.7.8 An emphasis is and will be placed on affordable rented accommodation by the Council, given that the severest needs are for that form of affordable tenure. A 70%/30% tenure mix target and starting point would be in line with the thrust of regional policy and would respect a reasonable balance between local needs and likely viability as a strategic position to guide the range of stakeholders and against which to consider varying site specifics. We can support this approach - providing that it is considered as a strategic target rather than expected to be rigidly applied from site to site. Site specific consideration of tenure mix would need to be viewed as part of the whole affordable housing package, i.e. alongside dwelling types and mix, etc – with delivery optimised in the particular circumstances.

4.7.9 The existing tenure balance in a locality might also influence the target tenure mix on a specific scheme. There are notable areas of deprivation in Woking relative to the Borough picture but also a Surrey-wide overview. In particular areas, the Council will be looking at any development or redevelopment opportunities within existing estates and social tenure dominated areas (such as in Sheerwater, for example) to see whether alternative affordable housing proportions and tenure mixes (potentially including greater proportions of aspirational or home ownership based tenure) have the potential to contribute to more balanced communities. Again, the Council will need to consider the detailed application of the policy headlines.

4.7.10 As would be expected, the 70/30 tenure mix sample appraisals produced lower land value results – reduced viability outcomes – than the comparative 50/50 appraisals. Conversely, the 85/15 mix trialled deteriorated results. While detailed actual scheme comparisons vary and we have commented on the current market and funding trends, skewing the mix further towards affordable rented homes generally reduces viability (unless appropriate grant input is available to counter balance that effect, but that should not be assumed). It should also be noted that on the smaller schemes, especially, a practical view will be needed depending on site specifics and the scope to vary the affordable dwelling and tenure mix. It can be seen that some of the results for those schemes do not vary with tenure mix, since the affordable housing content (of very small or even single unit numbers) does not give scope to appraise variations.

4.7.11 The sample with grant appraisals showed the extent to which grant can improve viability, subject of course to availability, although in practice that would be through protecting viability while achieving an appropriate affordable dwelling and tenure mix – which in any event will always need to be in accordance with HCA value for money principles and investment priorities - rather than through boosting land value unduly.

4.7.12 While the Council's starting point might be to see what can be achieved without social housing grant (and that would fit with the HCA's general starting position as we understand it), we anticipate that grant input may well be necessary to help underpin local delivery especially if substantial proportions of affordable rented homes are to be provided.

4.7.13 It will be vitally important for the Council and its partners to keep in contact with the HCA's regional investment managers so that funding priorities and allocations processes can be understood. Like others, at the time of this study we have observed HCA funding being available on quite a responsive basis recently – opportunity-led, where schemes can be delivered (bearing in mind the dramatic slowing up of the planning-led (via Section 106) affordable housing delivery programme. We understand from the HCA that the approach to funding is likely to move away from this opportunity-led approach and return to a more planned approach even in the short-term though. The effect of the HCA lead on the "Single Conversation" about local investment is unknown as yet. The aim of that initiative is for local stakeholders' groups to have a greater influence on how investment monies are likely to be most effectively used in a given area, best matched to deliverable schemes and how affordable housing opportunities can be increased through a more joined-up approach.

4.7.14 The Council will need to consider the wider issues of need, site supply and the like alongside our viability findings.

4.8 Other local features and distinctive factors

4.8.1 Woking is a Sub-Regional Hub and its town centre will continue to play a key role in the Borough and sub-region in providing mixed use and housing development. These types of schemes will be at relatively high densities and often come with a range of complexities and costs that could be considered abnormal relative to those associated with more traditional, lower density housing schemes. The values and dwelling numbers created in such schemes will of course need to be weighed-up against overall scheme costs and obligations. It is possible that a degree of prioritisation will need to be considered on planning obligations since the incidence of factors like added cost for basement or multi-storey car parking, for example, combined with potentially extensive planning obligations linked to the Council's ambitious sustainability agenda will have viability implications. The Council is a forerunner in many aspects of sustainability.

4.8.2 Our suggested starting point for considering the affordable component of the residential element of mixed use schemes would be to consider the residential aspects alone, and then look at the viability influences and impacts as well as the mix and tenure implications flowing from the other uses or aspects of the scheme.

4.8.3 The Council has set up Woking Borough Homes as a wholly-owned subsidiary which it continues to work very closely with in providing additional affordable housing supply. Currently the Woking Homes model is based on intermediate tenure and primarily on intermediate market rental homes. To date, any financial contributions collected in lieu of on-site affordable housing have generally been directed towards Woking Homes' schemes. Whilst this is a distinct supply source from the market-led processes that this study focuses on, the potential future links with, and additional affordable housing scope from, any expanded approach on financial contributions could represent a valuable enhancement to the Council's existing delivery tools. In this context a new political climate following the General Election may well offer further scope in terms of further developments on the recent moves back towards more Council's building homes again.

4.8.4 Again, whilst not key to the consideration of the viability of market led housing schemes that will be required to provide a proportion of (or contribution towards) affordable housing, the Council recognises a wider range of housing needs. In particular through the plan period there is likely to be an increased emphasis on a range of specialist provision including for an ageing population and housing forms such as Extra Care – alongside more emphasis on the nature and adaptability of more homes within the housing stock – with regard to mobility needs and Lifetime Homes. The Council recognises that, on some schemes, such elements may play a more significant role.

4.8.5 Adams Integra also considered in more general terms the likely workability and viability issues related to seeking affordable housing financial contributions from commercial developments. On commencing the study we aimed to appraise commercial development sites and schemes through a similar approach to that applied in our residential development viability overview. This was not to be a significant part of the study, but the Council asked us to consider it - consistent with the Policy LF4 of the South East Plan.

4.8.6 However, we encountered a range of issues as we thought about and sought to review the local application of this emerging potential policy area. During this time the status of the South East plan as a material planning consideration has now changed very significantly – it is to be abolished as part of the new coalition Government's significant moves away from "top down" regional planning towards local policy and housing supply target setting.

4.8.7 In any event, in our opinion, before testing viability, the basis for including such potential policy positions would need to be examined in greater depth. We think the principles should be investigated and established first. There would need to be evidence of the level of affordable housing need created by new commercial development. There are only, to our knowledge, very few policies or approaches of this kind that are either mooted or in place (to date) in only a small number of locations (e.g. Oxford City Council – Affordable Housing SPD). Commercial use types and scheme size thresholds form a basis for the contributions to be considered in a formulaic way. In essence, the scale and type of the potential housing needs link here would need to be investigated, being the starting point for considering all affordable housing requirements. If a needs picture emerged, that should be considered alongside the Council's existing and evolving housing and economic strategies, so that a basis for seeking and, monitoring contributions, and the use of those, might be developed. We consider that there are many parallels with the background work that is done in connection with seeking contributions towards meeting affordable housing needs from residential developments (or form mixed use including residential).

4.8.8 We have observed that the Commercial property market has been experiencing a deeper downturn than even the residential market. Values have fallen back significantly. Whilst this may not be a long-term trend in the context of the LDF timeframe, in our view this is a particularly difficult and sensitive point at which to be considering policies that introduce a completely new form of obligation and thus further impact on any incentive to invest through commercial development in the Borough.

4.9 Policy Development – Strategic View

4.9.1 There will need to be a practical and flexible view in implementing and operating policies, especially in the shorter-term, to help secure affordable housing delivery alongside other planning obligations as far as possible given the still very challenging market conditions. In our view, this should not affect the setting of an appropriately challenging target – one that will remain so in the event of market conditions picking up, and particularly with respect to lower value areas/schemes.

4.9.2 It is unlikely to be practical or helpful in the longer run to seek to vary policy targets downwards in response to uncertain market conditions that are evolving, and the longevity or degree of which cannot be predicted. This type of approach would also not serve to provide the crucial level of guidance and clarity that developers and landowners need over the plan period.

4.9.3 As stressed previously, in the short-term the practical negotiated approach (but still based on clear targets) will be vital. We consider it much more realistic to seek to react to current and future short-term market features through that mode (flexibility) than to expect to almost continually review target positions, information and indeed the wider evidence base behind those. Periodic reviews are more likely to be realistic, economic and useful in our view; possibly in conjunction with other planning obligation reviews or viability impacts being considered or in response to delivery experiences over a sufficient time period.

4.9.4 An alternative approach which attempted to regularly follow market movements through policy adjustments could in theory mean frequent target adjustments. In our view this would not serve to provide the crucial level of guidance and clarity that developers and landowners need when first considering and then promoting opportunities in relation to the Council's strategic approach. In our view this would be unhelpful. It could mean that Policy headlines might be put out of step with others nearby. We consider that it could result in confusion and inequities, and therefore could well lead to difficulties and complications, as well as possible challenges.

4.9.5 Numbers rounding as well as dwelling mix, tenure type, grant input, etc, will all affect viability and how these combine will especially be in focus on these smallest sites. These factors all need to be viewed together in practice. Numbers rounding can distort the proportion requirements. This needs to be borne in mind, for there is little point introducing a position which in fact means the same outcome as a higher, less viability sensitive target. Positions need to be considered in terms of viability outcomes combined with market perceptions and the actual calculations that will result. It can be seen that the selection of a proportion target for such small sites should also be dependent on the threshold point. The key point here is that numbers rounding, as well as other factors, affects actual provision. The Council will need to operate a smaller sites approach, if selected, with sensitivity to the potential effect of these other factors and will wish to address those with respect to site specifics. Outcomes on detail might well vary from site to site.

4.9.6 There may be lower risks, reduced promotion costs and smaller planning obligations impacts on smaller sites, but conversely, there might not the same opportunities for cost savings through economies of scale. There are a range of factors which could well balance out or alter outcomes either way dependent on the circumstances. The outcomes relate to site specifics, crucially including value levels; it is simply not possible to say that a smaller site will be more or less viable than a larger one. Viability is principally value rather than site size driven.

4.9.7 Whilst the higher value related results suggest that 50% might be a workable proportion of affordable housing in some cases within the Borough, we consider that in setting the target(s), on balance, a range of factors point away from a 50% target and regard should be had to:

- Affordable housing not just being about numbers – but about dwellings types, size, mix, quality, distribution and choice as well.

- The likelihood that with a target set as high as 50% in many cases the collective impacts on schemes, including from affordable housing, could well grow to an unworkable extent given the likely direction of travel on other costs and obligations areas which also affects viability.

- The need to bear in mind uncertainties as to the availability of social housing grant.

- The need to ensure that sites continue to come forward, to see that investment in the Borough and the ongoing wider supply of housing is not unduly affected.

- The need to provide clarity and a regularly achievable target moving forward through a variety of market conditions.

4.10 Wider Planning Obligations

4.10.1 In the foreseeable future we think it unlikely that there would be scope to take the typical per dwelling wider obligations figure as high as the highest level of £20,000 per dwelling investigated, particularly without certainty of grant funding for affordable housing but also given an unpredictable market and possibility of other cost areas growing. Any significant increase from current levels will need to be considered alongside the other obligations and costs. However, the Council negotiates planning obligations on a site-by-site basis and any departure from the policy requirements would need to be justified by the developer/applicant in the same way as affordable housing requirements.

4.10.2 The consideration around a 40%, rather than higher, policy target headline – and of a sliding scale proposal - is made with the direction of travel on wider obligations in mind. This theme underpins our thoughts in terms of not being over ambitious with affordable housing targets alongside all these other areas.

4.10.3 From our results it should be possible to inform discussions on the potential consideration of priorities and balancing of costs which may be in focus on some schemes, especially if planning infrastructure obligations or other impacting factors increase significantly.

Summary findings here are:

- We do not consider that the viability outcomes decline unduly when the cost uplift assumptions tested in respect of increased Planning Infrastructure (to the intermediate £10,000 per unit level assumption), increased Code for Sustainable Homes (CfSH) attainment (to Level 4 but balanced against no additional CO_2 emissions reduction allowance) and increased developer's profit are viewed independently. It is therefore unlikely in our view that, as independent factors, such cost additions would normally tip the balance between a site being or not being viable.

- A further doubling of the per unit planning infrastructure obligations from the increased assumption level of £10,000 to the upper level tested at £20,000 per unit would be likely have a significant impact on viability, with consideration of the appropriate balance between the various costs and obligations almost certainly becoming necessary; as collective impacts become even more important to keep in mind. It may be relevant for the Council to consider the £20,000 per dwelling wider planning obligations results in relation to what appears to be a worse case scenario or in respect of considering impacts from other cost areas or abnormal issues added to lower per dwelling planning obligations costs (bearing in mind that the costs could in fact be associated with a wide range of other factors as an alternative – so these wider results enable the Council to see the further impact of other added cost areas).

- Looking at these factors individually, those which are likely to have the most significant viability impact are the potentially increased planning obligations and an increased developer's profit level (providing that, in our experience, CfSH targets are not taken beyond level 4 as a widely applicable scenario in the short-term – for all dwellings – and based on current market and cost assumptions). Individually, none of these other factors have such a significant impact as varying the affordable housing content does. It is worth re-iterating that, as a base assumption, we have allowed for all dwellings (market and affordable) being constructed to CfSH Level 4 standards.

- It is not possible, and beyond the purpose of this study, to give specific limits for other planning obligations areas. However, the results can be used to gain a feel for how outcomes are likely to vary (for example how the indicative RLVs deteriorate with added costs and obligations applied to lower value scenarios compared with higher value ones - e.g. Value Point 3 RLVs with increased cost and obligation assumptions; compared with Value Point 4 RLV indications).

- On the positive side for viability, the largest influence in terms of the variables considered is likely to come from social housing grant input, particularly where a tenure mix significantly in favour of affordable rent is concerned, but in all 'with grant' cases modelled since grant was also assumed on intermediate tenure units for those appraisals. Social housing grant has the potential to be a key factor.

- This all suggests that the base collection of assumptions should be achievable looking at this strategically as the LDF Core Strategy is required to do, but bearing in mind always that a practical view will be needed – with flexibility, especially in the short-term. This need not erode the suitability or effectiveness of the targets. Monitoring of attainment together with the other cost factors and obligations will be needed before increased obligations might be sought. In our view policies should be related to challenging targets, but this is not an appropriate point for positions which could be viewed as overly ambitious.

4.10.4 The Council may in some situations need to consider priority planning obligations and the timing requirements of those. This will certainly be the case if overall planning obligations costs are to be significantly increased. The current market fragility will often emphasise the need to be flexible in considering what schemes can realistically deliver. Future values trends, or higher value instances, could of course help this balance. In any event, cost impacts will need to be monitored and considered collectively.

4.10.5 Our recommendations in terms of options for the Council to consider further for both the sliding scale and position on larger sites will be confirmed in Chapter 5. The Council's consideration of these should be made alongside the review of its wider evidence base, own local knowledge and experiences.

5 KEY RECOMMENDATIONS

5.1.1 In light of the discussion around the possible policy options (in Chapters 3 and 4) we propose that the Council considers the following for key aspects of affordable housing policy development alongside its wider evidence base, local knowledge and delivery experiences. **A summary of the headlines proposed by Adams Integra, for affordable housing thresholds and proportions, is set out in Figure 18 below.**

5.1.2 **40% in our view would represent a suitable affordable housing target if applied Borough-wide to sites of 15 or more dwellings as are already subject to the existing PPS3 led approach.**

5.1.3 An opportunity to consider bringing within policy scope, on the basis of a potentially more equitable overall approach, sites beneath that headline threshold. So, the **potential to lower the threshold** to include in some way schemes in the range 1 to 14 dwellings (or across a part of that range) could also be considered for policy development.

5.1.4 Consideration of on-site affordable housing applicable to schemes of 5 or more dwellings, not fewer – owing to potential integration, sustainability, management and other likely practical issues (although this area could be reviewed with RSLs). As an alternative, on-site requirements could be triggered at 10 dwellings.

5.1.5 **For schemes of 5 to 9 dwellings we suggest that this could be based on a target of 20% (not more)**.

5.1.6 **A target proportion of 30% (not more) appropriate to schemes of 10 to 14 dwellings**.

5.1.7 The **possibility of seeking financial contributions in lieu of on-site provision for sites within the range 1 to 14 dwellings**. In particular this is **suggested for consideration as an alternative for sites of fewer than 10 dwellings, and in any event for sites for fewer than 5 if those are to come within the policy scope.**

5.1.8 An equivalent proportion of not more than 20% for use with a financial contributions approach (a 10% target equivalent proportion could be considered as an additional step within the scale for sites fewer than 5 dwellings, if those are included within the policy scope).

5.1.9 Carefully considered calculation of any financial contributions levels and details.

5.1.10 Again with all outcomes dependent on site specifics (with a backdrop of certainty of expectations). An appropriate balance between needs and viability.

5.1.11 Clarity of expectations is needed, including on the net/gross application of polices (noting that in our experience inspectors have focused on the sensitivities around this, particularly on the very smallest schemes of less than say 5 dwellings).

5.1.12 Some flexibility may well be needed on the application of affordable housing targets particularly in the short-term (noting the market difficulties) and especially if the collective costs burden on schemes is to rise significantly (including higher Code for Sustainable Homes Levels and increased wider planning obligations). The cumulative effect of increasing cost areas will need to be viewed alongside affordable housing needs and aspirations. This approach should extend to considering the collective burden placed on development schemes in terms of planning obligations and potentially other costs – potential prioritisation in certain situations. It needs to be kept in mind that affordable housing is not just about numbers.

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

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

5.1.15 The Council will need to consider the mathematical subtleties of its selected approach – for example, how numbers rounding and net/gross (new dwellings numbers) application affects the working of the policy positions, and we **encourage the Council to illustrate how the policies would be applied to the smaller sites** - especially those of fewer than 5 dwellings – again for clarity. This all means building on the Council's existing practical approach.

5.1.16 Delivery experiences from all positions will need to be monitored, regardless of where they are pitched. The Council should have contingency plans in place for reacting to those experiences.

5.1.17 The following table, Figure 18, summarises the policy scope – in terms of headlines. Again, this is intended as a quick guide to our overview and should not be read out of context of the wider report content. As per the overview at 4.5.14 (Figure 17) regarding schemes of fewer than 15 dwellings there are potential options around the use of both on-site targets and financial contributions on the schemes of 5 to 14 dwellings (hence both potential routes are "ticked" for those, as follows).

Figure 18: Headline Policy Recommendations

Site Size Range (no. of dwellings)	Potential Policy Option (% target)	On-Site	Financial Contribution
1-4	10%	X	✓
5-9	20%	✓	✓
10-14	30%	✓	✓
15+	40%	✓	X

6 REMINDERS and WIDER DISCUSSION

6.1.1 The "National indicative minimum" (site size) threshold for affordable housing is regarded as 15 dwellings, as set out by the Government's PPS3 Housing (November 2006). The PPS3 goes on to say, however, that local authorities can set lower thresholds "where viable and practicable". The results discussed in this study show that lower thresholds could be considered, provided that the affordable housing target proportion is not viewed in isolation and rigidly. It is one factor to be considered alongside the numbers rounding and other points we have put forward, depending on the Council's final policy selections.

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

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

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

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

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

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

6.1.8 We expect that in site-specific viability discussions, where necessary, the use of a toolkit (including but not limited to the Housing Corporation's "Economic Appraisal Tool" – re-badged by the HCA in 2009, or developer's own workings) will be encouraged. Developers will be encouraged to work closely with their RSL partners, who will increasingly be using that type of appraisal work to support their decisions and approaches for social housing grant in conjunction with the Council.

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

6.1.10 The Council should also monitor local property prices and development activity. This could be carried out by reviewing Land Registry figures, estate agents' views and website information, etc, much as we have done. Maintaining a level of familiarity with the local market would assist greatly with scheme specific reviews and ongoing work in general.

6.1.11 Updates of the viability picture should be considered. Rather than looking at this purely periodically, we consider that it would be prudent to link viability updating to events or points in time which might include the review of changes to wider planning policy/obligations, updating work on SPD or similar (i.e. also consider other events or influences which might impact viability, and roll those in to reviews).

6.1.12 It will also be important for the Council to consider contingency plans in the event of slippage in meeting affordable housing targets (potentially for example through short-term worsening of housing markets).

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

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

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

6.1.16 Similarly, a degree of difficulty with increasing planning-led affordable housing supply may be experienced during the adjustment process where there may be issues whilst developers/landowners get accustomed to the new policies and expectations are modified. The modelling in this study has been carried out on the assumption that knowledge of policies exists and that the landowner/developer information and adjustment process has been undertaken.

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

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

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

6.1.20 The various supply sources of affordable housing need to be considered and encouraged. The use and role of local authority or other publicly-owned land might also be very valuable in this sense. Affordable housing proportions and provision details sought on any Council owned land could well be different to the headlines proposed in this study – using the landowner's right to control the bidding and disposal terms. There is also an emerging role for local authorities as key developers of housing again. Such areas will need to be monitored and explored depending on the General Election outcomes and range of economic measures and controls/opportunities a future government might introduce.

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

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

End of main study text
Appendices follow
July 2010

Appendices

Appendix I	**Development Scenarios**
Appendix II	**Base Appraisals[14] Residual Land Value Results (£5,000 per unit Infrastructure Cost)**
Appendix IIa	**Residual Land Value Results - 85%/15% Tenure Mix**
Appendix IIb	**Residual Land Value Results - 50%/50% Tenure Mix**
Appendix IIc	**Residual Land Value Results - £10,000 per unit Infrastructure Costs; All Tenure Mixes**
Appendix IId	**Residual Land Value Results - £20,000 per unit Infrastructure Costs; All Tenure Mixes**
Appendix IIe	**Residual Land Value Results - With Grant**
Appendix IIf	**Residual Land Value Results - 20% Developer's Profit**
Appendix IIg	**Residual Land Value Results - Sustainable Construction & Design Increased Attainment**
Appendix IIh	**Residual Land Value Results - Cumulative Impact of Cost Assumptions**
Appendix IIi	**Financial Contributions**
Appendix III	**Woking Borough Council - Property Values Report**
Appendix IV	**Details of Stakeholder Consultation**
Appendix V	**Glossary**

[14] Base Appraisals assume base build costs; CfSH Level 4; 17.5% developer's profit, 70%/30% tenure mix; £5,000 per unit planning infrastructure costs, nil grant.

Appendix I

Appendix I - Development Scenarios and Key Assumptions Required for Woking Borough Council Economic Viability Assessment- On-Site Affordable Housing

GENERAL SITES

				Percentage Affordable Housing & Tenure Mix: 20% Affordable Housing				30% Affordable Housing				40% Affordable Housing						
Site Size Appraised	**Woking BC Exemplar Scheme Type**	**Indicative Density**	Dwelling Mix (BF = Bed Flat; BH = Bed House	Private Mix	**Affordable Tenure Split 70% GN Rent; 30% Intermediate**	**Affordable Tenure Split 85% GN Rent; 15% Intermediate**	**Affordable Tenure Split 50% GN Rent; 50% Intermediate**	Private Mix	**Affordable Tenure Split 70% GN Rent; 30% Intermediate**	**Affordable Tenure Split 85% GN Rent; 15% Intermediate**	**Affordable Tenure Split 50% GN Rent; 50% Intermediate**	Private Mix	**Affordable Tenure Split 70% GN Rent; 30% Intermediate**	**Affordable Tenure Split 85% GN Rent; 15% Intermediate**	**Affordable Tenure Split 50% GN Rent; 50% Intermediate**	**Survey Costs (per site)**	**Build Period (Months)**	**Site Prep.**
5 Houses	Housing in Urban Areas	30	5 x 3BH	4 x 3BH	1 x 3BH GN			3 x 3BH	1 x 3BH GN; 1 x 3BH Int			3 x 3BH	1 x 3BH GN; 1 x 3BH Int			£2,500	6	£20,000
5 Flats	Village Centre Fringe Flats	35	5 x 2BF	4 x 2BF	1 x 2BF GN			3 x 2BF	1 x 2BF GN; 1 x 2BF Int			3 x 2BF	1 x 2BF GN; 1 x 2BF Int			£2,500	6	£20,000
10 Houses	Lower Density Family Housing	30	10 x 4BH	8 x 4BH	1 x 4BH GN, 1 x 4BH Int			7 x 4BH	2 x 4BH GN; 1 x 4BH Int			6 x 4BH	3 x 4BH GN; 1 x 4BH Int			£5,000	9	£40,000
10 Flats	Village Centre Flats	160	10 x 2BF	8 x 2BF	1 x 2BF GN; 1 x 2BF Int			7 x 2BF	2 x 2BF GN; 1 x 2BF Int			6 x 2BF	3 x 2BF GN; 1 x 2BF Int			£5,000	9	£40,000
15 Houses	Lower Density Family Housing	30	10 x 3BH; 5 x 4BH	8 x 3BH; 4 x 4BH	1 x 3BH, 1 x 4BH GN; 1 x 3BH Int	2 x 3 BH, 1 x 4BH GN	1 x 3BH, 1 x 4BH GN; 1 x 3BH Int	7 x 3BH; 3 X 4BH	2 x 3BH, 2 x 4BH GN; 1 x 3BH Int	2 x 3BH, 2 x 4BH GN; 1 x 3BH Int	1 x 3BH, 2 x 4BH GN; 2 x 3BH Int	6 x 3BH; 3 x 4BH	2 x 3BH; 2 x 4BH GN; 2 x 3BH Int	3 x 3BH, 2 x 4BH GN; 1 x 3BH Int	1 x 3BH, 2 x 4BH GN; 3 x 3BH Int	£7,500	9	£60,000
15 Flats	Village Centre Flats	160	5 x 1BF; 10 x 2BF	4 x 1BF; 8 x 2BF	2 x 2BF GN; 1 x 1BF Int	1 x 1BF, 2 x 2BF GN	2 x 2BF GN; 1 x 1BF Int	3 x 1BF; 7 x 2BF	1 x 1BF, 3 x 2BF GN; 1 x 1BF Int	1 x 1BF, 3 x 2BF GN; 1 x 1BF Int	1 x 1BF, 2 x 2BF GN; 1 x 1BF, 1 x 2BF Int	3 x 1BF; 6 x 2BF	4 x 2BF GN; 2 x 1BF Int	1 x 1BF, 4 x 2BF GN; 1 x 1BF Int	3 x 2BF GN; 2 x 1BF, 1 x 2BF Int	£7,500	9	£60,000
25 Mixed	Village Centre	35	5 x 1BF; 3 x 2BF; 4 x 2BH; 10 x 3BH; 3 x 4BH	4 x 1BF; 2 x 2BF; 3 x 2BH; 9 x 3BH; 2 x 4BH	1 x 2BF, 1 x 2BH, 1 x 3BH, 1 x 4BH GN; 1 x 1BF Int	1 x 2BF, 1 x 2BH, 1 x 3BH, 1 x 4BH GN; 1 x 1BF Int	1 x 2BH, 1 x 3BH, 1 x 4BH GN; 1 x 1BF, 1 x 2BF Int	3 x 1BF; 2 x 2BF; 3 x 2BH; 7 x 3BH; 2 x 4BH	1 x 2BF, 1 x 2BH, 3 x 3BH, 1 x 4BH GN; 2 x 1BF Int	1 x 1BF, 1 x 2BF, 1 x 2BH, 3 x 3BH, 1 x 4BH GN; 1 x 1BF Int	3 x 3BH, 1 x 4BH GN; 2 x 1BF, 1 x 2BF, 1 x 2BH Int	3 x 1BF; 2 x 2BF; 2 x 2BH; 6 x 3BH; 2 x 4BH	2 x 2BH, 4 x 3BH, 1 x 4BH GN; 2 x 1BF, 1 x 2BF Int	1 x 1BF, 1 x 2BF, 2 x 2BH, 4 x 3BH, 1 x 4BH GN; 1 x 1BF Int	4 x 3BH, 1 x 4BH GN; 2 x 1BF, 1 x 2BF, 2 x 2BH Int	£12,500	12	£100,000
50 Mixed	Family Housing in Urban Areas	30	10 x 1BF; 6 x 2BF; 8 x 2BH; 20 x 3BH; 6 x 4BH	8 x 1BF; 5 x 2BF; 6 x 2BH; 16 x 3BH; 5 x 4BH	2 x 2BH, 4 x 3BH, 1 x 4BH GN; 2 x 1BF, 1 x 2BF Int	1 x 1BF, 1 x 2BF, 2 x 2BH, 4 x 3BH, 1 x 4BH GN; 1 x 1BF Int	4 x 3BH, 1 x 4BH GN; 2 x 1BF, 1 x 2BF, 2 x 2BH Int	7 x 1BF; 4 x 2BF; 6 x 2BH; 14 x 3BH; 4 x 4BH	1 x 2BF, 2 x 2BH, 6 x 3BH, 2 x 4BH GN; 3 x 1BF, 1 x 2BF Int	1 x 1BF, 2 x 2BF, 2 x 2BH, 6 x 3BH, 2 x 4BH GN; 2 x 1BF Int	6 x 3BH, 2 x 4BH GN; 3 x 1BF, 2 x 2BF, 2 x 2BH Int	6 x 1BF; 4 x 2BF; 4 x 2BH; 12 x 3BH; 4 x 4BH	4 x 2BH, 8 x 3BH, 2 x 4BH GN; 4 x 1BF, 2 x 2BF Int	2 x 1BF, 1 x 2BF, 4 x 2BH, 8 x 3BH, 2 x 4BH GN; 2 x 1BF, 1 x 2BF Int	8 x 3BH, 2 x 4BH GN; 4 x 1BF, 2 x 2BF, 4 x 2BH Int	£25,000	18	£200,000
50 Flats	High Density Residential Area	105	8 x 1BF; 42 x 2BF	6 x 1BF; 34 x 2BF	7 x 2BF GN; 2 x 1BF, 1 x 2BF Int	1 x 1BF, 8 x 2BF GN; 1 x 1BF Int	5 x 2BF GN; 2 x 1BF, 3 x 2BF Int	6 x 1BF; 29 x 2BF	11 x 2BF GN; 2 x 1BF, 2 x 2BF Int	13 x 2BF GN; 2 x 1BF Int	8 x 2BF GN; 2 x 1BF, 5 x 2BF Int	5 x 1BF; 25 x 2BF	14 x 2BF GN; 3 x 1BF, 3 x 2BF Int	1 x 1BF, 16 x 2BF GN; 2 x 1BF, 1 x 2BF Int	10 x 2BF GN; 3 x 1BF, 7 x 2BF Int	£25,000	18	£200,000
100 Flats*	Town Centre Flats	315	45 x 1BF; 55 x 2BF	36 x 1BF; 44 x 2BF	5 x 1BF, 9 x 2BF GN; 4 x 1BF, 2 x 2BF Int	6 x 1BF, 11 x 2BF GN; 3 x 1BF Int	3 x 1BF, 7 x 2BF GN; 6 x 1BF, 4 x 2BF Int	31 x 1BF; 39 x 2BF	7 x 1BF, 14 x 2BF GN; 7 x 1BF, 2 x 2BF Int	11 x 1BF, 15 x 2BF GN; 3 x 1BF, 1 x 2BF Int	4 x 1BF, 11 x 2BF GN; 10 x 1BF, 5 x 2BF Int	27 x 1BF; 33 x 2BF	9 x 1BF, 19 x 2BF GN; 9 x 1BF, 3 x 2BF Int	14 x 1BF, 20 x 2BF GN; 4 x 1BF, 2 x 2BF Int	6 x 1BF, 14 x 2BF GN; 12 x 1BF, 8 x 2BF Int	£50,000	24	£400,000

GREENFIELD

				Percentage Affordable Housing & Tenure Mix: 40% Affordable Housing				50% Affordable Housing				60% Affordable Housing						
Site Size Appraised	**Scheme Type**	**Indicative Density**	Dwelling Mix (BF = Bed Flat; BH = Bed House	Private Mix	**Affordable Tenure Split 70% GN Rent; 30% Intermediate**	**Affordable Tenure Split 85% GN Rent; 15% Intermediate**	**Affordable Tenure Split 50% GN Rent; 50% Intermediate**	Private Mix	**Affordable Tenure Split 70% GN Rent; 30% Intermediate**	**Affordable Tenure Split 85% GN Rent; 15% Intermediate**	**Affordable Tenure Split 50% GN Rent; 50% Intermediate**	Private Mix	**Affordable Tenure Split 70% GN Rent; 30% Intermediate**	**Affordable Tenure Split 85% GN Rent; 15% Intermediate**	**Affordable Tenure Split 50% GN Rent; 50% Intermediate**	**Survey Costs (per site)**	**Build Period (Months)**	**Site Prep.**
100 Mixed	Greenfield	43	10 x 1BF x 15 x 2BF; 15 x 2 BH; 40 x 3BH; 20 x 4BH	6 x 1BF; 9 x 2BF; 9 x 2BH; 24 x 3BH; 12 x 4BH	4 x 2BH, 16 x 3BH, 8 x 4BH GN; 4 x 1BF, 6 x 2BF, 2 x 2BH Int	4 x 2BF, 6 x 2BH, 16 x 3BH, 8 x 4BH GN; 4 x 1BF, 2 x 2BF Int	12 x 3BH, 8 x 4BH GN; 4 x 1BF, 6 x 2BF, 6 x 2BH, 4 x 3BH Int	5 x 1BF; 7 x 2BF; 8 x 2BH; 20 x 3BH; 10 x 4BH	1 x 2BF, 4 x 2BH, 20 x 3BH, 10 x 4BH GN; 5 x 1BF, 7 x 2BF, 3 x 2BH	1 x 1BF, 5 x 2BF, 7 x 2BH, 20 x 3BH, 10 x 4BH GN; 4 x 1BF, 3 x 2BF Int	15 x 3BH, 10 x 4BH GN; 5 x 1BF, 8 x 2BF, 7 x 2BH, 5 x 3BH Int	4 x 1BF; 6 x 2BF; 6 x 2BH; 16 x 3BH; 8 x 4BH	6 x 2BH, 24 x 3BH, 12 x 4BH GN; 6 x 1BF, 9 x 2BF, 3 x 2BH Int	2 x 1BF, 4 x 2BF, 9 x 2BH, 24 x 3BH, 12 x 4BH GN; 4 x 1BF, 5 x 2BF Int	18 x 3BH, 12 x 4BH GN; 6 x 1BF, 9 x 2BF, 9 x 2BH, 6 x 3BH Int	£50,000	24	£400,000

	Values (Provisional)					
Value Point	**1-Bed Flats**	**2-Bed Flats**	**2-Bed Houses**	**3-Bed Houses**	**4-Bed Houses**	**£ / sq m Houses**
1	£125,000	£167,500	£187,500	£212,500	£250,000	£2,500
2	£150,000	£201,000	£225,000	£255,000	£300,000	£3,000
3	£175,000	£234,500	£262,500	£297,500	£350,000	£3,500
4	£200,000	£268,000	£300,000	£340,000	£400,000	£4,000
5	£225,000	£301,500	£337,500	£382,500	£450,000	£4,500
6	£250,000	£335,000	£375,000	£425,000	£500,000	£5,000

Sizes (sq m) - Gross Internal Area (GIA)				
1-Bed Flats	**2-Bed Flats**	**2-Bed Houses**	**3-Bed Houses**	**4-Bed Houses**
50	67	75	85	100

Other Assumptions: Developments are 2-3 1/2 storeys unless stated.
*4-6 storey

Infrastructure Costs per unit: Adams Integra to model on the basis of set costs per unit. To be modelled at £5,000, £10,000 & £20,000 per unit across all scheme types and Value Points (assumed includes allowance for SPA and SANGS)

Finance (%) 7.0%
Base Build Costs (Flats) £1,250 per sq m Town Centre Flats - £1,600 per sq m plus fees etc
Base Build Costs (Houses) £1,100 per sq m plus fees etc
Build Period Lead In 6 months
Developer Profit: 17.5% of Gross Development Value - Sample of appraisals at 20% developer's profit on sample of appraisals. Profit on affordable - 6%

Grant Subsidy: Carry out appraisals without grant and sample with grant. WBC and consultation suggested £65k per unit affordable rent and £20k per unit for LCHO.

Housing Mix As above
Affordable Unit Mix: Transferred on a proportional basis (i.e. same proportions as for private mix).
Developer Receipt for Affordable Units (on-site provision): Currently based on negotiation through developers and RSLs. AI to run calculations using Proval based on normal RSL financial appraisal assumptions.
Tenure Split As above with 85/15 & 50/50 modelled on sample basis only (50 and 100 unit schemes & Greenfield Examples)

Code for Sustainable Homes Assume all units comply - Level 4 of CfSH. Cost inrease to achieve these standards over and above our assumed base build costs above are "3–4% at level 3, 6–8% at Level 4, 25–30% at Level 5 and anything from 30 to 40 % at Level 6"*. Sample to be carried out assuming higher Code for Sustainable Homes Levels 5 and 6 on sites of 25 & 50 units. For each level, AI to assume middle point (7% increase at CfSH Level 4; 27.5% at Level 5 and 35% at Level 6).

Lifetime Homes Allowance to achieve Lifetime Homes Standards included within above build costs and acknowledged within report as potential variable cost issue (depending on design etc). Approx between £165 and £545 per unit

Renewables Allowance to achieve carbon reduction in CO2 through on-site renewables on schemes assumed met through achievement of CfSH Level 4 and above.

Density: Densities as set out above.
Commuted Sums / Financial Contributions AI to model the collection of financial contributions in-lieu of on-site affordable housing on sites of 1 to 4 and then 5, 9, 10 and 14 units to reflect potential collection in-lieu of on-site affordable housing - extension of the sliding scale principle. AI Commuted sum methodology to be used.
BF = Bed Flat; BH = Bed House
GNR = General Needs Rent; IT = Intermediate

Commercial Schemes At present AI to deal with commercial schemes through report commentary unless WBC can provide details of what to model and on what basis any contribution will be made.

*DCLG - Code For Sustainable Homes: A Cost Review (March 2010)

Appendix II

Table 1: Summary of Residual Land Value (£) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
5 Unit Housing Scheme	1	£176,633	£82,354	£30,968	£30,968		
	2	£321,367	£206,695	£146,069	£146,069		
	3	£469,669	£325,155	£256,470	£256,470		
	4	£611,600	£449,388	£373,372	£373,372		
	5	£758,372	£566,917	£484,170	£484,170		
	6	£905,145	£689,079	£597,902	£597,902		
5 Unit Flatted Scheme	1	£72,531	£0	£0	£0		
	2	£191,113	£99,489	£50,056	£50,056		
	3	£304,149	£198,016	£144,202	£144,202		
	4	£421,045	£291,527	£236,384	£236,384		
	5	£532,396	£388,240	£322,337	£322,337		
	6	£648,088	£480,744	£413,134	£413,134		
10 Unit Housing Scheme	1	£424,001	£253,996	£147,044	£32,235		
	2	£764,978	£554,142	£418,448	£276,983		
	3	£1,110,326	£861,345	£692,337	£523,330		
	4	£1,455,674	£1,169,156	£971,148	£773,140		
	5	£1,801,022	£1,476,664	£1,249,655	£1,022,646		
	6	£2,146,370	£1,777,559	£1,516,015	£1,254,472		
10 Unit Flatted Scheme	1	£145,063	£31,812	£0	£0		
	2	£374,504	£240,669	£149,545	£55,991		
	3	£602,026	£444,025	£333,892	£228,372		
	4	£833,410	£645,926	£517,743	£393,618		
	5	£1,064,793	£851,410	£703,252	£555,093		
	6	£1,296,176	£1,056,963	£889,619	£722,275		
15 Unit Housing Scheme	1	£552,376	£303,740	£102,263	£50,877		
	2	£1,018,596	£700,762	£447,748	£386,917		
	3	£1,484,816	£1,104,807	£792,776	£724,799		
	4	£1,951,036	£1,510,951	£1,146,098	£1,070,865		
	5	£2,417,256	£1,916,045	£1,497,581	£1,414,834		
	6	£2,883,475	£2,314,689	£1,837,079	£1,745,902		
15 Unit Flatted Scheme	1	£184,880	£11,028	£0	£0		
	2	£496,998	£284,896	£133,409	£69,708		
	3	£814,718	£556,736	£373,409	£301,867		
	4	£1,132,438	£831,818	£610,561	£531,198		
	5	£1,450,158	£1,105,166	£849,828	£760,175		
	6	£1,767,878	£1,379,557	£1,090,929	£991,235		
25 Unit Mixed Scheme	1	£630,754	£257,461	£47,369	£0		
	2	£1,274,566	£797,107	£531,681	£359,572		
	3	£1,918,377	£1,343,522	£1,023,792	£815,124		
	4	£2,562,189	£1,891,011	£1,520,376	£1,280,030		
	5	£3,206,001	£2,436,800	£2,013,561	£1,741,337		
	6	£3,849,812	£2,977,409	£2,501,036	£2,195,451		
50 Unit Mixed Scheme	1	£1,123,015	£430,230	£57,407	£0		
	2	£2,359,859	£1,477,389	£1,005,944	£594,919		
	3	£3,596,703	£2,536,958	£1,967,959	£1,477,213		
	4	£4,833,547	£3,601,952	£2,938,665	£2,370,357		
	5	£6,070,390	£4,663,488	£3,903,536	£3,256,586		
	6	£7,307,234	£5,718,116	£4,856,522	£4,128,997		
50 Unit Flatted Scheme	1	£486,396	£0	£0	£0		
	2	£1,531,955	£828,318	£449,845	£118,061		
	3	£2,577,514	£1,732,986	£1,271,815	£875,651		
	4	£3,623,073	£2,638,611	£2,099,763	£1,639,975		
	5	£4,668,633	£3,538,544	£2,918,849	£2,392,866		
	6	£5,714,192	£4,441,995	£3,743,750	£3,152,620		
100 Unit Flatted Scheme	1	£0	£0	£0	£0		
	2	£351,440	£0	£0	£0		
	3	£2,199,288	£718,771	£0	£0		
	4	£4,050,759	£2,321,238	£1,454,213	£573,595		
	5	£5,902,229	£3,919,931	£2,925,223	£1,915,565		
	6	£7,753,700	£5,521,799	£4,401,517	£3,264,763		
100 Unit Mixed Scheme	1	£2,218,715			£0	£0	£0
	2	£4,723,737			£1,154,994	£275,925	£0
	3	£7,228,760			£2,944,752	£1,885,473	£802,748
	4	£9,733,783			£4,758,637	£3,528,762	£2,271,065
	5	£12,238,806			£6,559,031	£5,154,460	£3,719,143
	6	£14,743,828			£8,312,107	£6,721,687	£5,096,246

Source: Adams Integra, April 2010

Graph 1: Summary of Residual Land Values at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

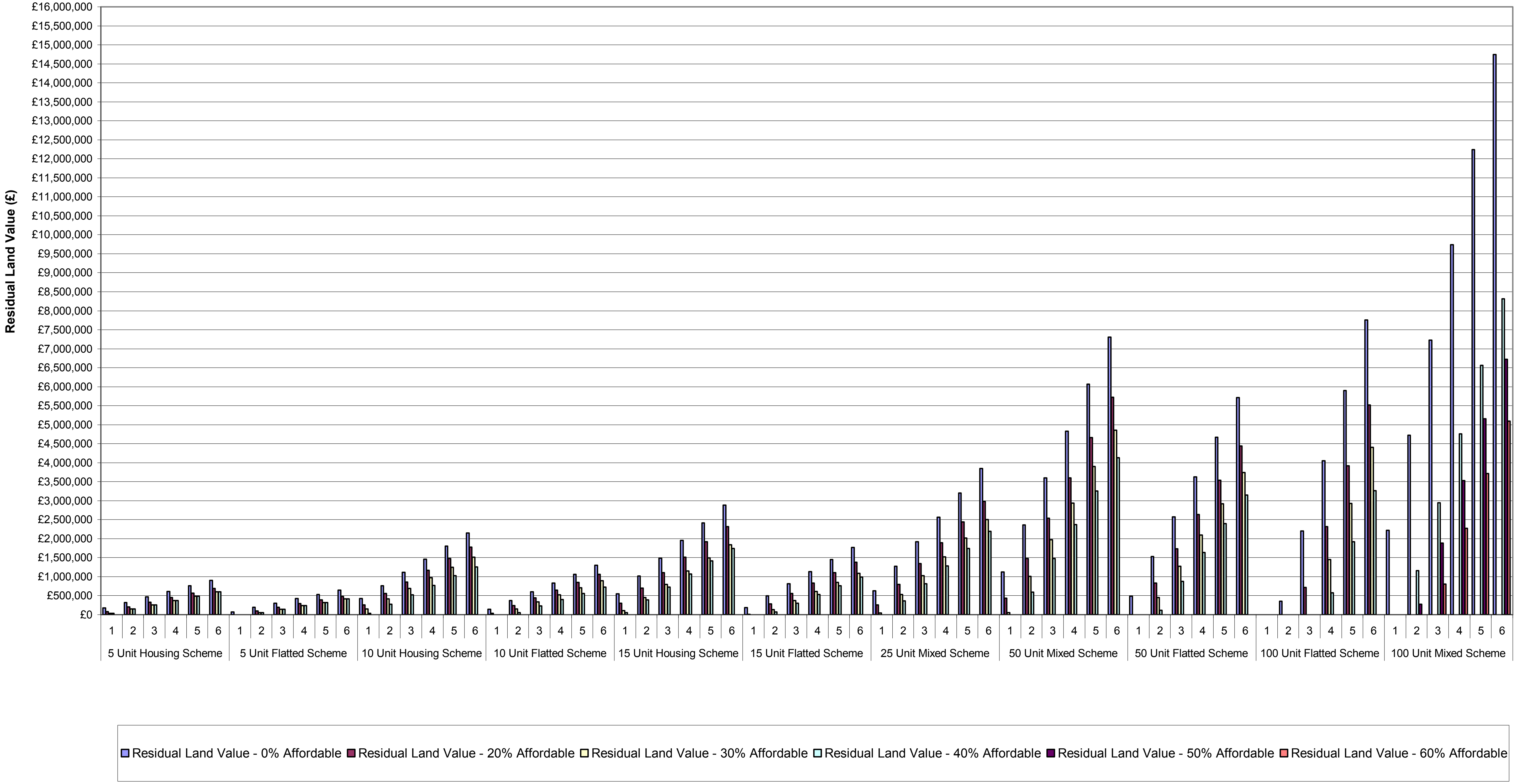


Table 1a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
5 Unit Housing Scheme	1	16.6%	9.0%	3.7%	3.7%		
	2	25.2%	18.9%	14.8%	14.8%		
	3	31.6%	25.6%	22.4%	22.4%		
	4	36.0%	31.1%	28.5%	28.5%		
	5	39.7%	35.0%	33.0%	33.0%		
	6	42.6%	38.3%	36.7%	36.7%		
5 Unit Flatted Scheme	1	8.7%	0.0%	0.0%	0.0%		
	2	19.0%	11.5%	6.4%	6.4%		
	3	25.9%	19.7%	15.9%	15.9%		
	4	31.4%	25.5%	22.8%	22.8%		
	5	35.3%	30.3%	27.8%	27.8%		
	6	38.7%	33.8%	32.1%	32.1%		
10 Unit Housing Scheme	1	17.0%	11.4%	7.2%	1.7%		
	2	25.5%	20.9%	17.1%	12.4%		
	3	31.7%	27.8%	24.4%	20.3%		
	4	36.4%	33.1%	30.0%	26.3%		
	5	40.0%	37.1%	34.4%	31.1%		
	6	42.9%	40.3%	37.8%	34.7%		
10 Unit Flatted Scheme	1	8.7%	2.1%	0.0%	0.0%		
	2	18.6%	13.5%	9.1%	3.7%		
	3	25.7%	21.3%	17.5%	13.1%		
	4	31.1%	27.2%	23.8%	19.8%		
	5	35.3%	31.9%	28.8%	25.0%		
	6	38.7%	35.7%	32.8%	29.4%		
15 Unit Housing Scheme	1	16.4%	10.2%	3.8%	2.0%		
	2	25.2%	19.8%	14.2%	12.7%		
	3	31.4%	26.8%	21.7%	20.6%		
	4	36.1%	32.1%	27.6%	26.7%		
	5	39.8%	36.2%	32.2%	31.4%		
	6	42.7%	39.5%	35.7%	35.1%		
15 Unit Flatted Scheme	1	8.0%	0.5%	0.0%	0.0%		
	2	18.0%	11.8%	6.1%	3.4%		
	3	25.3%	19.8%	14.8%	12.6%		
	4	30.8%	25.9%	21.3%	19.4%		
	5	35.0%	30.7%	26.5%	24.9%		
	6	38.4%	34.6%	30.7%	29.3%		
25 Unit Mixed Scheme	1	13.3%	6.2%	1.2%	0.0%		
	2	22.3%	16.1%	11.8%	8.5%		
	3	28.8%	23.4%	19.6%	16.6%		
	4	33.7%	28.9%	25.5%	23.0%		
	5	37.5%	33.2%	30.2%	27.9%		
	6	40.5%	36.6%	33.9%	31.9%		
50 Unit Mixed Scheme	1	11.8%	5.2%	0.7%	0.0%		
	2	20.7%	14.9%	11.0%	7.0%		
	3	27.0%	22.0%	18.5%	15.1%		
	4	31.8%	27.3%	24.3%	21.3%		
	5	35.5%	31.5%	28.8%	26.1%		
	6	38.4%	34.9%	32.4%	30.0%		
50 Unit Flatted Scheme	1	6.1%	0.0%	0.0%	0.0%		
	2	15.9%	9.8%	5.8%	1.6%		
	3	22.9%	17.6%	14.0%	10.4%		
	4	28.2%	23.5%	20.3%	17.2%		
	5	32.3%	28.1%	25.2%	22.4%		
	6	35.6%	31.8%	29.2%	26.7%		
100 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%		
	2	2.0%	0.0%	0.0%	0.0%		
	3	10.6%	4.0%	0.0%	0.0%		
	4	17.1%	11.2%	7.6%	3.2%		
	5	22.1%	16.9%	13.6%	9.7%		
	6	26.1%	21.4%	18.4%	14.9%		
100 Unit Mixed Scheme	1	11.1%			0.0%	0.0%	0.0%
	2	19.6%			6.5%	1.7%	0.0%
	3	25.7%			14.2%	10.0%	4.7%
	4	30.3%			20.2%	16.5%	11.8%
	5	33.9%			24.9%	21.5%	17.3%
	6	36.7%			28.5%	25.5%	21.6%

Source: Adams Integra, April 2010

Graph 1a: Summary of Residual Land Values (as % of GDV) at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across all Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

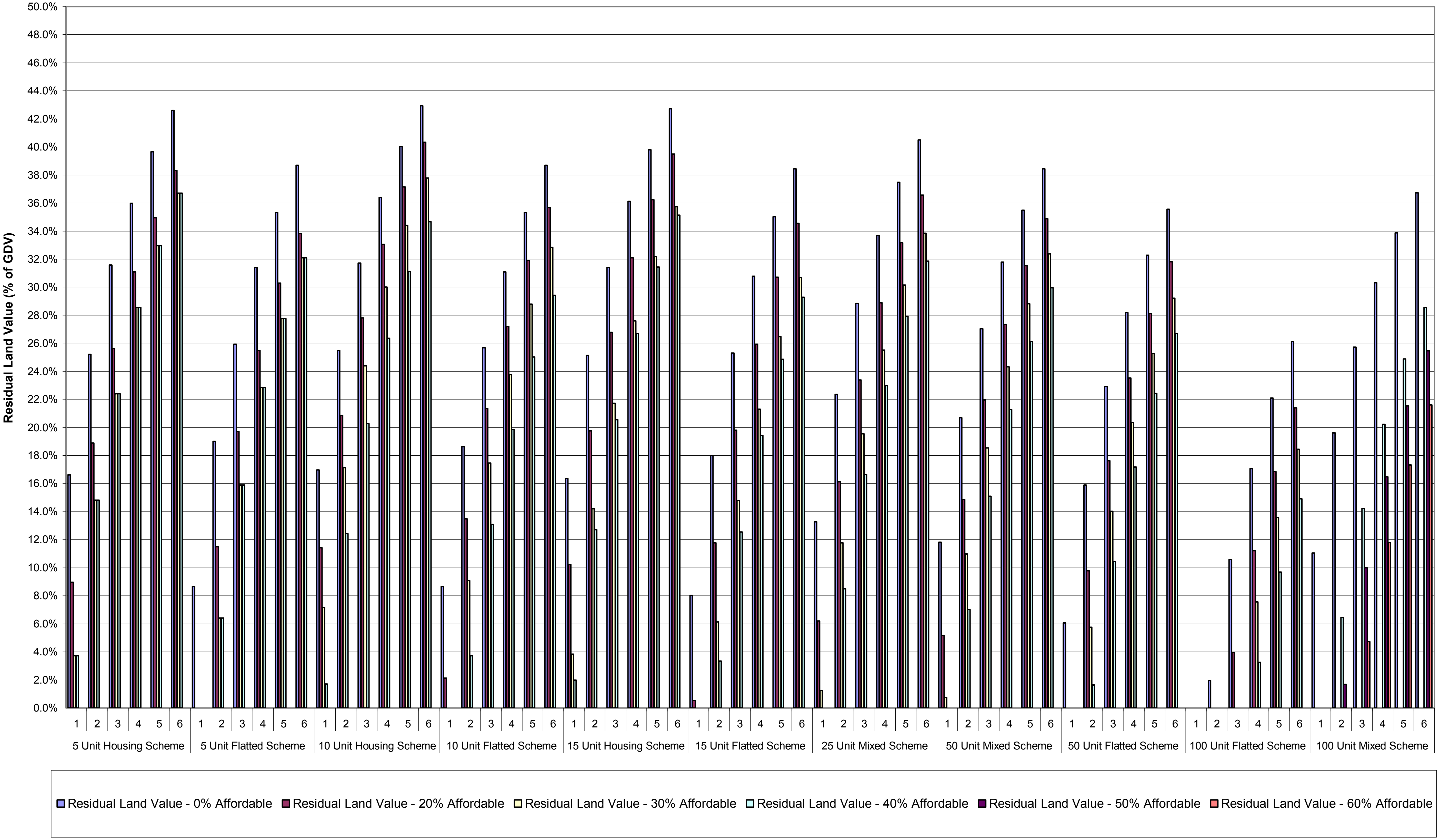
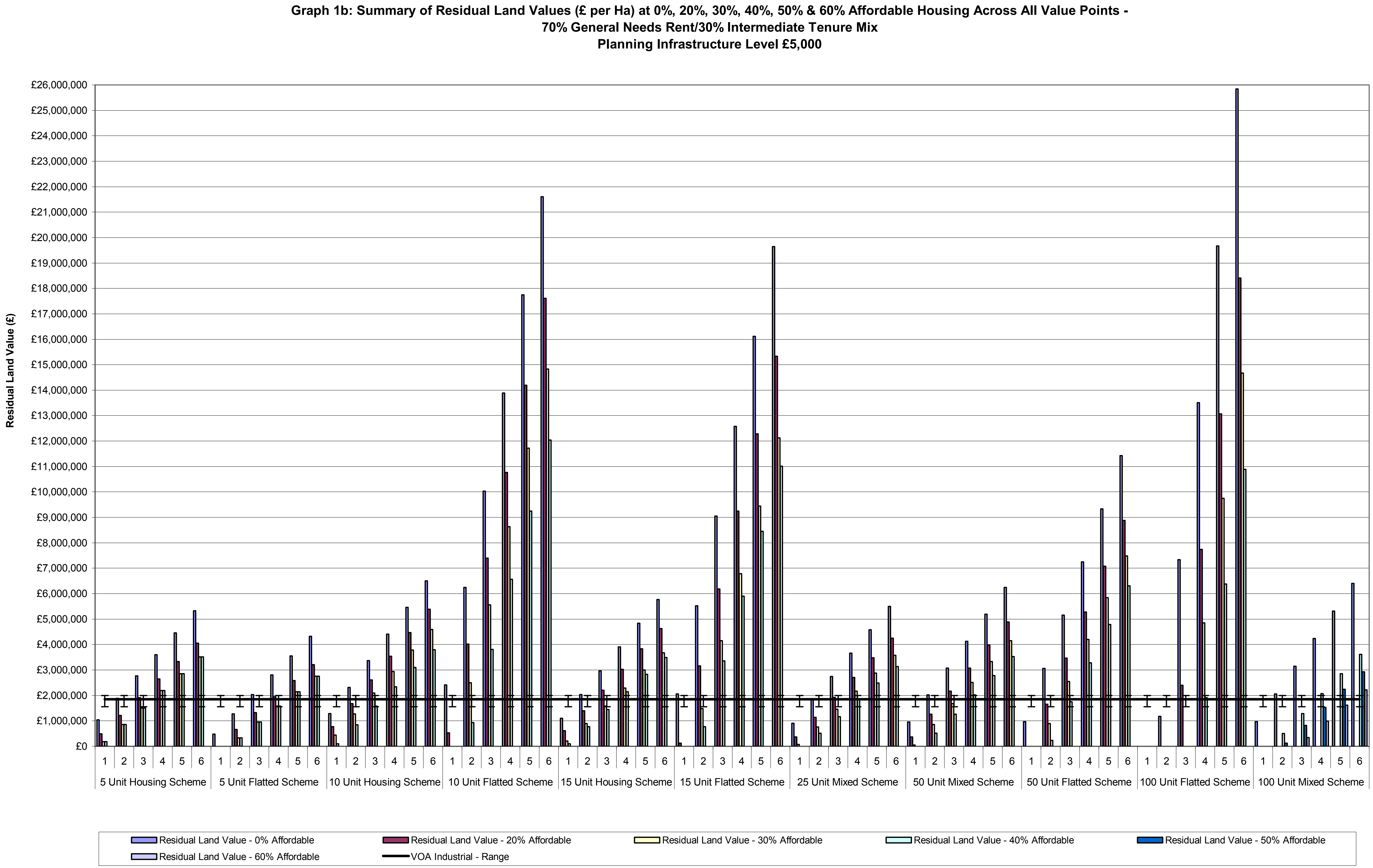


Table 1b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
5 Unit Housing Scheme	1	0.17	£1,039,020	£484,435	£182,165	£182,165		
	2	0.17	£1,890,393	£1,215,851	£859,232	£859,232		
	3	0.17	£2,762,756	£1,912,675	£1,508,644	£1,508,644		
	4	0.17	£3,597,644	£2,643,459	£2,196,304	£2,196,304		
	5	0.17	£4,461,014	£3,334,807	£2,848,061	£2,848,061		
	6	0.17	£5,324,384	£4,053,406	£3,517,070	£3,517,070		
5 Unit Flatted Scheme	1	0.15	£483,542	£0	£0	£0		
	2	0.15	£1,274,086	£663,260	£333,709	£333,709		
	3	0.15	£2,027,659	£1,320,108	£961,346	£961,346		
	4	0.15	£2,806,970	£1,943,517	£1,575,895	£1,575,895		
	5	0.15	£3,549,309	£2,588,268	£2,148,913	£2,148,913		
	6	0.15	£4,320,586	£3,204,960	£2,754,228	£2,754,228		
10 Unit Housing Scheme	1	0.33	£1,284,851	£769,686	£445,587	£97,683		
	2	0.33	£2,318,114	£1,679,217	£1,268,026	£839,342		
	3	0.33	£3,364,623	£2,610,136	£2,097,992	£1,585,847		
	4	0.33	£4,411,132	£3,542,898	£2,942,874	£2,342,849		
	5	0.33	£5,457,641	£4,474,739	£3,786,834	£3,098,928		
	6	0.33	£6,504,151	£5,386,542	£4,593,986	£3,801,430		
10 Unit Flatted Scheme	1	0.06	£2,417,711	£530,205	£0	£0		
	2	0.06	£6,241,736	£4,011,145	£2,492,422	£933,183		
	3	0.06	£10,033,774	£7,400,410	£5,564,862	£3,806,208		
	4	0.06	£13,890,160	£10,765,431	£8,629,051	£6,560,304		
	5	0.06	£17,746,546	£14,190,171	£11,720,861	£9,251,550		
	6	0.06	£21,602,932	£17,616,050	£14,826,985	£12,037,920		
15 Unit Housing Scheme	1	0.50	£1,104,753	£607,481	£204,525	£101,754		
	2	0.50	£2,037,193	£1,401,524	£895,497	£773,833		
	3	0.50	£2,969,632	£2,209,615	£1,585,551	£1,449,597		
	4	0.50	£3,902,072	£3,021,901	£2,292,196	£2,141,731		
	5	0.50	£4,834,511	£3,832,090	£2,995,162	£2,829,668		
	6	0.50	£5,766,951	£4,629,377	£3,674,158	£3,491,803		
15 Unit Flatted Scheme	1	0.09	£2,054,222	£122,534	£0	£0		
	2	0.09	£5,522,196	£3,165,510	£1,482,322	£774,536		
	3	0.09	£9,052,420	£6,185,960	£4,148,994	£3,354,077		
	4	0.09	£12,582,644	£9,242,422	£6,784,008	£5,902,200		
	5	0.09	£16,112,868	£12,279,626	£9,442,536	£8,446,384		
	6	0.09	£19,643,092	£15,328,410	£12,121,428	£11,013,728		
25 Unit Mixed Scheme	1	0.70	£901,077	£367,801	£67,671	£0		
	2	0.70	£1,820,808	£1,138,724	£759,545	£513,675		
	3	0.70	£2,740,539	£1,919,317	£1,462,560	£1,164,463		
	4	0.70	£3,660,270	£2,701,444	£2,171,966	£1,828,614		
	5	0.70	£4,580,001	£3,481,143	£2,876,515	£2,487,625		
	6	0.70	£5,499,732	£4,253,441	£3,572,908	£3,136,359		
50 Unit Mixed Scheme	1	1.17	£959,842	£367,718	£49,066	£0		
	2	1.17	£2,016,973	£1,262,726	£859,781	£508,478		
	3	1.17	£3,074,105	£2,168,340	£1,682,016	£1,262,575		
	4	1.17	£4,131,236	£3,078,591	£2,511,680	£2,025,946		
	5	1.17	£5,188,368	£3,985,887	£3,336,356	£2,783,407		
	6	1.17	£6,245,499	£4,887,278	£4,150,874	£3,529,058		
50 Unit Flatted Scheme	1	0.50	£972,792	£0	£0	£0		
	2	0.50	£3,063,910	£1,656,636	£899,689	£236,121		
	3	0.50	£5,155,029	£3,465,972	£2,543,630	£1,751,302		
	4	0.50	£7,246,147	£5,277,222	£4,199,526	£3,279,949		
	5	0.50	£9,337,265	£7,077,088	£5,837,698	£4,785,733		
	6	0.50	£11,428,384	£8,883,989	£7,487,501	£6,305,240		
100 Unit Flatted Scheme	1	0.30	£0	£0	£0	£0		
	2	0.30	£1,171,468	£0	£0	£0		
	3	0.30	£7,330,960	£2,395,904	£0	£0		
	4	0.30	£13,502,529	£7,737,460	£4,847,375	£1,911,985		
	5	0.30	£19,674,098	£13,066,437	£9,750,742	£6,385,216		
	6	0.30	£25,845,667	£18,405,996	£14,671,724	£10,882,545		
100 Unit Mixed Scheme	1	2.30	£964,659			£0	£0	£0
	2	2.30	£2,053,799			£502,171	£119,968	£0
	3	2.30	£3,142,939			£1,280,327	£819,771	£349,021
	4	2.30	£4,232,079			£2,068,973	£1,534,244	£987,419
	5	2.30	£5,321,220			£2,851,752	£2,241,069	£1,617,019
	6	2.30	£6,410,360			£3,613,960	£2,922,472	£2,215,759

Source: Adams Integra, April 2010



Graph 1b: Summary of Residual Land Values (£ per Ha) at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points -
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
Residual Land Value (£)
£26,000,000
£25,000,000
£24,000,000
£23,000,000
£22,000,000
£21,000,000
£20,000,000
£19,000,000
£18,000,000
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£4,000,000
£3,000,000
£2,000,000
£1,000,000
£0
1 2 3 4 5 6
5 Unit Housing Scheme
5 Unit Flatted Scheme
10 Unit Housing Scheme
10 Unit Flatted Scheme
15 Unit Housing Scheme
15 Unit Flatted Scheme
25 Unit Mixed Scheme
50 Unit Mixed Scheme
50 Unit Flatted Scheme
100 Unit Flatted Scheme
100 Unit Mixed Scheme
Residual Land Value - 0% Affordable
Residual Land Value - 20% Affordable
Residual Land Value - 30% Affordable
Residual Land Value - 40% Affordable
Residual Land Value - 50% Affordable
Residual Land Value - 60% Affordable
VOA Industrial - Range

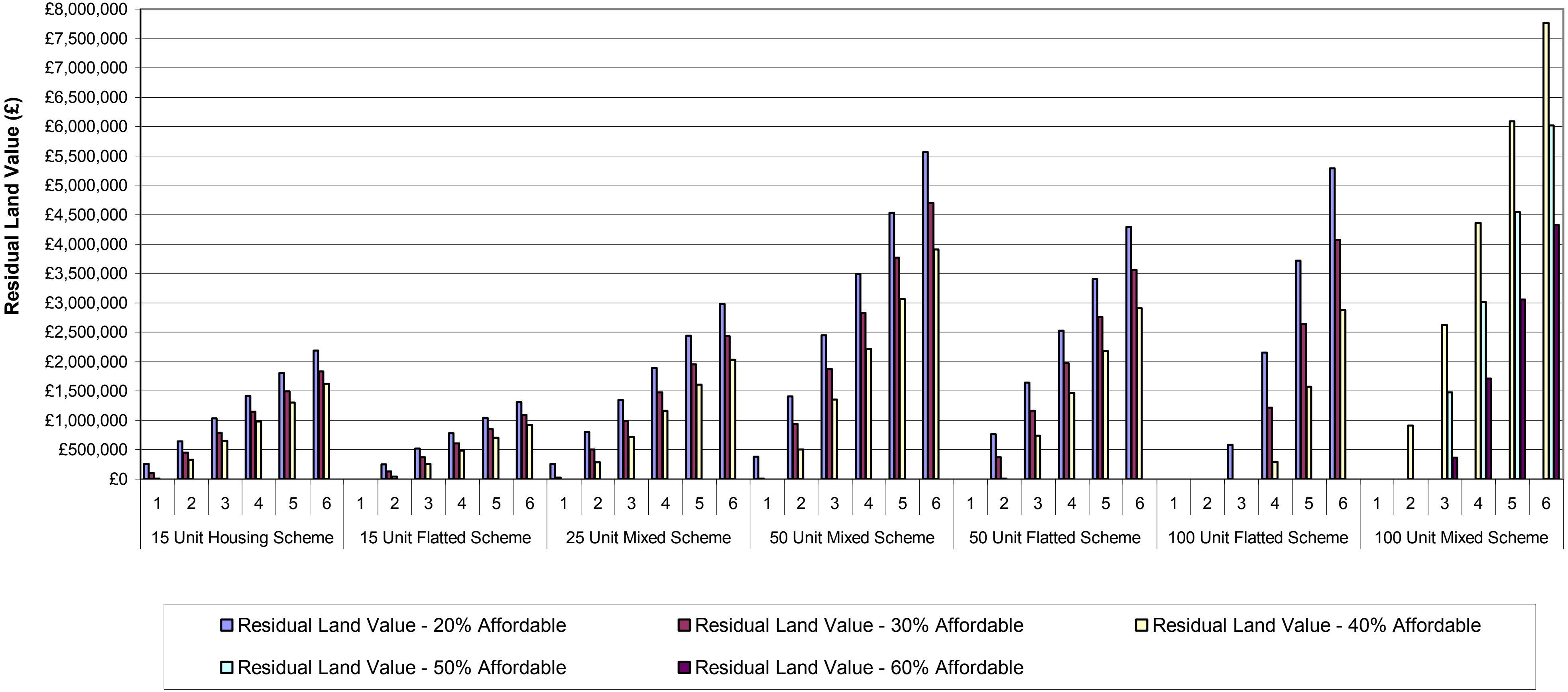
Appendix IIa

Table 2: Summary of Residual Land Value (£) Appraisals for All Value Points
85% General Needs Rent/15% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
15 Unit Housing Scheme	1	£260,403	£102,263	£6,199		
	2	£643,344	£447,748	£328,901		
	3	£1,029,760	£792,776	£649,752		
	4	£1,419,339	£1,146,098	£979,254		
	5	£1,807,336	£1,497,581	£1,306,126		
	6	£2,189,799	£1,837,079	£1,621,013		
15 Unit Flatted Scheme	1	£0	£0	£0		
	2	£255,938	£133,409	£39,855		
	3	£518,544	£373,409	£263,277		
	4	£782,998	£610,561	£482,378		
	5	£1,046,661	£849,828	£701,670		
	6	£1,311,906	£1,090,929	£923,585		
25 Unit Mixed Scheme	1	£257,461	£26,775	£0		
	2	£797,107	£503,576	£289,204		
	3	£1,343,522	£986,338	£723,326		
	4	£1,891,011	£1,472,500	£1,164,604		
	5	£2,436,800	£1,956,187	£1,602,632		
	6	£2,977,409	£2,434,693	£2,035,480		
50 Unit Mixed Scheme	1	£381,581	£7,253	£0		
	2	£1,410,492	£939,047	£501,026		
	3	£2,448,780	£1,879,781	£1,353,058		
	4	£3,491,078	£2,827,791	£2,213,495		
	5	£4,530,254	£3,770,302	£3,068,241		
	6	£5,564,453	£4,702,860	£3,911,608		
50 Unit Flatted Scheme	1	£0	£0	£0		
	2	£761,421	£369,214	£6,815		
	3	£1,644,808	£1,167,413	£735,273		
	4	£2,527,737	£1,969,991	£1,464,215		
	5	£3,405,310	£2,762,602	£2,181,508		
	6	£4,288,332	£3,563,878	£2,909,021		
100 Unit Flatted Scheme	1	£0	£0	£0		
	2	£0	£0	£0		
	3	£584,156	£0	£0		
	4	£2,152,694	£1,215,591	£293,904		
	5	£3,717,250	£2,638,913	£1,576,406		
	6	£5,288,201	£4,070,833	£2,872,969		
100 Unit Mixed Scheme	1			£0	£0	£0
	2			£909,999	£0	£0
	3			£2,626,738	£1,474,069	£360,560
	4			£4,363,881	£3,016,971	£1,715,174
	5			£6,085,823	£4,541,632	£3,053,467
	6			£7,767,375	£6,015,967	£4,329,416

Source: Adams Integra, April 2010

Graph 2: Summary of Residual Land Values at 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points
85% General Needs Rent/15% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

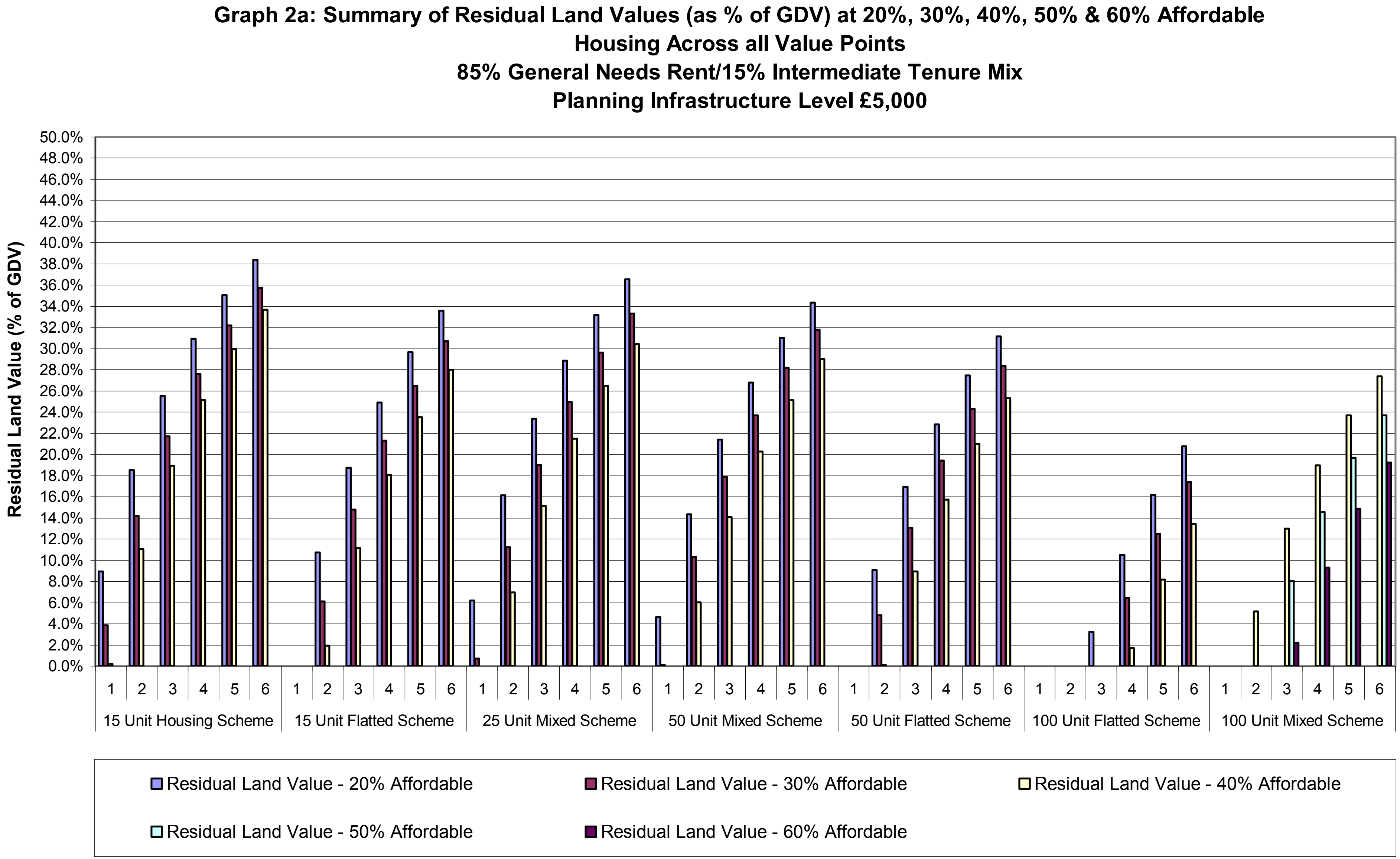


Appendix IIa

Table 2a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
85% General Needs Rent/15% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
15 Unit Housing Scheme	1	8.9%	3.8%	0.2%		
	2	18.5%	14.2%	11.1%		
	3	25.6%	21.7%	18.9%		
	4	30.9%	27.6%	25.1%		
	5	35.1%	32.2%	29.9%		
	6	38.4%	35.7%	33.7%		
15 Unit Flatted Scheme	1	0.0%	0.0%	0.0%		
	2	10.7%	6.1%	2.0%		
	3	18.8%	14.8%	11.2%		
	4	24.9%	21.3%	18.1%		
	5	29.7%	26.5%	23.5%		
	6	33.6%	30.7%	28.0%		
25 Unit Mixed Scheme	1	6.2%	0.7%	0.0%		
	2	16.1%	11.2%	7.0%		
	3	23.4%	19.0%	15.1%		
	4	28.9%	25.0%	21.5%		
	5	33.2%	29.6%	26.5%		
	6	36.6%	33.3%	30.4%		
50 Unit Mixed Scheme	1	4.6%	0.1%	0.0%		
	2	14.3%	10.4%	6.0%		
	3	21.4%	17.9%	14.1%		
	4	26.8%	23.7%	20.3%		
	5	31.0%	28.2%	25.1%		
	6	34.4%	31.8%	29.0%		
50 Unit Flatted Scheme	1	0.0%	0.0%	0.0%		
	2	9.1%	4.8%	0.1%		
	3	16.9%	13.1%	9.0%		
	4	22.8%	19.4%	15.7%		
	5	27.5%	24.3%	21.0%		
	6	31.2%	28.4%	25.3%		
100 Unit Flatted Scheme	1	0.0%	0.0%	0.0%		
	2	0.0%	0.0%	0.0%		
	3	3.2%	0.0%	0.0%		
	4	10.5%	6.4%	1.7%		
	5	16.2%	12.5%	8.2%		
	6	20.8%	17.4%	13.5%		
100 Unit Mixed Scheme	1			0.0%	0.0%	0.0%
	2			5.2%	0.0%	0.0%
	3			13.0%	8.1%	2.2%
	4			19.0%	14.6%	9.3%
	5			23.7%	19.7%	14.9%
	6			27.4%	23.7%	19.2%

Source: Adams Integra, April 2010



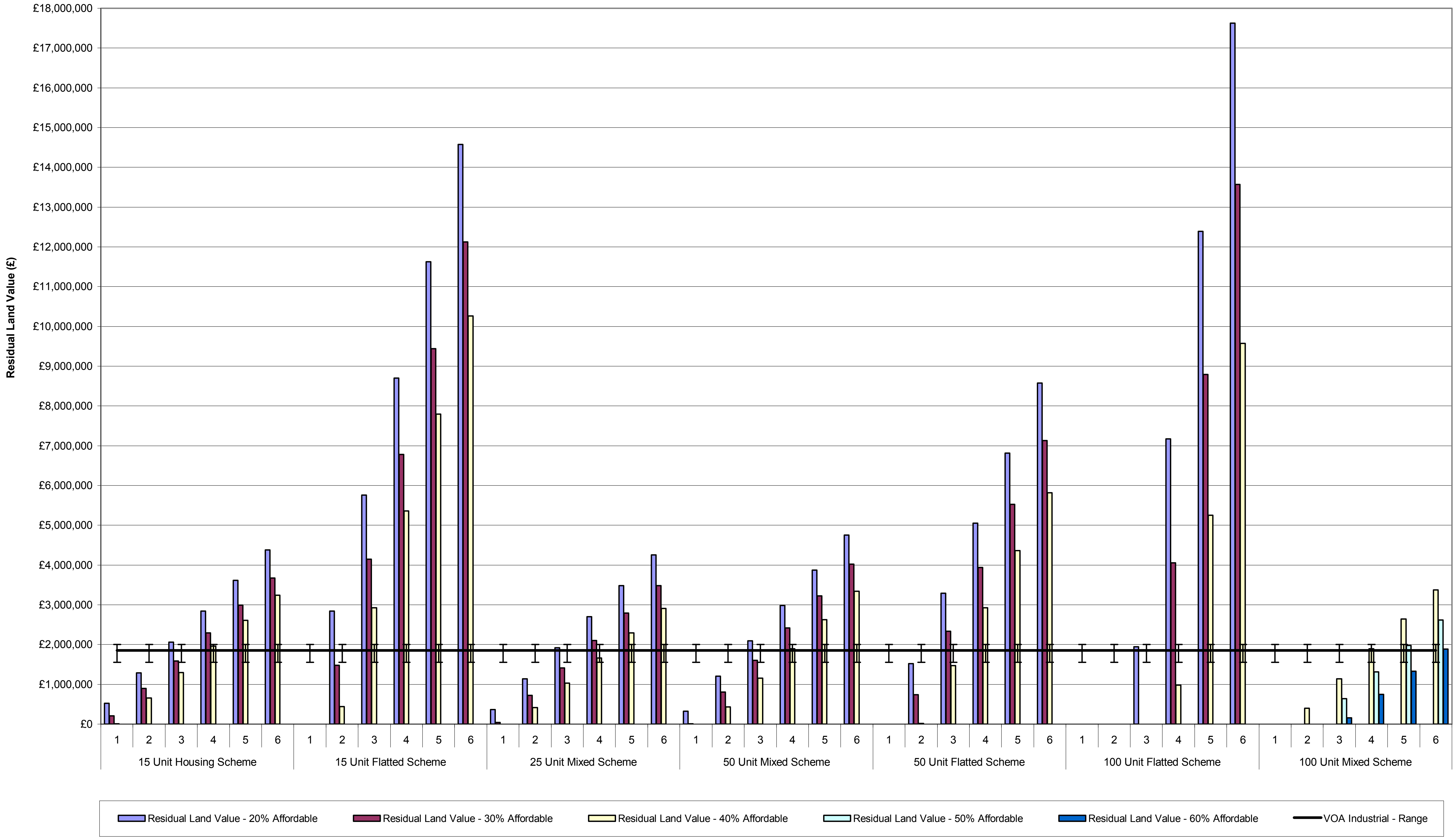
Appendix IIa

Table 2b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
85% General Needs Rent/15% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
15 Unit Housing Scheme	1	0.50	£520,806	£204,525	£12,398		
	2	0.50	£1,286,688	£895,497	£657,801		
	3	0.50	£2,059,521	£1,585,551	£1,299,503		
	4	0.50	£2,838,678	£2,292,196	£1,958,507		
	5	0.50	£3,614,673	£2,995,162	£2,612,251		
	6	0.50	£4,379,599	£3,674,158	£3,242,025		
15 Unit Flatted Scheme	1	0.09	£0	£0	£0		
	2	0.09	£2,843,753	£1,482,322	£442,829		
	3	0.09	£5,761,599	£4,148,994	£2,925,296		
	4	0.09	£8,699,977	£6,784,008	£5,359,755		
	5	0.09	£11,629,571	£9,442,536	£7,796,329		
	6	0.09	£14,576,733	£12,121,428	£10,262,051		
25 Unit Mixed Scheme	1	0.70	£367,801	£38,250	£0		
	2	0.70	£1,138,724	£719,394	£413,148		
	3	0.70	£1,919,317	£1,409,055	£1,033,323		
	4	0.70	£2,701,444	£2,103,572	£1,663,721		
	5	0.70	£3,481,143	£2,794,553	£2,289,475		
	6	0.70	£4,253,441	£3,478,133	£2,907,829		
50 Unit Mixed Scheme	1	1.17	£326,137	£6,199	£0		
	2	1.17	£1,205,549	£802,604	£428,227		
	3	1.17	£2,092,974	£1,606,651	£1,156,460		
	4	1.17	£2,983,827	£2,416,916	£1,891,876		
	5	1.17	£3,872,012	£3,222,480	£2,622,428		
	6	1.17	£4,755,943	£4,019,538	£3,343,255		
50 Unit Flatted Scheme	1	0.50	£0	£0	£0		
	2	0.50	£1,522,843	£738,428	£13,629		
	3	0.50	£3,289,617	£2,334,826	£1,470,545		
	4	0.50	£5,055,474	£3,939,983	£2,928,430		
	5	0.50	£6,810,619	£5,525,203	£4,363,016		
	6	0.50	£8,576,664	£7,127,756	£5,818,042		
100 Unit Flatted Scheme	1	0.30	£0	£0	£0		
	2	0.30	£0	£0	£0		
	3	0.30	£1,947,186	£0	£0		
	4	0.30	£7,175,648	£4,051,971	£979,680		
	5	0.30	£12,390,834	£8,796,375	£5,254,688		
	6	0.30	£17,627,336	£13,569,444	£9,576,564		
100 Unit Mixed Scheme	1	2.30			£0	£0	£0
	2	2.30			£395,652	£0	£0
	3	2.30			£1,142,060	£640,899	£156,765
	4	2.30			£1,897,340	£1,311,727	£745,728
	5	2.30			£2,646,010	£1,974,623	£1,327,594
	6	2.30			£3,377,120	£2,615,638	£1,882,355

Source: Adams Integra, April 2010

Graph 2b: Summary of Residual Land Values (£ per Ha) at 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points - 85% General Needs Rent/15% Intermediate Tenure Mix Planning Infrastructure Level £5,000



Appendix IIa

Appendix IIb

Table 3: Summary of Residual Land Value (£) Appraisals for All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
15 Unit Housing Scheme	1	£303,740	£146,940	£95,554		
	2	£700,762	£500,550	£444,933		
	3	£1,104,807	£867,823	£799,845		
	4	£1,510,951	£1,237,710	£1,162,477		
	5	£1,916,045	£1,606,289	£1,523,543		
	6	£2,314,689	£1,961,968	£1,870,791		
15 Unit Flatted Scheme	1	£11,028	£0	£0		
	2	£284,896	£175,755	£113,830		
	3	£556,736	£429,402	£357,860		
	4	£831,818	£679,442	£600,080		
	5	£1,105,166	£932,763	£843,109		
	6	£1,379,557	£1,186,403	£1,086,710		
25 Unit Mixed Scheme	1	£288,131	£118,360	£0		
	2	£838,645	£623,130	£460,434		
	3	£1,397,866	£1,142,070	£942,992		
	4	£1,958,561	£1,667,105	£1,438,389		
	5	£2,518,131	£2,189,093	£1,929,740		
	6	£3,071,037	£2,703,095	£2,412,312		
50 Unit Mixed Scheme	1	£498,407	£163,417	£0		
	2	£1,573,275	£1,141,729	£786,691		
	3	£2,659,783	£2,142,985	£1,722,864		
	4	£3,754,066	£3,155,665	£2,674,585		
	5	£4,844,461	£4,162,633	£3,618,532		
	6	£5,926,424	£5,154,767	£4,545,614		
50 Unit Flatted Scheme	1	£0	£0	£0		
	2	£908,117	£564,906	£275,780		
	3	£1,837,388	£1,428,417	£1,084,454		
	4	£2,768,383	£2,294,421	£1,899,518		
	5	£3,694,792	£3,153,220	£2,705,361		
	6	£4,621,867	£4,013,559	£3,512,365		
100 Unit Flatted Scheme	1	£0	£0	£0		
	2	£0	£0	£0		
	3	£887,886	£237,751	£0		
	4	£2,533,882	£1,773,178	£1,017,004		
	5	£4,175,460	£3,308,516	£2,448,691		
	6	£5,816,507	£4,843,579	£3,879,313		
100 Unit Mixed Scheme	1			£0	£0	£0
	2			£1,546,358	£754,573	£0
	3			£3,451,482	£2,510,052	£1,562,842
	4			£5,381,392	£4,296,492	£3,205,196
	5			£7,298,909	£6,067,452	£4,828,960
	6			£9,162,876	£7,771,514	£6,372,400

Source: Adams Integra, April 2010

Graph 3: Summary of Residual Land Values at 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

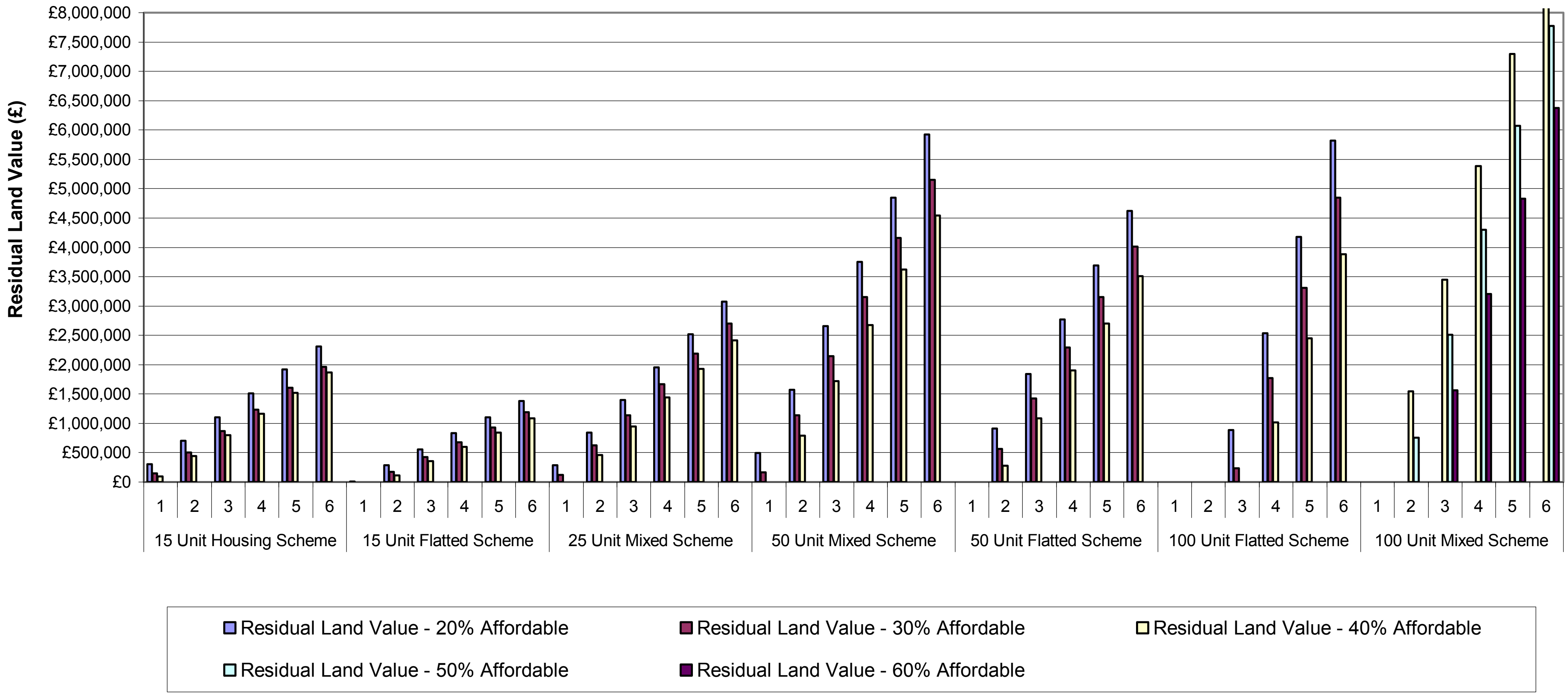
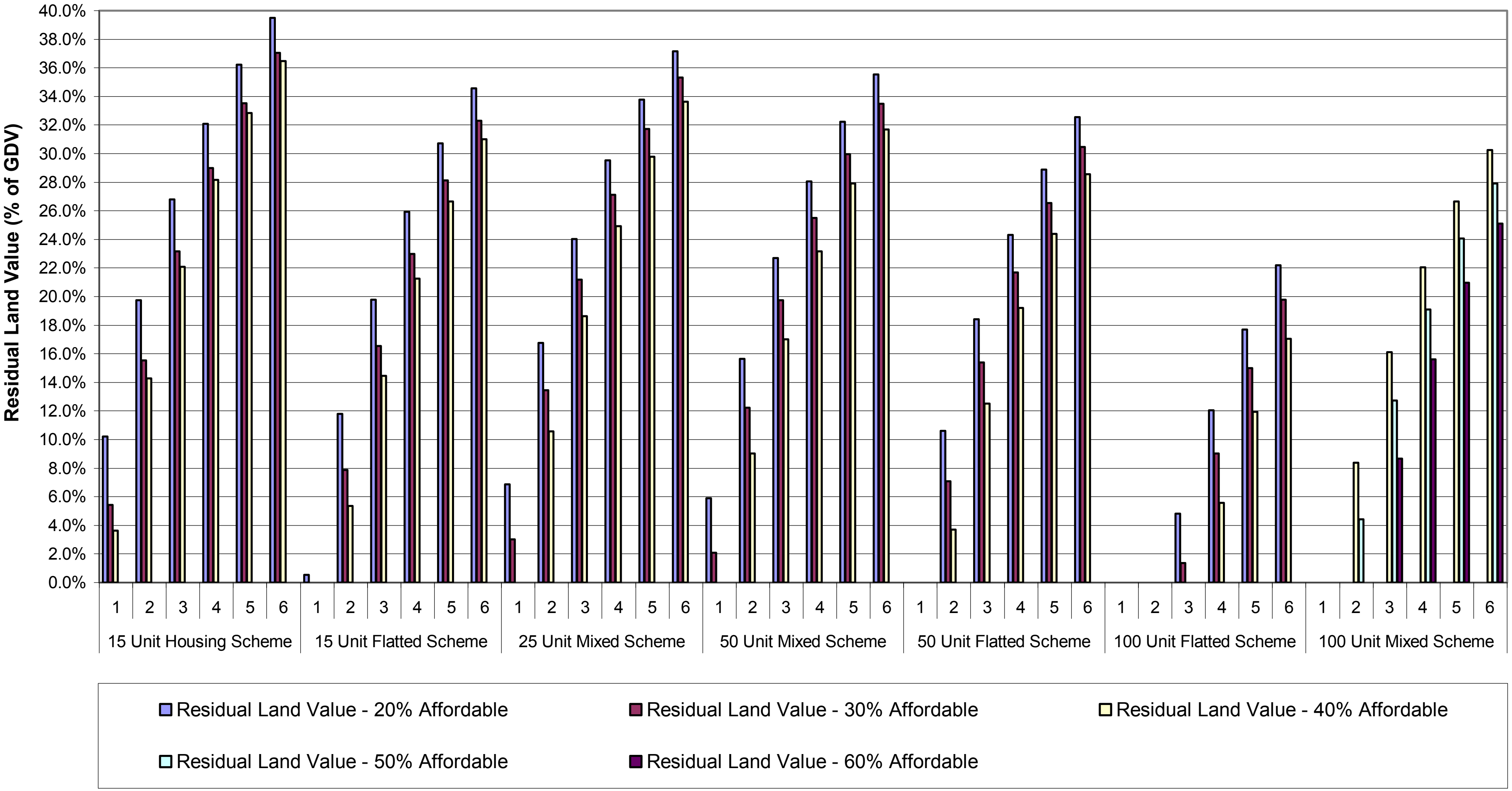


Table 3a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
15 Unit Housing Scheme	1	10.2%	5.4%	3.6%		
	2	19.8%	15.5%	14.3%		
	3	26.8%	23.2%	22.1%		
	4	32.1%	29.0%	28.1%		
	5	36.2%	33.5%	32.9%		
	6	39.5%	37.0%	36.5%		
15 Unit Flatted Scheme	1	0.5%	0.0%	0.0%		
	2	11.8%	7.9%	5.3%		
	3	19.8%	16.6%	14.5%		
	4	25.9%	23.0%	21.3%		
	5	30.7%	28.1%	26.7%		
	6	34.6%	32.3%	31.0%		
25 Unit Mixed Scheme	1	6.9%	3.0%	0.0%		
	2	16.8%	13.4%	10.6%		
	3	24.0%	21.2%	18.6%		
	4	29.5%	27.1%	24.9%		
	5	33.8%	31.7%	29.8%		
	6	37.2%	35.3%	33.6%		
50 Unit Mixed Scheme	1	5.9%	2.1%	0.0%		
	2	15.6%	12.2%	9.0%		
	3	22.7%	19.8%	17.0%		
	4	28.1%	25.5%	23.2%		
	5	32.2%	30.0%	27.9%		
	6	35.5%	33.5%	31.7%		
50 Unit Flatted Scheme	1	0.0%	0.0%	0.0%		
	2	10.6%	7.1%	3.7%		
	3	18.4%	15.4%	12.5%		
	4	24.3%	21.7%	19.2%		
	5	28.9%	26.6%	24.4%		
	6	32.5%	30.5%	28.6%		
100 Unit Flatted Scheme	1	0.0%	0.0%	0.0%		
	2	0.0%	0.0%	0.0%		
	3	4.8%	1.4%	0.0%		
	4	12.1%	9.0%	5.6%		
	5	17.7%	15.0%	11.9%		
	6	22.2%	19.8%	17.1%		
100 Unit Mixed Scheme	1			0.0%	0.0%	0.0%
	2			8.4%	4.4%	0.0%
	3			16.1%	12.7%	8.7%
	4			22.1%	19.1%	15.6%
	5			26.6%	24.1%	21.0%
	6			30.2%	27.9%	25.1%

Source: Adams Integra, April 2010

Graph 2a: Summary of Residual Land Values (as % of GDV) at 20%, 30%, 40%, 50% & 60% Affordable Housing Across all Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

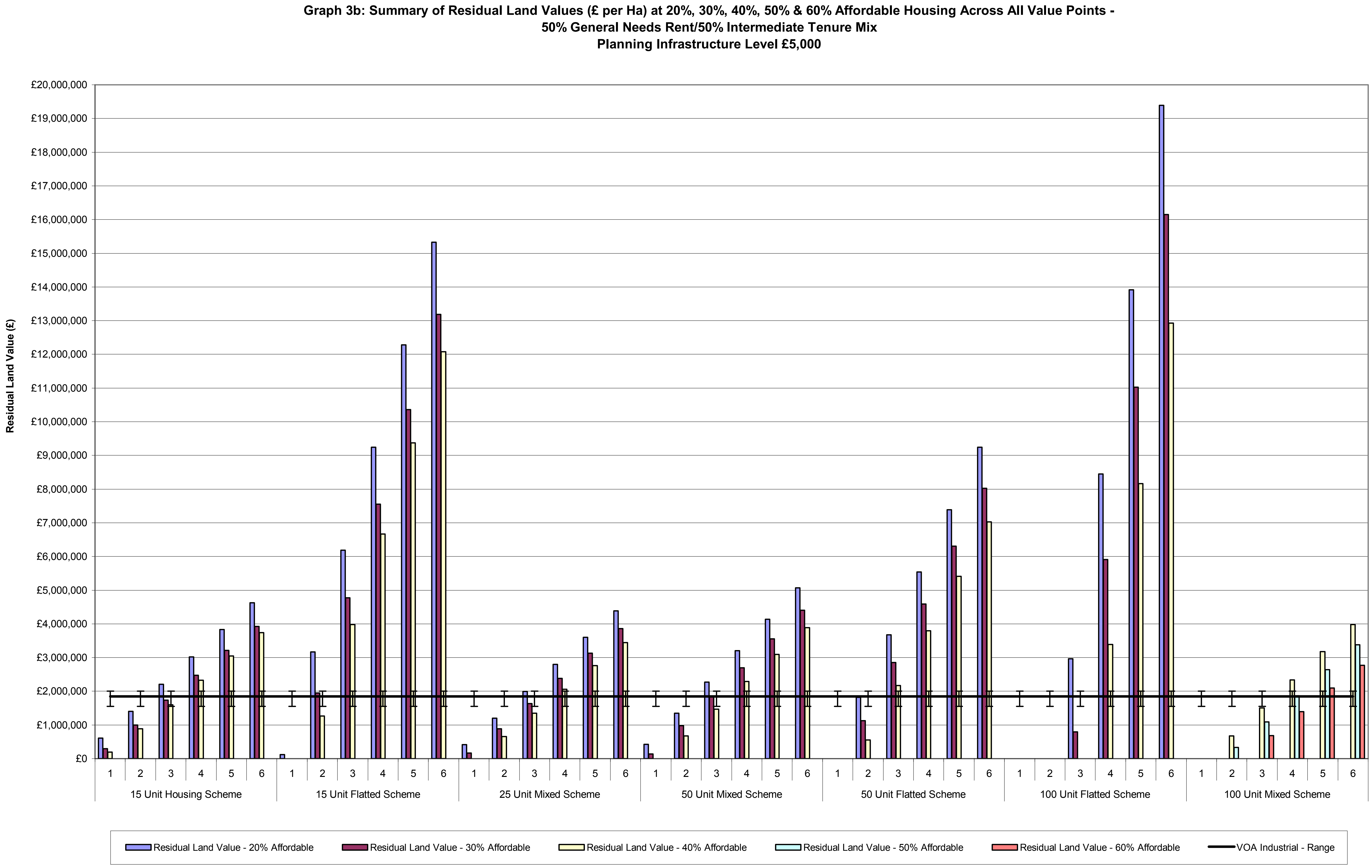


Appendix IIb

Table 3b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £5,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
15 Unit Housing Scheme	1	0.50	£607,481	£293,881	£191,109		
	2	0.50	£1,401,524	£1,001,101	£889,865		
	3	0.50	£2,209,615	£1,735,645	£1,599,691		
	4	0.50	£3,021,901	£2,475,420	£2,324,954		
	5	0.50	£3,832,090	£3,212,579	£3,047,086		
	6	0.50	£4,629,377	£3,923,936	£3,741,582		
15 Unit Flatted Scheme	1	0.09	£122,534	£0	£0		
	2	0.09	£3,165,510	£1,952,837	£1,264,778		
	3	0.09	£6,185,960	£4,771,136	£3,976,219		
	4	0.09	£9,242,422	£7,549,360	£6,667,552		
	5	0.09	£12,279,626	£10,364,033	£9,367,882		
	6	0.09	£15,328,410	£13,182,260	£12,074,560		
25 Unit Mixed Scheme	1	0.70	£411,616	£169,085	£0		
	2	0.70	£1,198,064	£890,186	£657,764		
	3	0.70	£1,996,952	£1,631,529	£1,347,131		
	4	0.70	£2,797,944	£2,381,579	£2,054,842		
	5	0.70	£3,597,330	£3,127,276	£2,756,771		
	6	0.70	£4,387,196	£3,861,564	£3,446,160		
50 Unit Mixed Scheme	1	1.17	£425,989	£139,672	£0		
	2	1.17	£1,344,679	£975,837	£672,385		
	3	1.17	£2,273,319	£1,831,611	£1,472,533		
	4	1.17	£3,208,603	£2,697,149	£2,285,970		
	5	1.17	£4,140,565	£3,557,806	£3,092,762		
	6	1.17	£5,065,320	£4,405,784	£3,885,140		
50 Unit Flatted Scheme	1	0.50	£0	£0	£0		
	2	0.50	£1,816,234	£1,129,812	£551,560		
	3	0.50	£3,674,775	£2,856,835	£2,168,909		
	4	0.50	£5,536,765	£4,588,841	£3,799,036		
	5	0.50	£7,389,583	£6,306,440	£5,410,722		
	6	0.50	£9,243,735	£8,027,119	£7,024,731		
100 Unit Flatted Scheme	1	0.30	£0	£0	£0		
	2	0.30	£0	£0	£0		
	3	0.30	£2,959,620	£792,504	£0		
	4	0.30	£8,446,272	£5,910,593	£3,390,015		
	5	0.30	£13,918,201	£11,028,388	£8,162,304		
	6	0.30	£19,388,356	£16,145,264	£12,931,044		
100 Unit Mixed Scheme	1	2.30			£0	£0	£0
	2	2.30			£672,330	£328,075	£0
	3	2.30			£1,500,644	£1,091,327	£679,497
	4	2.30			£2,339,736	£1,868,040	£1,393,564
	5	2.30			£3,173,439	£2,638,023	£2,099,548
	6	2.30			£3,983,859	£3,378,919	£2,770,608

Source: Adams Integra, April 2010


Graph 3b: Summary of Residual Land Values (£ per Ha) at 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
Residual Land Value (£)
£20,000,000
£19,000,000
£18,000,000
£17,000,000
£16,000,000
£15,000,000
£14,000,000
£13,000,000
£12,000,000
£11,000,000
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£5,000,000
£4,000,000
£3,000,000
£2,000,000
£1,000,000
£0
1 2 3 4 5 6
15 Unit Housing Scheme
15 Unit Flatted Scheme
25 Unit Mixed Scheme
50 Unit Mixed Scheme
50 Unit Flatted Scheme
100 Unit Flatted Scheme
100 Unit Mixed Scheme
Residual Land Value - 20% Affordable
Residual Land Value - 30% Affordable
Residual Land Value - 40% Affordable
Residual Land Value - 50% Affordable
Residual Land Value - 60% Affordable
VOA Industrial - Range

Appendix IIc

Table 4: Summary of Residual Land Value (£) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
5 Unit Housing Scheme	1	£155,793	£59,729	£8,343	£8,343		
	2	£299,421	£184,296	£123,444	£123,444		
	3	£447,722	£303,208	£239,359	£239,359		
	4	£589,880	£427,442	£351,425	£351,425		
	5	£736,652	£545,197	£467,268	£467,268		
	6	£883,425	£667,359	£576,182	£576,182		
5 Unit Flatted Scheme	1	£49,906	£0	£0	£0		
	2	£170,418	£76,864	£27,431	£27,431		
	3	£282,203	£175,617	£121,577	£121,577		
	4	£399,099	£269,581	£213,985	£213,985		
	5	£510,676	£366,294	£300,391	£300,391		
	6	£626,368	£463,806	£391,188	£391,188		
10 Unit Housing Scheme	1	£380,108	£214,436	£101,794	£0		
	2	£721,538	£510,702	£374,556	£237,896		
	3	£1,066,886	£817,905	£648,897	£484,889		
	4	£1,412,234	£1,125,716	£927,708	£729,700		
	5	£1,757,582	£1,433,224	£1,206,215	£979,206		
	6	£2,102,930	£1,734,119	£1,472,575	£1,211,032		
10 Unit Flatted Scheme	1	£99,813	£0	£0	£0		
	2	£330,612	£195,871	£104,295	£10,741		
	3	£558,586	£400,132	£289,999	£183,575		
	4	£789,970	£602,486	£479,244	£349,726		
	5	£1,021,353	£807,970	£659,812	£511,653		
	6	£1,252,736	£1,013,523	£846,179	£678,835		
15 Unit Housing Scheme	1	£487,216	£242,807	£34,388	£0		
	2	£953,436	£635,602	£381,910	£321,078		
	3	£1,419,656	£1,039,647	£727,616	£659,639		
	4	£1,885,876	£1,445,791	£1,080,938	£1,005,705		
	5	£2,352,096	£1,850,885	£1,432,421	£1,349,674		
	6	£2,818,315	£2,249,529	£1,771,919	£1,680,742		
15 Unit Flatted Scheme	1	£118,872	£0	£0	£0		
	2	£436,336	£223,574	£65,534	£1,833		
	3	£749,558	£491,576	£307,571	£240,895		
	4	£1,067,278	£766,658	£545,401	£470,893		
	5	£1,384,998	£1,040,006	£784,668	£695,015		
	6	£1,702,718	£1,314,397	£1,025,769	£926,075		
25 Unit Mixed Scheme	1	£524,254	£154,486	£0	£0		
	2	£1,168,066	£690,607	£429,610	£251,963		
	3	£1,811,877	£1,237,022	£917,292	£708,624		
	4	£2,455,689	£1,784,511	£1,413,876	£1,173,530		
	5	£3,099,501	£2,330,300	£1,907,061	£1,634,837		
	6	£3,743,312	£2,870,909	£2,394,536	£2,088,951		
50 Unit Mixed Scheme	1	£918,415	£228,107	£0	£0		
	2	£2,155,259	£1,272,789	£801,344	£394,385		
	3	£3,392,103	£2,332,358	£1,763,359	£1,272,613		
	4	£4,628,947	£3,397,352	£2,734,065	£2,165,757		
	5	£5,865,790	£4,458,888	£3,698,936	£3,051,986		
	6	£7,102,634	£5,513,516	£4,651,922	£3,924,397		
50 Unit Flatted Scheme	1	£284,731	£0	£0	£0		
	2	£1,327,355	£623,718	£243,113	£0		
	3	£2,372,914	£1,528,386	£1,067,215	£671,051		
	4	£3,418,473	£2,434,011	£1,895,163	£1,435,375		
	5	£4,464,033	£3,333,944	£2,714,249	£2,188,266		
	6	£5,509,592	£4,237,395	£3,539,150	£2,948,020		
100 Unit Flatted Scheme	1	£0	£0	£0	£0		
	2	£0	£0	£0	£0		
	3	£1,806,888	£329,771	£0	£0		
	4	£3,658,359	£1,928,838	£1,061,813	£186,858		
	5	£5,509,829	£3,527,531	£2,532,823	£1,523,165		
	6	£7,361,300	£5,129,399	£4,009,117	£2,872,363		
100 Unit Mixed Scheme	1	£1,826,315			£0	£0	£0
	2	£4,331,337			£762,594	£0	£0
	3	£6,836,360			£2,552,352	£1,493,073	£414,622
	4	£9,341,383			£4,366,237	£3,136,362	£1,878,665
	5	£11,846,406			£6,166,631	£4,762,060	£3,326,743
	6	£14,351,428			£7,919,707	£6,329,287	£4,703,846

Source: Adams Integra, April 2010

Graph 4: Summary of Residual Land Values at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

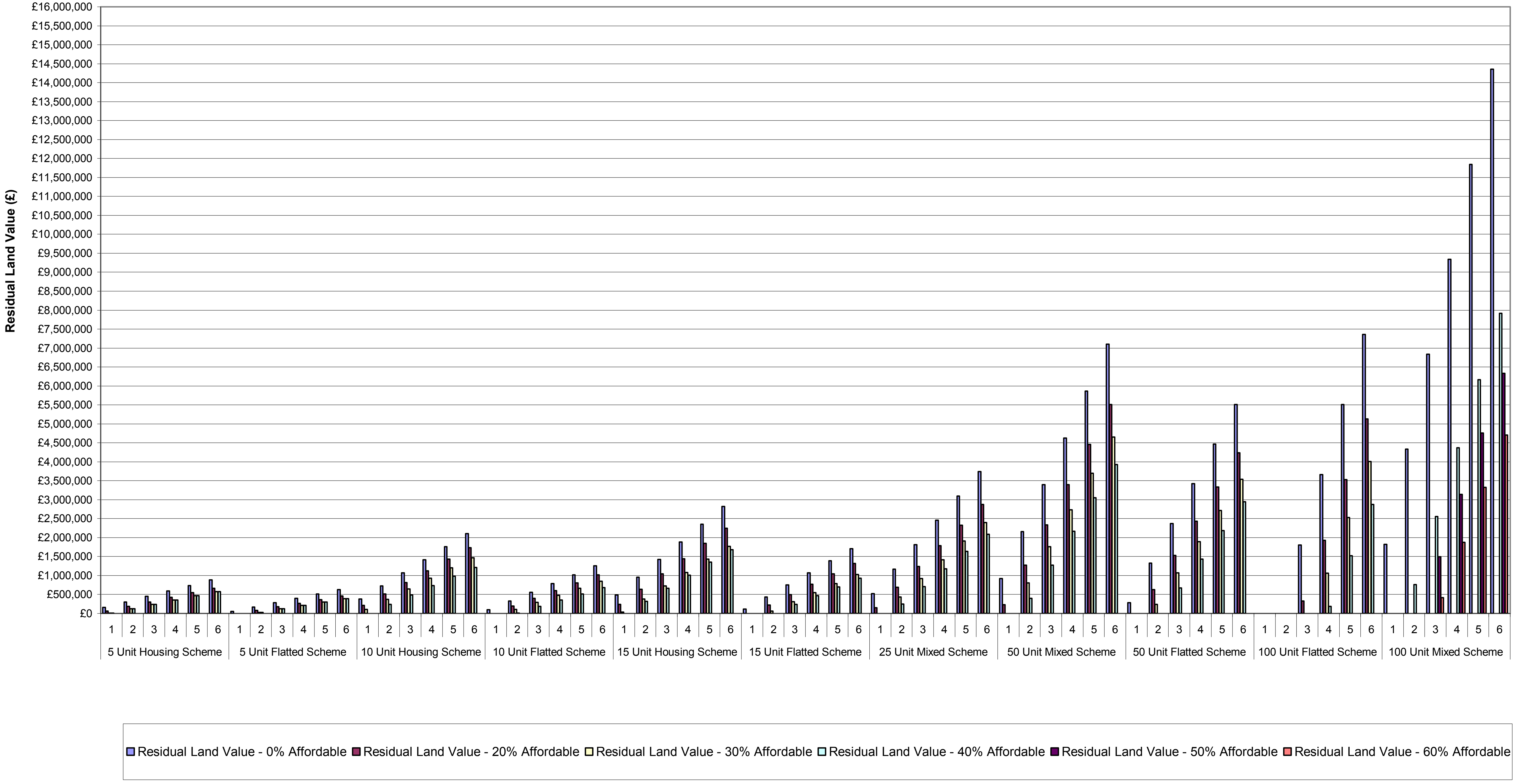


Table 4a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
5 Unit Housing Scheme	1	14.7%	6.5%	1.0%	1.0%		
	2	23.5%	16.8%	12.5%	12.5%		
	3	30.1%	23.9%	20.9%	20.9%		
	4	34.7%	29.6%	26.9%	26.9%		
	5	38.5%	33.6%	31.8%	31.8%		
	6	41.6%	37.1%	35.4%	35.4%		
5 Unit Flatted Scheme	1	6.0%	0.0%	0.0%	0.0%		
	2	17.0%	8.9%	3.5%	3.5%		
	3	24.1%	17.5%	13.4%	13.4%		
	4	29.8%	23.6%	20.7%	20.7%		
	5	33.9%	28.6%	25.9%	25.9%		
	6	37.4%	32.6%	30.4%	30.4%		
10 Unit Housing Scheme	1	15.2%	9.6%	5.0%	0.0%		
	2	24.1%	19.2%	15.3%	10.7%		
	3	30.5%	26.4%	22.9%	18.8%		
	4	35.3%	31.8%	28.7%	24.9%		
	5	39.1%	36.0%	33.2%	29.8%		
	6	42.1%	39.3%	36.7%	33.5%		
10 Unit Flatted Scheme	1	6.0%	0.0%	0.0%	0.0%		
	2	16.4%	11.0%	6.3%	0.7%		
	3	23.8%	19.2%	15.2%	10.5%		
	4	29.5%	25.4%	22.0%	17.6%		
	5	33.9%	30.3%	27.0%	23.1%		
	6	37.4%	34.2%	31.2%	27.7%		
15 Unit Housing Scheme	1	14.4%	8.2%	1.3%	0.0%		
	2	23.5%	17.9%	12.1%	10.6%		
	3	30.0%	25.2%	19.9%	18.7%		
	4	34.9%	30.7%	26.0%	25.1%		
	5	38.7%	35.0%	30.8%	30.0%		
	6	41.8%	38.4%	34.5%	33.8%		
15 Unit Flatted Scheme	1	5.2%	0.0%	0.0%	0.0%		
	2	15.8%	9.2%	3.0%	0.1%		
	3	23.3%	17.5%	12.2%	10.0%		
	4	29.0%	23.9%	19.0%	17.2%		
	5	33.5%	28.9%	24.4%	22.7%		
	6	37.0%	32.9%	28.9%	27.4%		
25 Unit Mixed Scheme	1	11.0%	3.7%	0.0%	0.0%		
	2	20.5%	14.0%	9.5%	6.0%		
	3	27.2%	21.5%	17.5%	14.5%		
	4	32.3%	27.3%	23.7%	21.1%		
	5	36.2%	31.7%	28.6%	26.2%		
	6	39.4%	35.3%	32.4%	30.3%		
50 Unit Mixed Scheme	1	9.7%	2.7%	0.0%	0.0%		
	2	18.9%	12.8%	8.8%	4.7%		
	3	25.5%	20.2%	16.6%	13.0%		
	4	30.4%	25.8%	22.6%	19.4%		
	5	34.3%	30.1%	27.3%	24.5%		
	6	37.4%	33.6%	31.0%	28.5%		
50 Unit Flatted Scheme	1	3.5%	0.0%	0.0%	0.0%		
	2	13.8%	7.4%	3.1%	0.0%		
	3	21.1%	15.5%	11.8%	8.0%		
	4	26.6%	21.7%	18.4%	15.0%		
	5	30.9%	26.5%	23.5%	20.5%		
	6	34.3%	30.4%	27.6%	24.9%		
100 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%		
	2	0.0%	0.0%	0.0%	0.0%		
	3	8.7%	1.8%	0.0%	0.0%		
	4	15.4%	9.3%	5.5%	1.1%		
	5	20.6%	15.2%	11.8%	7.7%		
	6	24.8%	19.9%	16.8%	13.1%		
100 Unit Mixed Scheme	1	9.1%			0.0%	0.0%	0.0%
	2	18.0%			4.3%	0.0%	0.0%
	3	24.3%			12.3%	7.9%	2.4%
	4	29.1%			18.6%	14.7%	9.8%
	5	32.8%			23.4%	19.9%	15.5%
	6	35.7%			27.2%	24.0%	19.9%

Source: Adams Integra, April 2010

Graph 4a: Summary of Residual Land Values (as % of GDV) at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across all Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

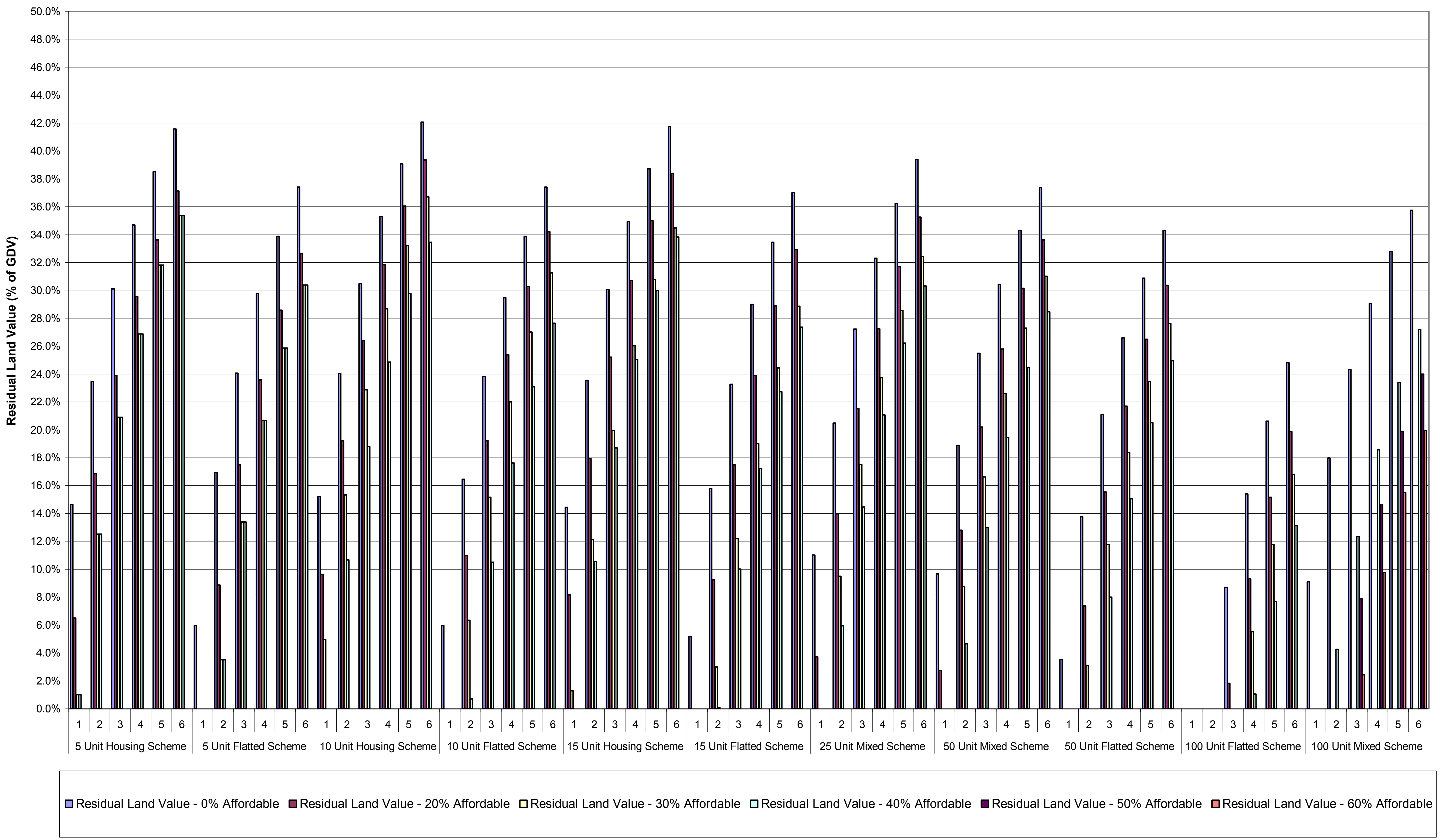


Table 4b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
5 Unit Housing Scheme	1	0.17	£916,426	£351,347	£49,077	£49,077		
	2	0.17	£1,761,297	£1,084,094	£726,144	£726,144		
	3	0.17	£2,633,661	£1,783,579	£1,407,993	£1,407,993		
	4	0.17	£3,469,879	£2,514,363	£2,067,209	£2,067,209		
	5	0.17	£4,333,249	£3,207,042	£2,748,633	£2,748,633		
	6	0.17	£5,196,619	£3,925,642	£3,389,306	£3,389,306		
5 Unit Flatted Scheme	1	0.15	£332,709	£0	£0	£0		
	2	0.15	£1,136,123	£512,427	£182,875	£182,875		
	3	0.15	£1,881,350	£1,170,783	£810,513	£810,513		
	4	0.15	£2,660,662	£1,797,208	£1,426,570	£1,426,570		
	5	0.15	£3,404,509	£2,441,960	£2,002,605	£2,002,605		
	6	0.15	£4,175,786	£3,092,037	£2,607,919	£2,607,919		
10 Unit Housing Scheme	1	0.33	£1,151,843	£649,806	£308,466	£0		
	2	0.33	£2,186,478	£1,547,581	£1,135,018	£720,898		
	3	0.33	£3,232,987	£2,478,500	£1,966,356	£1,469,359		
	4	0.33	£4,279,496	£3,411,262	£2,811,237	£2,211,212		
	5	0.33	£5,326,005	£4,343,103	£3,655,197	£2,967,292		
	6	0.33	£6,372,514	£5,254,906	£4,462,350	£3,669,793		
10 Unit Flatted Scheme	1	0.06	£1,663,544	£0	£0	£0		
	2	0.06	£5,510,194	£3,264,520	£1,738,256	£179,016		
	3	0.06	£9,309,774	£6,668,869	£4,833,321	£3,059,583		
	4	0.06	£13,166,160	£10,041,431	£7,987,396	£5,828,762		
	5	0.06	£17,022,546	£13,466,171	£10,996,861	£8,527,550		
	6	0.06	£20,878,932	£16,892,050	£14,102,985	£11,313,920		
15 Unit Housing Scheme	1	0.50	£974,433	£485,614	£68,775	£0		
	2	0.50	£1,906,873	£1,271,204	£763,819	£642,156		
	3	0.50	£2,839,312	£2,079,295	£1,455,231	£1,319,277		
	4	0.50	£3,771,752	£2,891,581	£2,161,876	£2,011,411		
	5	0.50	£4,704,191	£3,701,770	£2,864,842	£2,699,348		
	6	0.50	£5,636,631	£4,499,057	£3,543,838	£3,361,483		
15 Unit Flatted Scheme	1	0.09	£1,320,805	£0	£0	£0		
	2	0.09	£4,848,178	£2,484,153	£728,155	£20,370		
	3	0.09	£8,328,420	£5,461,960	£3,417,453	£2,676,608		
	4	0.09	£11,858,644	£8,518,422	£6,060,008	£5,232,139		
	5	0.09	£15,388,868	£11,555,626	£8,718,536	£7,722,384		
	6	0.09	£18,919,092	£14,604,410	£11,397,428	£10,289,728		
25 Unit Mixed Scheme	1	0.70	£748,934	£220,695	£0	£0		
	2	0.70	£1,668,665	£986,581	£613,729	£359,947		
	3	0.70	£2,588,396	£1,767,175	£1,310,417	£1,012,320		
	4	0.70	£3,508,127	£2,549,301	£2,019,823	£1,676,472		
	5	0.70	£4,427,858	£3,329,000	£2,724,372	£2,335,482		
	6	0.70	£5,347,589	£4,101,298	£3,420,766	£2,984,216		
50 Unit Mixed Scheme	1	1.17	£784,970	£194,963	£0	£0		
	2	1.17	£1,842,102	£1,087,854	£684,909	£337,081		
	3	1.17	£2,899,233	£1,993,468	£1,507,144	£1,087,703		
	4	1.17	£3,956,365	£2,903,719	£2,336,808	£1,851,074		
	5	1.17	£5,013,496	£3,811,016	£3,161,484	£2,608,535		
	6	1.17	£6,070,628	£4,712,407	£3,976,002	£3,354,186		
50 Unit Flatted Scheme	1	0.50	£569,463	£0	£0	£0		
	2	0.50	£2,654,710	£1,247,436	£486,227	£0		
	3	0.50	£4,745,829	£3,056,772	£2,134,430	£1,342,102		
	4	0.50	£6,836,947	£4,868,022	£3,790,326	£2,870,749		
	5	0.50	£8,928,065	£6,667,888	£5,428,498	£4,376,533		
	6	0.50	£11,019,184	£8,474,789	£7,078,301	£5,896,040		
100 Unit Flatted Scheme	1	0.30	£0	£0	£0	£0		
	2	0.30	£0	£0	£0	£0		
	3	0.30	£6,022,960	£1,099,236	£0	£0		
	4	0.30	£12,194,529	£6,429,460	£3,539,375	£622,859		
	5	0.30	£18,366,098	£11,758,437	£8,442,742	£5,077,216		
	6	0.30	£24,537,667	£17,097,996	£13,363,724	£9,574,545		
100 Unit Mixed Scheme	1	2.30	£794,050			£0	£0	£0
	2	2.30	£1,883,190			£331,563	£0	£0
	3	2.30	£2,972,330			£1,109,718	£649,162	£180,271
	4	2.30	£4,061,471			£1,898,364	£1,363,635	£816,811
	5	2.30	£5,150,611			£2,681,144	£2,070,461	£1,446,410
	6	2.30	£6,239,751			£3,443,351	£2,751,864	£2,045,151

Source: Adams Integra, April 2010

Appendix IId

Table 5: Summary of Residual Land Value (£) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
5 Unit Housing Scheme	1	£110,543	£14,479	£0	£0		
	2	£255,528	£140,908	£78,194	£78,194		
	3	£403,830	£259,316	£194,561	£194,561		
	4	£546,440	£383,549	£307,533	£307,533		
	5	£693,212	£501,757	£423,375	£423,375		
	6	£839,985	£623,919	£532,742	£532,742		
5 Unit Flatted Scheme	1	£4,656	£0	£0	£0		
	2	£125,168	£31,614	£0	£0		
	3	£243,224	£132,141	£76,327	£76,327		
	4	£355,207	£230,342	£170,897	£170,897		
	5	£472,103	£322,401	£256,498	£256,498		
	6	£582,928	£419,913	£347,295	£347,295		
10 Unit Housing Scheme	1	£292,323	£126,102	£11,294	£0		
	2	£634,658	£428,236	£286,771	£149,799		
	3	£980,006	£731,025	£562,017	£397,104		
	4	£1,325,354	£1,038,836	£840,828	£642,820		
	5	£1,670,702	£1,346,344	£1,119,335	£892,326		
	6	£2,016,050	£1,647,239	£1,385,695	£1,124,152		
10 Unit Flatted Scheme	1	£9,313	£0	£0	£0		
	2	£242,827	£107,350	£13,795	£0		
	3	£476,620	£312,347	£206,384	£94,929		
	4	£703,090	£515,606	£391,459	£261,941		
	5	£934,473	£721,090	£572,932	£429,198		
	6	£1,165,856	£926,643	£759,299	£591,955		
15 Unit Housing Scheme	1	£360,614	£109,509	£0	£0		
	2	£823,116	£505,282	£250,232	£193,306		
	3	£1,289,336	£909,327	£597,296	£529,319		
	4	£1,755,556	£1,315,471	£950,618	£875,385		
	5	£2,221,776	£1,720,565	£1,302,101	£1,219,354		
	6	£2,687,995	£2,119,209	£1,641,599	£1,550,422		
15 Unit Flatted Scheme	1	£0	£0	£0	£0		
	2	£304,658	£90,082	£0	£0		
	3	£619,238	£365,019	£179,520	£107,578		
	4	£936,958	£636,338	£419,404	£339,215		
	5	£1,254,678	£909,686	£654,348	£564,695		
	6	£1,572,398	£1,184,077	£895,449	£795,755		
25 Unit Mixed Scheme	1	£314,496	£0	£0	£0		
	2	£955,066	£482,582	£218,812	£37,881		
	3	£1,598,877	£1,024,022	£704,292	£495,624		
	4	£2,242,689	£1,571,511	£1,200,876	£960,530		
	5	£2,886,501	£2,117,300	£1,694,061	£1,421,837		
	6	£3,530,312	£2,657,909	£2,181,536	£1,875,951		
50 Unit Mixed Scheme	1	£509,215	£0	£0	£0		
	2	£1,746,059	£863,589	£396,228	£0		
	3	£2,982,903	£1,923,158	£1,354,159	£863,413		
	4	£4,219,747	£2,988,152	£2,324,865	£1,756,557		
	5	£5,456,590	£4,049,688	£3,289,736	£2,642,786		
	6	£6,693,434	£5,104,316	£4,242,722	£3,515,197		
50 Unit Flatted Scheme	1	£0	£0	£0	£0		
	2	£918,155	£221,222	£0	£0		
	3	£1,963,714	£1,119,186	£658,015	£264,579		
	4	£3,009,273	£2,024,811	£1,485,963	£1,026,175		
	5	£4,054,833	£2,924,744	£2,305,049	£1,779,066		
	6	£5,100,392	£3,828,195	£3,129,950	£2,538,820		
100 Unit Flatted Scheme	1	£0	£0	£0	£0		
	2	£0	£0	£0	£0		
	3	£1,022,088	£0	£0	£0		
	4	£2,873,559	£1,144,038	£279,898	£0		
	5	£4,725,029	£2,742,731	£1,748,023	£738,365		
	6	£6,576,500	£4,344,599	£3,224,317	£2,087,563		
100 Unit Mixed Scheme	1	£1,041,515			£0	£0	£0
	2	£3,546,537			£0	£0	£0
	3	£6,051,560			£1,767,552	£708,273	£0
	4	£8,556,583			£3,581,437	£2,351,562	£1,093,865
	5	£11,061,606			£5,381,831	£3,977,260	£2,541,943
	6	£13,566,628			£7,134,907	£5,544,487	£3,919,046

Source: Adams Integra, April 2010

Graph 5: Summary of Residual Land Values at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points 70% General Needs Rent/30% Intermediate Tenure Mix Planning Infrastructure Level £20,000

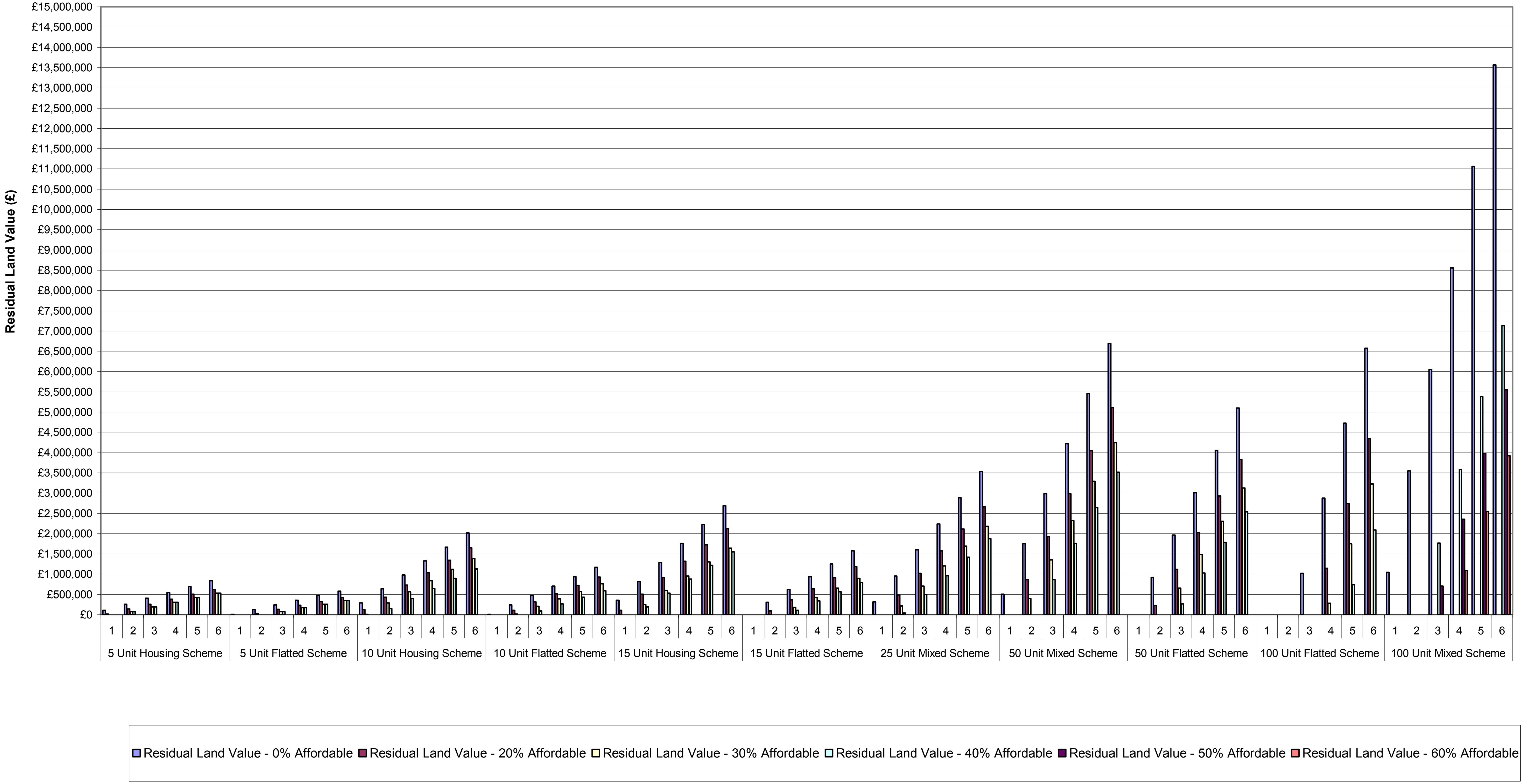


Table 5a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
5 Unit Housing Scheme	1	10.4%	1.6%	0.0%	0.0%		
	2	20.0%	12.9%	7.9%	7.9%		
	3	27.1%	20.4%	17.0%	17.0%		
	4	32.1%	26.5%	23.5%	23.5%		
	5	36.2%	30.9%	28.8%	28.8%		
	6	39.5%	34.7%	32.7%	32.7%		
5 Unit Flatted Scheme	1	0.6%	0.0%	0.0%	0.0%		
	2	12.5%	3.7%	0.0%	0.0%		
	3	20.7%	13.1%	8.4%	8.4%		
	4	26.5%	20.1%	16.5%	16.5%		
	5	31.3%	25.1%	22.1%	22.1%		
	6	34.8%	29.6%	27.0%	27.0%		
10 Unit Housing Scheme	1	11.7%	5.7%	0.6%	0.0%		
	2	21.2%	16.1%	11.7%	6.7%		
	3	28.0%	23.6%	19.8%	15.4%		
	4	33.1%	29.4%	26.0%	21.9%		
	5	37.1%	33.9%	30.8%	27.1%		
	6	40.3%	37.4%	34.5%	31.1%		
10 Unit Flatted Scheme	1	0.6%	0.0%	0.0%	0.0%		
	2	12.1%	6.0%	0.8%	0.0%		
	3	20.3%	15.0%	10.8%	5.4%		
	4	26.2%	21.7%	18.0%	13.2%		
	5	31.0%	27.0%	23.4%	19.4%		
	6	34.8%	31.3%	28.0%	24.1%		
15 Unit Housing Scheme	1	10.7%	3.7%	0.0%	0.0%		
	2	20.3%	14.3%	7.9%	6.4%		
	3	27.3%	22.0%	16.4%	15.0%		
	4	32.5%	27.9%	22.9%	21.8%		
	5	36.6%	32.5%	28.0%	27.1%		
	6	39.8%	36.2%	31.9%	31.2%		
15 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%		
	2	11.0%	3.7%	0.0%	0.0%		
	3	19.2%	13.0%	7.1%	4.5%		
	4	25.5%	19.8%	14.6%	12.4%		
	5	30.3%	25.3%	20.4%	18.5%		
	6	34.2%	29.7%	25.2%	23.5%		
25 Unit Mixed Scheme	1	6.6%	0.0%	0.0%	0.0%		
	2	16.7%	9.8%	4.8%	0.9%		
	3	24.0%	17.8%	13.5%	10.1%		
	4	29.5%	24.0%	20.2%	17.3%		
	5	33.7%	28.8%	25.4%	22.8%		
	6	37.1%	32.6%	29.5%	27.2%		
50 Unit Mixed Scheme	1	5.4%	0.0%	0.0%	0.0%		
	2	15.3%	8.7%	4.3%	0.0%		
	3	22.4%	16.7%	12.8%	8.8%		
	4	27.7%	22.7%	19.2%	15.8%		
	5	31.9%	27.4%	24.3%	21.2%		
	6	35.2%	31.1%	28.3%	25.5%		
50 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%		
	2	9.5%	2.6%	0.0%	0.0%		
	3	17.5%	11.4%	7.3%	3.2%		
	4	23.4%	18.1%	14.4%	10.8%		
	5	28.0%	23.2%	19.9%	16.7%		
	6	31.7%	27.4%	24.4%	21.5%		
100 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%		
	2	0.0%	0.0%	0.0%	0.0%		
	3	4.9%	0.0%	0.0%	0.0%		
	4	12.1%	5.5%	1.5%	0.0%		
	5	17.7%	11.8%	8.1%	3.7%		
	6	22.2%	16.8%	13.5%	9.5%		
100 Unit Mixed Scheme	1	5.2%			0.0%	0.0%	0.0%
	2	14.7%			0.0%	0.0%	0.0%
	3	21.5%			8.5%	3.8%	0.0%
	4	26.6%			15.2%	11.0%	5.7%
	5	30.6%			20.4%	16.6%	11.8%
	6	33.8%			24.5%	21.0%	16.6%

Source: Adams Integra, April 2010

Graph 5a: Summary of Residual Land Values (as % of GDV) at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across all Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £20,000

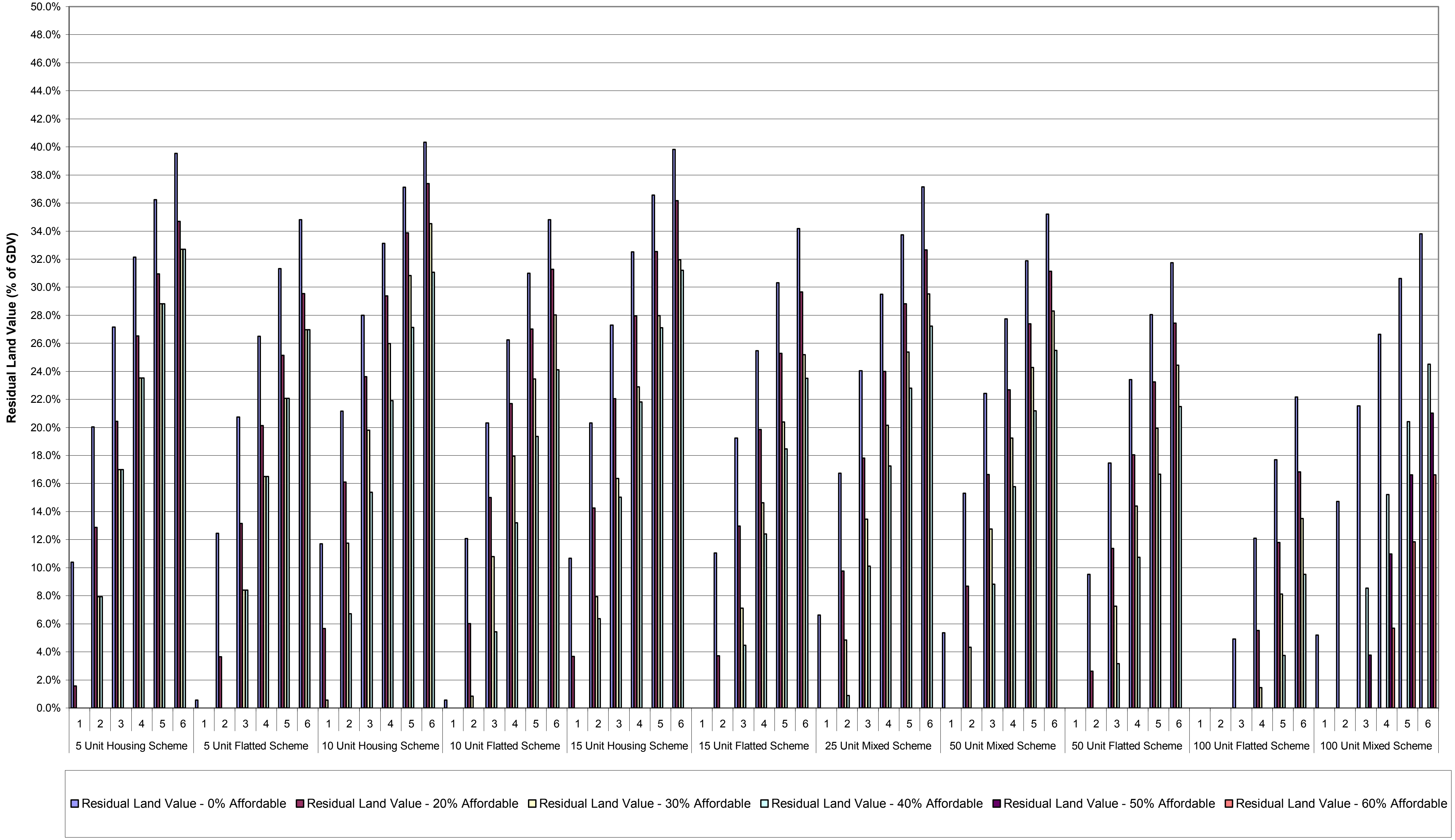


Table 5b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
5 Unit Housing Scheme	1	0.17	£650,250	£85,171	£0	£0		
	2	0.17	£1,503,106	£828,868	£459,967	£459,967		
	3	0.17	£2,375,469	£1,525,388	£1,144,478	£1,144,478		
	4	0.17	£3,214,350	£2,256,172	£1,809,017	£1,809,017		
	5	0.17	£4,077,720	£2,951,512	£2,490,442	£2,490,442		
	6	0.17	£4,941,090	£3,670,112	£3,133,776	£3,133,776		
5 Unit Flatted Scheme	1	0.15	£31,042	£0	£0	£0		
	2	0.15	£834,456	£210,760	£0	£0		
	3	0.15	£1,621,491	£880,943	£508,846	£508,846		
	4	0.15	£2,368,045	£1,535,614	£1,139,313	£1,139,313		
	5	0.15	£3,147,356	£2,149,343	£1,709,988	£1,709,988		
	6	0.15	£3,886,186	£2,799,420	£2,315,303	£2,315,303		
10 Unit Housing Scheme	1	0.33	£885,828	£382,127	£34,223	£0		
	2	0.33	£1,923,205	£1,297,686	£869,003	£453,938		
	3	0.33	£2,969,714	£2,215,227	£1,703,083	£1,203,344		
	4	0.33	£4,016,223	£3,147,989	£2,547,964	£1,947,940		
	5	0.33	£5,062,732	£4,079,830	£3,391,925	£2,704,019		
	6	0.33	£6,109,241	£4,991,633	£4,199,077	£3,406,521		
10 Unit Flatted Scheme	1	0.06	£155,211	£0	£0	£0		
	2	0.06	£4,047,111	£1,789,162	£229,922	£0		
	3	0.06	£7,943,668	£5,205,785	£3,439,727	£1,582,154		
	4	0.06	£11,718,160	£8,593,431	£6,524,312	£4,365,679		
	5	0.06	£15,574,546	£12,018,171	£9,548,861	£7,153,295		
	6	0.06	£19,430,932	£15,444,050	£12,654,985	£9,865,920		
15 Unit Housing Scheme	1	0.50	£721,228	£219,019	£0	£0		
	2	0.50	£1,646,233	£1,010,564	£500,464	£386,611		
	3	0.50	£2,578,672	£1,818,655	£1,194,591	£1,058,637		
	4	0.50	£3,511,112	£2,630,941	£1,901,236	£1,750,771		
	5	0.50	£4,443,551	£3,441,130	£2,604,202	£2,438,708		
	6	0.50	£5,375,991	£4,238,417	£3,283,198	£3,100,843		
15 Unit Flatted Scheme	1	0.09	£0	£0	£0	£0		
	2	0.09	£3,385,094	£1,000,912	£0	£0		
	3	0.09	£6,880,420	£4,055,772	£1,994,666	£1,195,311		
	4	0.09	£10,410,644	£7,070,422	£4,660,049	£3,769,056		
	5	0.09	£13,940,868	£10,107,626	£7,270,536	£6,274,384		
	6	0.09	£17,471,092	£13,156,410	£9,949,428	£8,841,728		
25 Unit Mixed Scheme	1	0.70	£449,280	£0	£0	£0		
	2	0.70	£1,364,379	£689,403	£312,588	£54,115		
	3	0.70	£2,284,110	£1,462,889	£1,006,132	£708,034		
	4	0.70	£3,203,841	£2,245,016	£1,715,537	£1,372,186		
	5	0.70	£4,123,572	£3,024,714	£2,420,087	£2,031,196		
	6	0.70	£5,043,303	£3,797,012	£3,116,480	£2,679,931		
50 Unit Mixed Scheme	1	1.17	£435,227	£0	£0	£0		
	2	1.17	£1,492,358	£738,110	£338,657	£0		
	3	1.17	£2,549,489	£1,643,725	£1,157,401	£737,960		
	4	1.17	£3,606,621	£2,553,976	£1,987,064	£1,501,331		
	5	1.17	£4,663,752	£3,461,272	£2,811,741	£2,258,792		
	6	1.17	£5,720,884	£4,362,663	£3,626,258	£3,004,442		
50 Unit Flatted Scheme	1	0.50	£0	£0	£0	£0		
	2	0.50	£1,836,310	£442,443	£0	£0		
	3	0.50	£3,927,429	£2,238,372	£1,316,030	£529,157		
	4	0.50	£6,018,547	£4,049,622	£2,971,926	£2,052,349		
	5	0.50	£8,109,665	£5,849,488	£4,610,098	£3,558,133		
	6	0.50	£10,200,784	£7,656,389	£6,259,901	£5,077,640		
100 Unit Flatted Scheme	1	0.30	£0	£0	£0	£0		
	2	0.30	£0	£0	£0	£0		
	3	0.30	£3,406,960	£0	£0	£0		
	4	0.30	£9,578,529	£3,813,460	£932,994	£0		
	5	0.30	£15,750,098	£9,142,437	£5,826,742	£2,461,216		
	6	0.30	£21,921,667	£14,481,996	£10,747,724	£6,958,545		
100 Unit Mixed Scheme	1	2.30	£452,832			£0	£0	£0
	2	2.30	£1,541,973			£0	£0	£0
	3	2.30	£2,631,113			£768,501	£307,945	£0
	4	2.30	£3,720,253			£1,557,147	£1,022,418	£475,593
	5	2.30	£4,809,394			£2,339,926	£1,729,243	£1,105,193
	6	2.30	£5,898,534			£3,102,133	£2,410,646	£1,703,933

Source: Adams Integra, April 2010

Appendix IIe

Table 6: Summary of Residual Land Value (£) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	£448,806	£347,948	£278,832		
	2	£990,549	£837,933	£738,168		
	3	£1,535,116	£1,327,121	£1,192,290		
	4	£2,080,383	£1,819,262	£1,651,854		
	5	£2,626,488	£2,312,304	£2,111,628		
	6	£3,167,979	£2,800,768	£2,567,649		
50 Unit Mixed Scheme	1	£782,211	£603,112	£446,004		
	2	£1,844,615	£1,568,665	£1,329,371		
	3	£2,899,250	£2,524,715	£2,201,797		
	4	£3,959,112	£3,487,411	£3,084,678		
	5	£5,019,176	£4,451,113	£3,967,962		
	6	£6,075,635	£5,406,033	£4,844,036		
50 Unit Flatted Scheme	1	£172,815	£0	£0		
	2	£1,065,214	£811,755	£590,548		
	3	£1,966,438	£1,633,537	£1,345,622		
	4	£2,864,697	£2,450,277	£2,094,995		
	5	£3,768,370	£3,275,491	£2,855,217		
	6	£4,672,163	£4,100,872	£3,615,690		
100 Unit Flatted Scheme	1	£0	£0	£0		
	2	£0	£0	£0		
	3	£1,120,084	£580,544	£32,984		
	4	£2,711,995	£2,041,901	£1,360,948		
	5	£4,314,291	£3,518,816	£2,710,981		
	6	£5,916,815	£4,996,062	£4,061,458		
100 Unit Mixed Scheme	1			£850,640	£508,933	£173,545
	2			£2,651,205	£2,134,117	£1,614,939
	3			£4,423,234	£3,724,983	£3,020,470
	4			£6,216,397	£5,341,606	£4,457,704
	5			£8,010,430	£6,960,034	£5,896,243
	6			£9,767,841	£8,531,973	£7,279,847

Source: Adams Integra, April 2010

Graph 6: Summary of Residual Land Values at 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points 70% General Needs Rent/30% Intermediate Tenure Mix Planning Infrastructure Level £5,000 With Grant

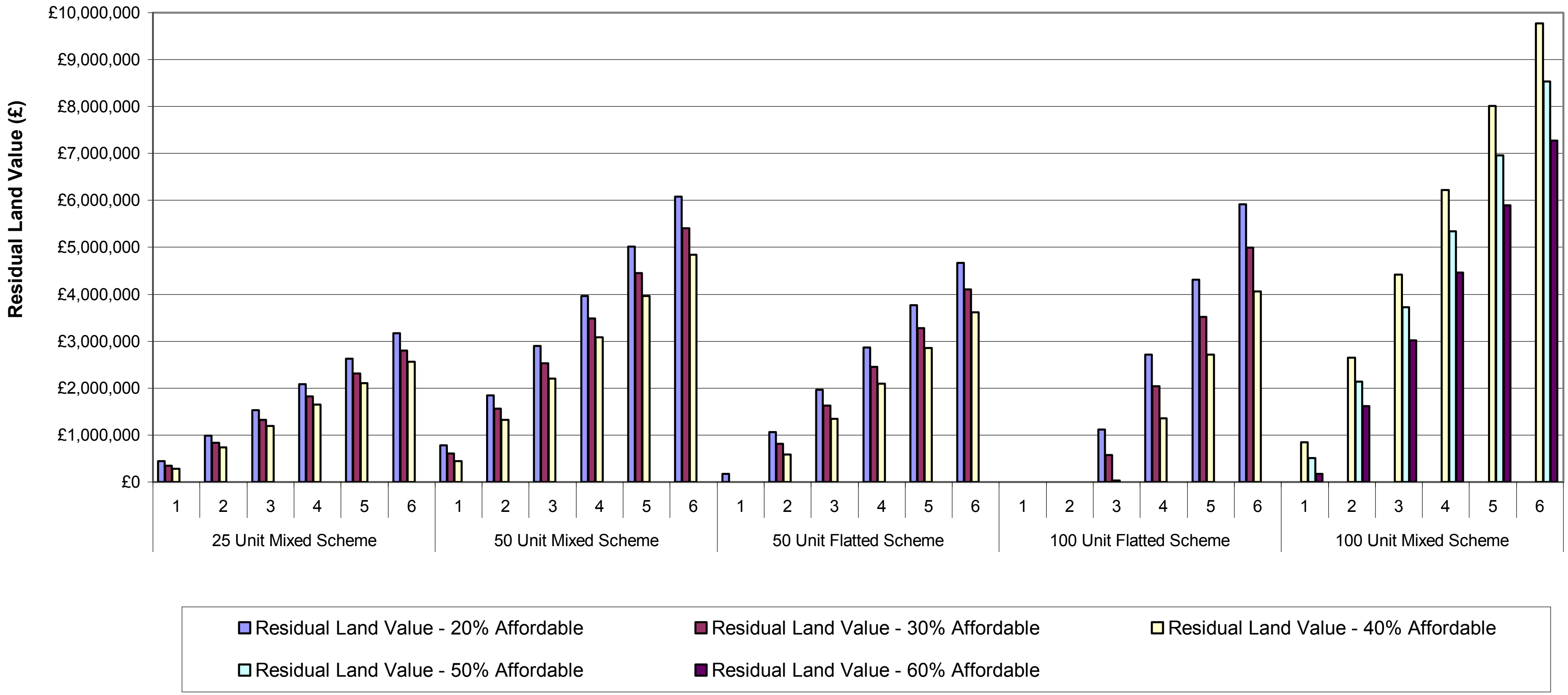
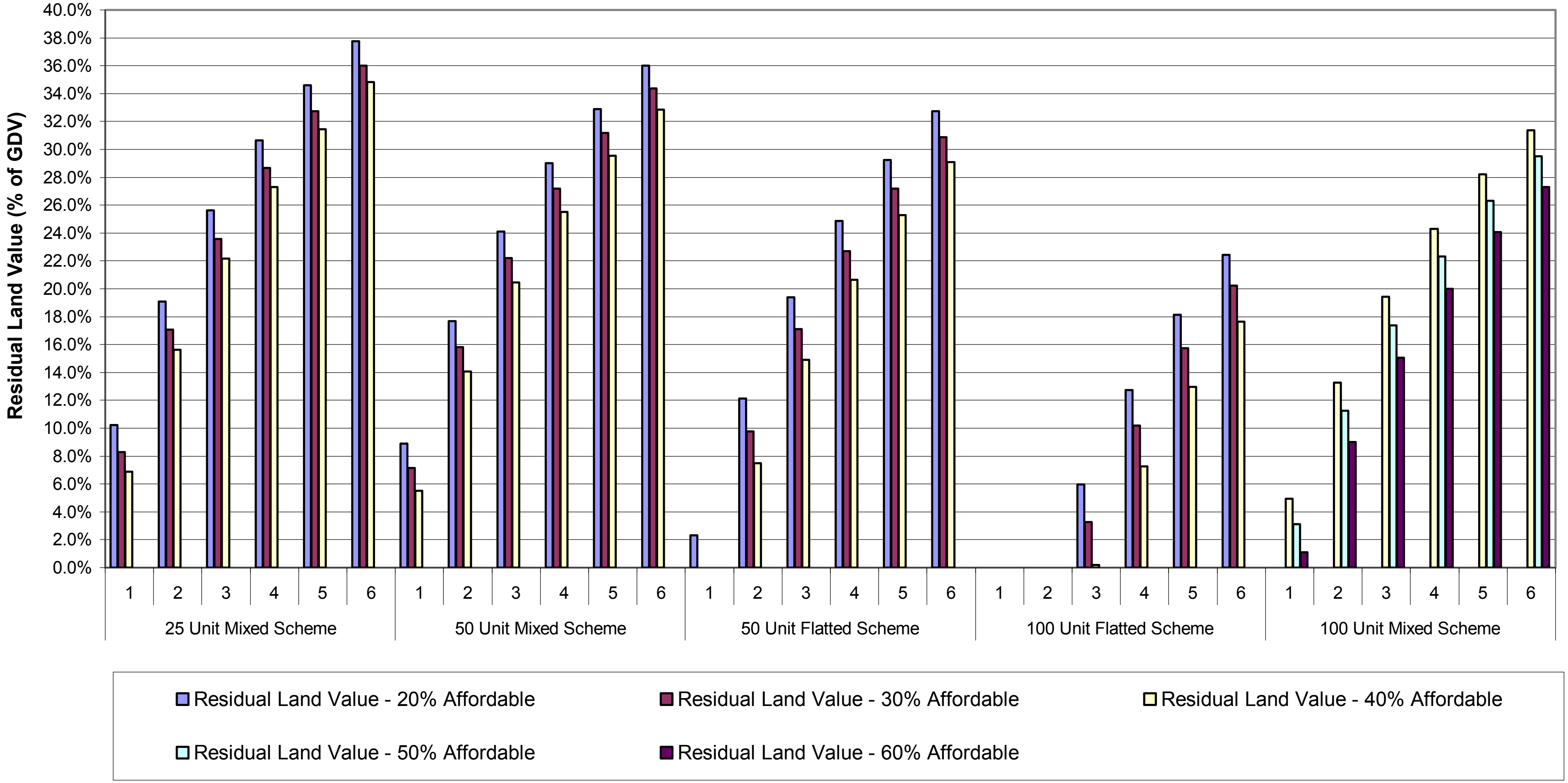


Table 6a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	10.2%	8.3%	6.9%		
	2	19.1%	17.1%	15.6%		
	3	25.6%	23.6%	22.2%		
	4	30.6%	28.7%	27.3%		
	5	34.6%	32.7%	31.5%		
	6	37.8%	36.0%	34.8%		
50 Unit Mixed Scheme	1	8.9%	7.1%	5.5%		
	2	17.7%	15.8%	14.1%		
	3	24.1%	22.2%	20.5%		
	4	29.0%	27.2%	25.5%		
	5	32.9%	31.2%	29.6%		
	6	36.0%	34.4%	32.9%		
50 Unit Flatted Scheme	1	2.3%	0.0%	0.0%		
	2	12.1%	9.8%	7.5%		
	3	19.4%	17.1%	14.9%		
	4	24.9%	22.7%	20.6%		
	5	29.2%	27.2%	25.3%		
	6	32.7%	30.9%	29.1%		
100 Unit Flatted Scheme	1	0.0%	0.0%	0.0%		
	2	0.0%	0.0%	0.0%		
	3	6.0%	3.3%	0.2%		
	4	12.8%	10.2%	7.2%		
	5	18.1%	15.7%	13.0%		
	6	22.5%	20.2%	17.7%		
100 Unit Mixed Scheme	1			5.0%	3.1%	1.1%
	2			13.3%	11.3%	9.0%
	3			19.4%	17.4%	15.0%
	4			24.3%	22.3%	20.0%
	5			28.2%	26.3%	24.1%
	6			31.4%	29.5%	27.3%

Source: Adams Integra, April 2010

Graph 6a: Summary of Residual Land Values (as % of GDV) at 20%, 30%, 40%, 50% & 60% Affordable Housing Across all Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant



Appendix IIe

Table 6b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	0.70	£641,151	£497,068	£398,332		
	2	0.70	£1,415,070	£1,197,047	£1,054,525		
	3	0.70	£2,193,022	£1,895,887	£1,703,272		
	4	0.70	£2,971,976	£2,598,946	£2,359,792		
	5	0.70	£3,752,126	£3,303,291	£3,016,611		
	6	0.70	£4,525,684	£4,001,096	£3,668,070		
50 Unit Mixed Scheme	1	1.17	£668,556	£515,480	£381,200		
	2	1.17	£1,576,594	£1,340,739	£1,136,214		
	3	1.17	£2,477,991	£2,157,876	£1,881,878		
	4	1.17	£3,383,857	£2,980,693	£2,636,477		
	5	1.17	£4,289,894	£3,804,370	£3,391,420		
	6	1.17	£5,192,851	£4,620,541	£4,140,202		
50 Unit Flatted Scheme	1	0.50	£345,629	£0	£0		
	2	0.50	£2,130,427	£1,623,510	£1,181,096		
	3	0.50	£3,932,875	£3,267,074	£2,691,244		
	4	0.50	£5,729,393	£4,900,554	£4,189,989		
	5	0.50	£7,536,741	£6,550,982	£5,710,435		
	6	0.50	£9,344,326	£8,201,744	£7,231,380		
100 Unit Flatted Scheme	1	0.30	£0	£0	£0		
	2	0.30	£0	£0	£0		
	3	0.30	£3,733,613	£1,935,146	£109,946		
	4	0.30	£9,039,984	£6,806,338	£4,536,493		
	5	0.30	£14,380,969	£11,729,388	£9,036,602		
	6	0.30	£19,722,716	£16,653,540	£13,538,195		
100 Unit Mixed Scheme	1	2.30			£369,844	£221,275	£75,454
	2	2.30			£1,152,698	£927,877	£702,147
	3	2.30			£1,923,145	£1,619,558	£1,313,248
	4	2.30			£2,702,781	£2,322,437	£1,938,132
	5	2.30			£3,482,796	£3,026,102	£2,563,584
	6	2.30			£4,246,887	£3,709,553	£3,165,151

Source: Adams Integra, April 2010

Table 7: Summary of Residual Land Value (£) Appraisals for All Value Points
85% General Needs Rent/15% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	£448,806	£339,526	£258,483		
	2	£990,549	£819,906	£694,816		
	3	£1,535,116	£1,300,432	£1,128,908		
	4	£2,080,383	£1,782,822	£1,565,639		
	5	£2,626,488	£2,266,825	£2,003,983		
	6	£3,167,979	£2,746,213	£2,438,488		
50 Unit Mixed Scheme	1	£762,866	£583,767	£418,368		
	2	£1,802,972	£1,527,022	£1,270,413		
	3	£2,838,367	£2,463,833	£2,115,278		
	4	£3,876,297	£3,404,596	£2,966,860		
	5	£4,915,776	£4,347,714	£3,820,877		
	6	£5,951,568	£5,281,966	£4,667,566		
50 Unit Flatted Scheme	1	£152,664	£0	£0		
	2	£1,023,571	£763,101	£524,578		
	3	£1,905,555	£1,563,044	£1,249,493		
	4	£2,781,881	£2,354,652	£1,964,367		
	5	£3,664,970	£3,156,062	£2,692,103		
	6	£4,548,095	£3,957,543	£3,419,958		
100 Unit Flatted Scheme	1	£0	£0	£0		
	2	£0	£0	£0		
	3	£1,027,901	£453,080	£0		
	4	£2,586,730	£1,861,788	£1,147,269		
	5	£4,157,873	£3,293,987	£2,444,260		
	6	£5,729,118	£4,726,334	£3,741,479		
100 Unit Mixed Scheme	1			£787,686	£433,036	£81,838
	2			£2,512,721	£1,956,443	£1,420,660
	3			£4,218,569	£3,461,002	£2,731,905
	4			£5,937,300	£4,981,094	£4,063,626
	5			£7,659,274	£6,505,934	£5,400,251
	6			£9,345,768	£7,986,056	£6,683,679

Source: Adams Integra, April 2010

Graph 7: Summary of Residual Land Values at 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points
85% General Needs Rent/15% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant

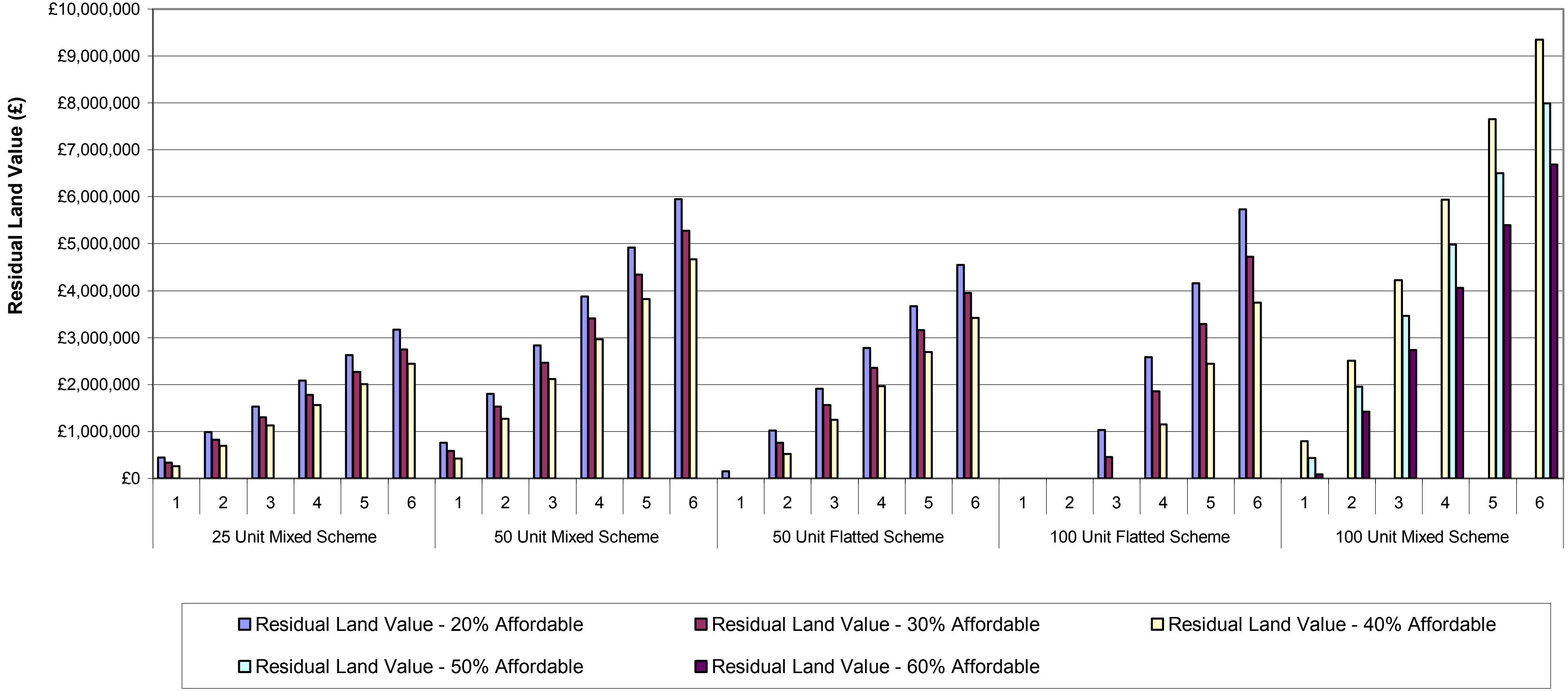
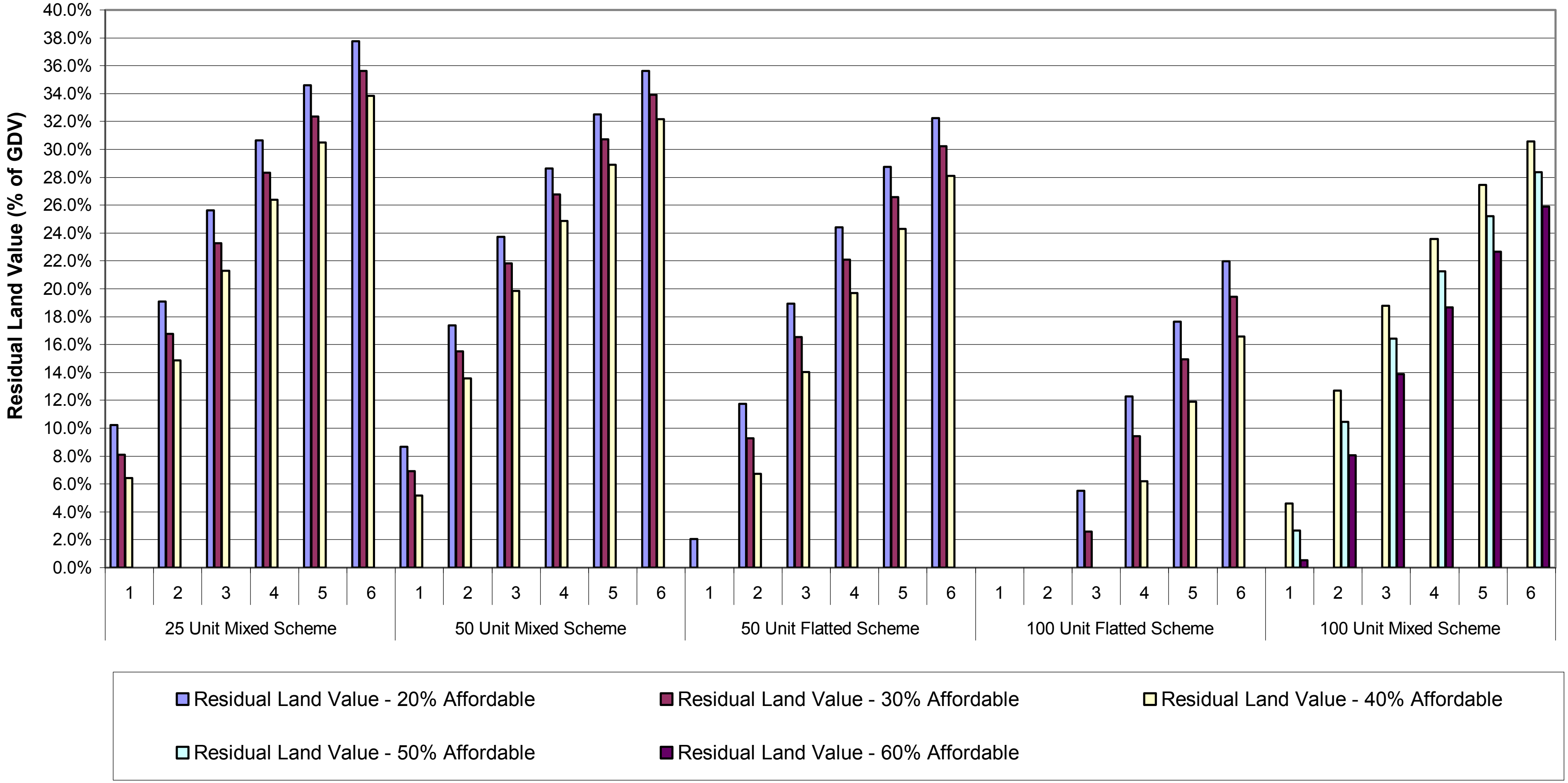


Table 7a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
85% General Needs Rent/15% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	10.2%	8.1%	6.4%		
	2	19.1%	16.8%	14.9%		
	3	25.6%	23.3%	21.3%		
	4	30.6%	28.3%	26.4%		
	5	34.6%	32.4%	30.5%		
	6	37.8%	35.6%	33.8%		
50 Unit Mixed Scheme	1	8.7%	6.9%	5.2%		
	2	17.4%	15.5%	13.6%		
	3	23.7%	21.8%	19.9%		
	4	28.6%	26.8%	24.9%		
	5	32.5%	30.7%	28.9%		
	6	35.6%	33.9%	32.2%		
50 Unit Flatted Scheme	1	2.1%	0.0%	0.0%		
	2	11.7%	9.3%	6.7%		
	3	18.9%	16.5%	14.0%		
	4	24.4%	22.1%	19.7%		
	5	28.7%	26.6%	24.3%		
	6	32.3%	30.2%	28.1%		
100 Unit Flatted Scheme	1	0.0%	0.0%	0.0%		
	2	0.0%	0.0%	0.0%		
	3	5.5%	2.6%	0.0%		
	4	12.3%	9.4%	6.2%		
	5	17.6%	14.9%	11.9%		
	6	22.0%	19.4%	16.6%		
100 Unit Mixed Scheme	1			4.6%	2.7%	0.5%
	2			12.7%	10.5%	8.1%
	3			18.8%	16.4%	13.9%
	4			23.6%	21.3%	18.7%
	5			27.5%	25.2%	22.7%
	6			30.6%	28.4%	25.9%

Source: Adams Integra, April 2010

Graph 7a: Summary of Residual Land Values (as % of GDV) at 20%, 30%, 40%, 50% & 60% Affordable Housing Across all Value Points
85% General Needs Rent/15% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant



Appendix IIe

Table 7b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
85% General Needs Rent/15% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	0.70	£641,151	£485,037	£369,262		
	2	0.70	£1,415,070	£1,171,295	£992,594		
	3	0.70	£2,193,022	£1,857,760	£1,612,725		
	4	0.70	£2,971,976	£2,546,888	£2,236,627		
	5	0.70	£3,752,126	£3,238,321	£2,862,833		
	6	0.70	£4,525,684	£3,923,162	£3,483,554		
50 Unit Mixed Scheme	1	1.17	£652,022	£498,946	£357,580		
	2	1.17	£1,541,002	£1,305,147	£1,085,823		
	3	1.17	£2,425,955	£2,105,840	£1,807,930		
	4	1.17	£3,313,074	£2,909,911	£2,535,777		
	5	1.17	£4,201,518	£3,715,994	£3,265,707		
	6	1.17	£5,086,810	£4,514,501	£3,989,372		
50 Unit Flatted Scheme	1	0.50	£305,328	£0	£0		
	2	0.50	£2,047,142	£1,526,202	£1,049,157		
	3	0.50	£3,811,109	£3,126,088	£2,498,985		
	4	0.50	£5,563,762	£4,709,303	£3,928,733		
	5	0.50	£7,329,941	£6,312,123	£5,384,205		
	6	0.50	£9,096,191	£7,915,086	£6,839,916		
100 Unit Flatted Scheme	1	0.30	£0	£0	£0		
	2	0.30	£0	£0	£0		
	3	0.30	£3,426,338	£1,510,267	£0		
	4	0.30	£8,622,433	£6,205,961	£3,824,229		
	5	0.30	£13,859,577	£10,979,956	£8,147,532		
	6	0.30	£19,097,062	£15,754,446	£12,471,596		
100 Unit Mixed Scheme	1	2.30			£342,472	£188,276	£35,582
	2	2.30			£1,092,487	£850,627	£617,678
	3	2.30			£1,834,161	£1,504,783	£1,187,785
	4	2.30			£2,581,435	£2,165,693	£1,766,794
	5	2.30			£3,330,119	£2,828,667	£2,347,935
	6	2.30			£4,063,377	£3,472,198	£2,905,948

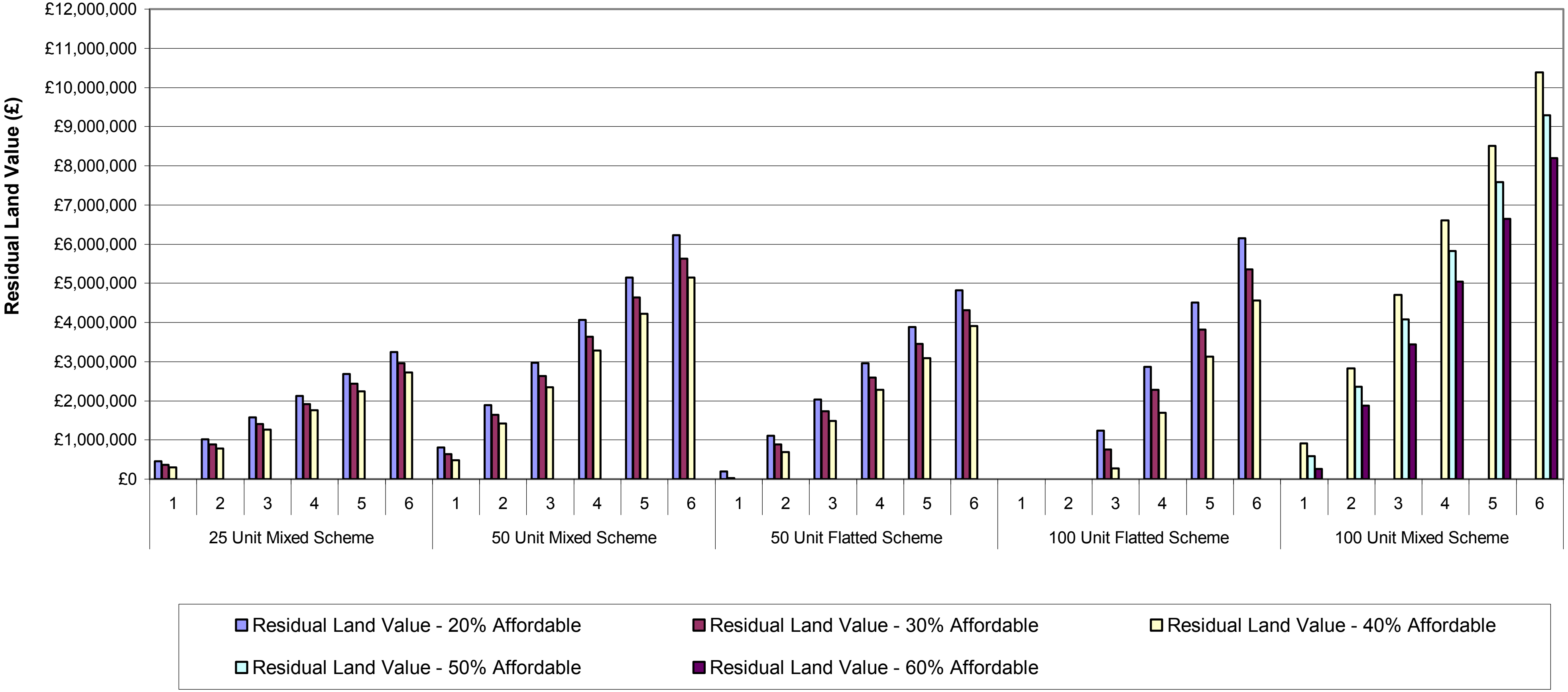
Source: Adams Integra, April 2010

Table 8: Summary of Residual Land Value (£) Appraisals for All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	£460,733	£370,549	£300,180		
	2	£1,015,875	£887,778	£787,207		
	3	£1,571,809	£1,401,522	£1,267,705		
	4	£2,130,158	£1,920,984	£1,755,747		
	5	£2,688,655	£2,440,750	£2,244,187		
	6	£3,242,586	£2,955,268	£2,727,436		
50 Unit Mixed Scheme	1	£802,505	£634,745	£481,995		
	2	£1,891,720	£1,640,097	£1,423,581		
	3	£2,971,691	£2,632,402	£2,346,679		
	4	£4,058,908	£3,635,019	£3,284,270		
	5	£5,146,508	£4,638,160	£4,222,625		
	6	£6,229,120	£5,631,183	£5,151,006		
50 Unit Flatted Scheme	1	£194,473	£28,705	£0		
	2	£1,113,868	£884,736	£687,856		
	3	£2,036,930	£1,739,276	£1,486,608		
	4	£2,960,322	£2,593,715	£2,286,245		
	5	£3,887,800	£3,454,635	£3,094,076		
	6	£4,815,492	£4,315,866	£3,902,349		
100 Unit Flatted Scheme	1	£0	£0	£0		
	2	£0	£0	£0		
	3	£1,236,851	£755,694	£277,271		
	4	£2,870,826	£2,280,148	£1,690,893		
	5	£4,512,600	£3,816,281	£3,122,971		
	6	£6,154,763	£5,352,984	£4,555,825		
100 Unit Mixed Scheme	1			£913,487	£588,634	£263,591
	2			£2,826,033	£2,353,395	£1,877,181
	3			£4,703,627	£4,074,541	£3,441,060
	4			£6,607,761	£5,828,811	£5,044,750
	5			£8,513,505	£7,585,089	£6,650,855
	6			£10,380,208	£9,292,562	£8,198,397

Source: Adams Integra, April 2010

Graph 8: Summary of Residual Land Values at 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant



Appendix IIe

Table 8a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	10.5%	8.8%	7.4%		
	2	19.4%	17.8%	16.4%		
	3	26.0%	24.5%	23.1%		
	4	31.1%	29.7%	28.4%		
	5	35.0%	33.8%	32.6%		
	6	38.2%	37.1%	36.0%		
50 Unit Mixed Scheme	1	9.1%	7.5%	5.9%		
	2	18.0%	16.4%	14.9%		
	3	24.5%	22.9%	21.4%		
	4	29.4%	27.9%	26.6%		
	5	33.3%	31.9%	30.7%		
	6	36.5%	35.1%	34.0%		
50 Unit Flatted Scheme	1	2.6%	0.4%	0.0%		
	2	12.6%	10.5%	8.6%		
	3	19.9%	17.9%	16.1%		
	4	25.4%	23.6%	22.0%		
	5	29.8%	28.1%	26.6%		
	6	33.3%	31.8%	30.4%		
100 Unit Flatted Scheme	1	0.0%	0.0%	0.0%		
	2	0.0%	0.0%	0.0%		
	3	6.5%	4.2%	1.6%		
	4	13.4%	11.2%	8.8%		
	5	18.7%	16.8%	14.5%		
	6	23.1%	21.2%	19.2%		
100 Unit Mixed Scheme	1			5.3%	3.6%	1.7%
	2			14.0%	12.2%	10.3%
	3			20.3%	18.6%	16.6%
	4			25.3%	23.7%	21.8%
	5			29.3%	27.7%	26.0%
	6			32.4%	31.0%	29.3%

Source: Adams Integra, April 2010

Graph 8a: Summary of Residual Land Values (as % of GDV) at 20%, 30%, 40%, 50% & 60% Affordable Housing Across all Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant

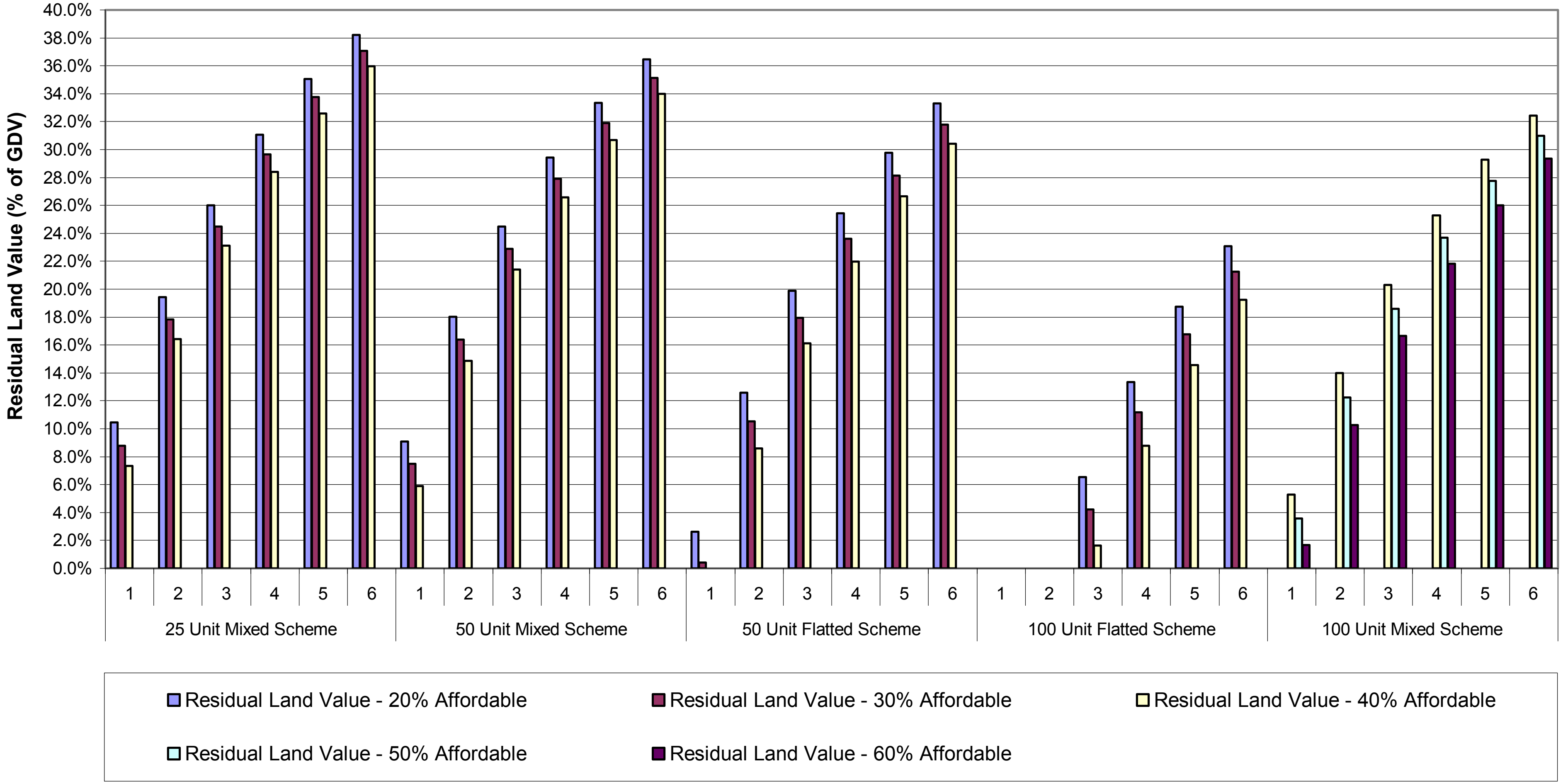


Table 8b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
With Grant

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	0.70	£658,190	£529,355	£428,828		
	2	0.70	£1,451,250	£1,268,254	£1,124,581		
	3	0.70	£2,245,442	£2,002,174	£1,811,007		
	4	0.70	£3,043,084	£2,744,263	£2,508,210		
	5	0.70	£3,840,935	£3,486,785	£3,205,982		
	6	0.70	£4,632,265	£4,221,811	£3,896,336		
50 Unit Mixed Scheme	1	1.17	£685,902	£542,517	£411,961		
	2	1.17	£1,616,855	£1,401,792	£1,216,736		
	3	1.17	£2,539,907	£2,249,917	£2,005,708		
	4	1.17	£3,469,152	£3,106,854	£2,807,068		
	5	1.17	£4,398,725	£3,964,239	£3,609,081		
	6	1.17	£5,324,034	£4,812,977	£4,402,569		
50 Unit Flatted Scheme	1	0.50	£388,945	£57,410	£0		
	2	0.50	£2,227,735	£1,769,473	£1,375,712		
	3	0.50	£4,073,861	£3,478,553	£2,973,215		
	4	0.50	£5,920,643	£5,187,429	£4,572,490		
	5	0.50	£7,775,600	£6,909,271	£6,188,153		
	6	0.50	£9,630,985	£8,631,732	£7,804,698		
100 Unit Flatted Scheme	1	0.30	£0	£0	£0		
	2	0.30	£0	£0	£0		
	3	0.30	£4,122,835	£2,518,978	£924,238		
	4	0.30	£9,569,420	£7,600,493	£5,636,311		
	5	0.30	£15,042,001	£12,720,935	£10,409,903		
	6	0.30	£20,515,875	£17,843,279	£15,186,083		
100 Unit Mixed Scheme	1	2.30			£397,168	£255,928	£114,605
	2	2.30			£1,228,710	£1,023,215	£816,166
	3	2.30			£2,045,055	£1,771,540	£1,496,113
	4	2.30			£2,872,940	£2,534,266	£2,193,370
	5	2.30			£3,701,524	£3,297,865	£2,891,676
	6	2.30			£4,513,134	£4,040,244	£3,564,521

Source: Adams Integra, April 2010

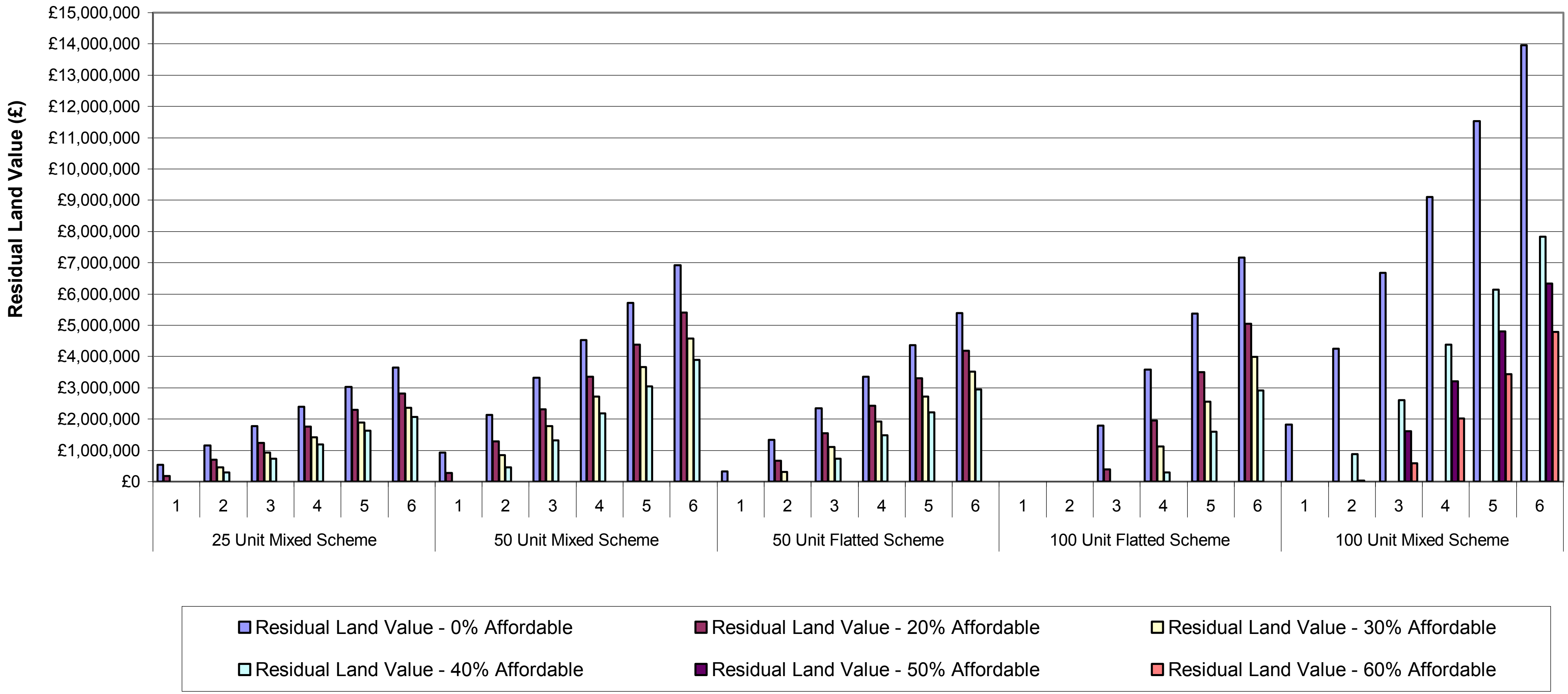
Appendix IIf

Table 9: Summary of Residual Land Value (£) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
20% Developer's Profit

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	£529,526	£179,080	£0	£0		
	2	£1,153,092	£699,723	£453,026	£285,709		
	3	£1,776,658	£1,229,908	£926,579	£729,839		
	4	£2,400,224	£1,761,166	£1,409,275	£1,182,561		
	5	£3,023,790	£2,290,725	£1,888,572	£1,631,685		
	6	£3,647,356	£2,815,103	£2,362,160	£2,073,615		
50 Unit Mixed Scheme	1	£928,543	£272,856	£0	£0		
	2	£2,126,492	£1,290,487	£842,796	£459,216		
	3	£3,324,441	£2,318,905	£1,777,620	£1,313,369		
	4	£4,522,391	£3,352,749	£2,721,134	£2,183,107		
	5	£5,720,340	£4,383,135	£3,658,814	£3,045,930		
	6	£6,918,290	£5,406,612	£4,584,609	£3,894,935		
50 Unit Flatted Scheme	1	£325,354	£0	£0	£0		
	2	£1,334,680	£670,080	£310,735	£0		
	3	£2,347,360	£1,548,375	£1,111,194	£737,802		
	4	£3,360,040	£2,427,627	£1,916,196	£1,482,433		
	5	£4,372,720	£3,301,188	£2,712,336	£2,215,632		
	6	£5,385,400	£4,178,265	£3,514,292	£2,955,693		
100 Unit Flatted Scheme	1	£0	£0	£0	£0		
	2	£0	£0	£0	£0		
	3	£1,791,732	£396,817	£0	£0		
	4	£3,584,980	£1,948,615	£1,127,500	£297,192		
	5	£5,378,228	£3,500,730	£2,557,671	£1,601,164		
	6	£7,171,477	£5,056,020	£3,993,127	£2,915,429		
100 Unit Mixed Scheme	1	£1,824,843			£0	£0	£0
	2	£4,251,092			£871,407	£38,044	£0
	3	£6,677,340			£2,613,900	£1,609,489	£582,180
	4	£9,103,588			£4,380,521	£3,213,351	£2,018,987
	5	£11,529,837			£6,133,649	£4,799,622	£3,435,556
	6	£13,956,085			£7,839,461	£6,327,423	£4,781,149

Source: Adams Integra, April 2010

Graph 9: Summary of Residual Land Values at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
20% Developer's Profit



Appendix IIf

Table 9a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
20% Developer's Profit

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	11.1%	4.3%	0.0%	0.0%		
	2	20.2%	14.2%	10.0%	6.8%		
	3	26.7%	21.4%	17.7%	14.9%		
	4	31.6%	26.9%	23.7%	21.2%		
	5	35.3%	31.2%	28.3%	26.2%		
	6	38.4%	34.6%	32.0%	30.1%		
50 Unit Mixed Scheme	1	9.8%	3.3%	0.0%	0.0%		
	2	18.6%	13.0%	9.2%	5.4%		
	3	25.0%	20.1%	16.7%	13.4%		
	4	29.7%	25.5%	22.5%	19.6%		
	5	33.4%	29.6%	27.0%	24.4%		
	6	36.4%	33.0%	30.6%	28.3%		
50 Unit Flatted Scheme	1	4.0%	0.0%	0.0%	0.0%		
	2	13.8%	7.9%	4.0%	0.0%		
	3	20.9%	15.7%	12.3%	8.8%		
	4	26.1%	21.7%	18.6%	15.5%		
	5	30.2%	26.2%	23.5%	20.8%		
	6	33.5%	29.9%	27.4%	25.0%		
100 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%		
	2	0.0%	0.0%	0.0%	0.0%		
	3	8.6%	2.2%	0.0%	0.0%		
	4	15.1%	9.4%	5.9%	1.7%		
	5	20.1%	15.1%	11.9%	8.1%		
	6	24.2%	19.6%	16.7%	13.3%		
100 Unit Mixed Scheme	1	9.1%			0.0%	0.0%	0.0%
	2	17.6%			4.9%	0.2%	0.0%
	3	23.8%			12.6%	8.5%	3.4%
	4	28.3%			18.6%	15.0%	10.5%
	5	31.9%			23.3%	20.1%	16.0%
	6	34.8%			26.9%	24.0%	20.3%

Source: Adams Integra, April 2010

Graph 9a: Summary of Residual Land Values (as % of GDV) at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across all Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
20% Developer's Profit

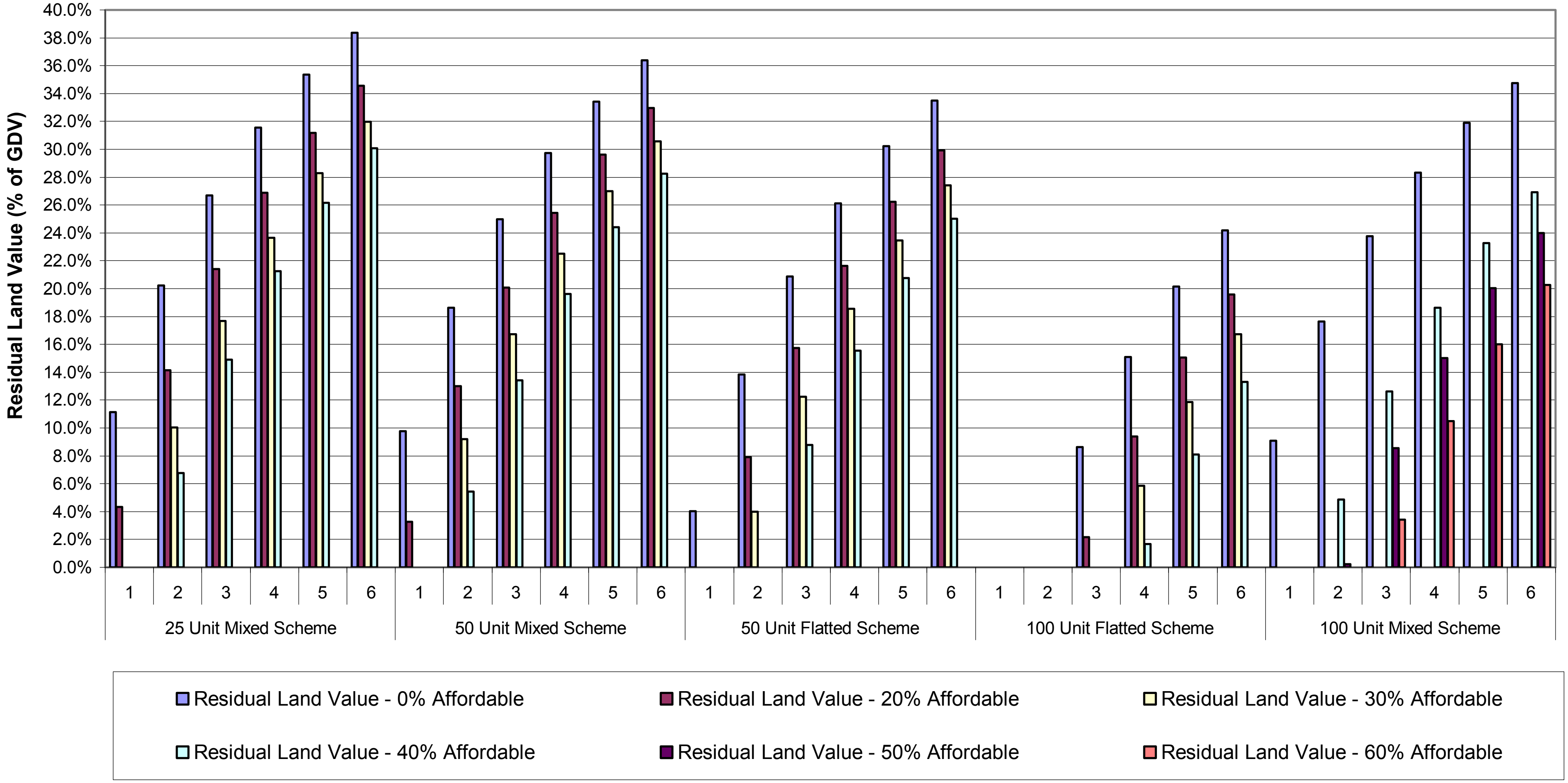


Table 9b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
20% Developer's Profit

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	0.70	£756,465	£255,829	£0	£0		
	2	0.70	£1,647,274	£999,605	£647,180	£408,156		
	3	0.70	£2,538,082	£1,757,011	£1,323,684	£1,042,627		
	4	0.70	£3,428,891	£2,515,952	£2,013,250	£1,689,373		
	5	0.70	£4,319,700	£3,272,464	£2,697,960	£2,330,978		
	6	0.70	£5,210,508	£4,021,575	£3,374,514	£2,962,308		
50 Unit Mixed Scheme	1	1.17	£793,626	£233,210	£0	£0		
	2	1.17	£1,817,515	£1,102,980	£720,338	£392,492		
	3	1.17	£2,841,403	£1,981,970	£1,519,333	£1,122,538		
	4	1.17	£3,865,291	£2,865,597	£2,325,756	£1,865,903		
	5	1.17	£4,889,180	£3,746,269	£3,127,192	£2,603,359		
	6	1.17	£5,913,068	£4,621,036	£3,918,469	£3,329,004		
50 Unit Flatted Scheme	1	0.50	£650,708	£0	£0	£0		
	2	0.50	£2,669,360	£1,340,160	£621,470	£0		
	3	0.50	£4,694,719	£3,096,751	£2,222,387	£1,475,604		
	4	0.50	£6,720,079	£4,855,255	£3,832,392	£2,964,865		
	5	0.50	£8,745,439	£6,602,376	£5,424,672	£4,431,263		
	6	0.50	£10,770,799	£8,356,531	£7,028,583	£5,911,385		
100 Unit Flatted Scheme	1	0.30	£0	£0	£0	£0		
	2	0.30	£0	£0	£0	£0		
	3	0.30	£5,972,439	£1,322,723	£0	£0		
	4	0.30	£11,949,933	£6,495,384	£3,758,335	£990,640		
	5	0.30	£17,927,428	£11,669,100	£8,525,571	£5,337,214		
	6	0.30	£23,904,922	£16,853,400	£13,310,423	£9,718,098		
100 Unit Mixed Scheme	1	2.30				£0	£0	£0
	2	2.30				£378,873	£16,541	£0
	3	2.30				£1,136,478	£699,778	£253,122
	4	2.30				£1,904,574	£1,397,109	£877,820
	5	2.30				£2,666,804	£2,086,792	£1,493,720
	6	2.30				£3,408,461	£2,751,053	£2,078,760

Source: Adams Integra, April 2010

Appendix IIg

Table 10: Summary of Residual Land Value (£) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
CfSH Level 5

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	£185,206	£0	£0	£0		
	2	£823,405	£349,550	£83,876	£0		
	3	£1,467,217	£892,362	£572,632	£367,754		
	4	£2,111,028	£1,439,850	£1,069,215	£828,869		
	5	£2,754,840	£1,985,639	£1,562,400	£1,290,177		
	6	£3,398,652	£2,526,248	£2,049,875	£1,744,291		
50 Unit Mixed Scheme	1	£243,738	£0	£0	£0		
	2	£1,478,069	£595,599	£129,327	£0		
	3	£2,714,913	£1,655,168	£1,086,169	£595,423		
	4	£3,951,757	£2,720,162	£2,056,875	£1,488,567		
	5	£5,188,601	£3,781,699	£3,021,747	£2,374,797		
	6	£6,425,444	£4,836,326	£3,974,733	£3,247,208		
50 Unit Flatted Scheme	1	£0	£0	£0	£0		
	2	£711,436	£8,124	£0	£0		
	3	£1,756,995	£912,467	£455,997	£57,429		
	4	£2,802,555	£1,818,092	£1,279,244	£819,456		
	5	£3,848,114	£2,718,025	£2,098,330	£1,572,348		
	6	£4,893,673	£3,621,476	£2,923,232	£2,332,101		
100 Unit Flatted Scheme	1	£0	£0	£0	£0		
	2	£0	£0	£0	£0		
	3	£310,943	£0	£0	£0		
	4	£2,159,208	£434,163	£0	£0		
	5	£4,010,678	£2,028,380	£1,033,672	£25,014		
	6	£5,862,149	£3,630,248	£2,509,966	£1,373,212		
100 Unit Mixed Scheme	1	£418,577			£0	£0	£0
	2	£2,919,284			£0	£0	£0
	3	£5,424,307			£1,140,299	£84,396	£0
	4	£7,929,330			£2,954,184	£1,724,308	£471,472
	5	£10,434,352			£4,754,577	£3,350,006	£1,914,690
	6	£12,939,375			£6,507,654	£4,917,233	£3,291,793

Source: Adams Integra, April 2010

Graph 10: Summary of Residual Land Values at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
CfSH Level 5

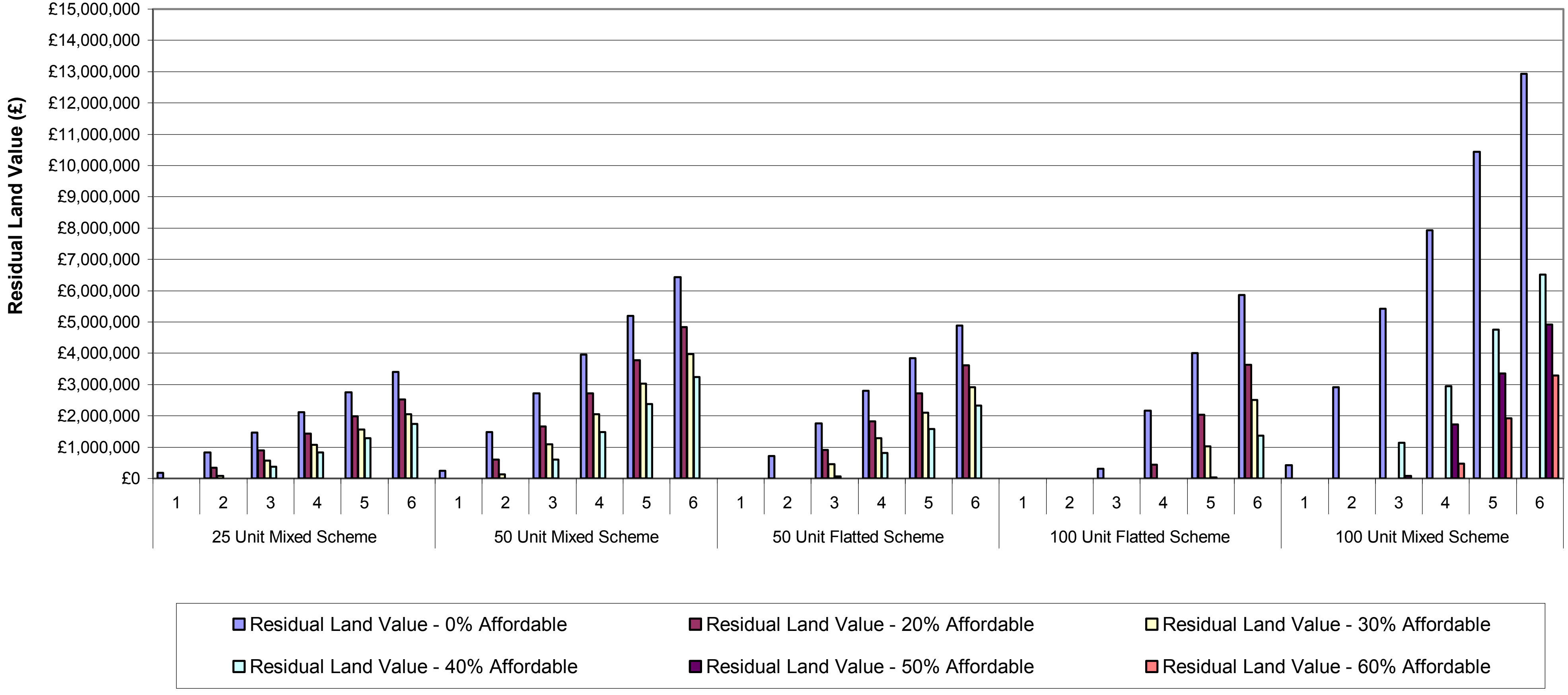


Table 10a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
CfSH Level 5

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	3.9%	0.0%	0.0%	0.0%		
	2	14.4%	7.1%	1.9%	0.0%		
	3	22.1%	15.5%	10.9%	7.5%		
	4	27.8%	22.0%	17.9%	14.9%		
	5	32.2%	27.0%	23.4%	20.7%		
	6	35.8%	31.0%	27.7%	25.3%		
50 Unit Mixed Scheme	1	2.6%	0.0%	0.0%	0.0%		
	2	13.0%	6.0%	1.4%	0.0%		
	3	20.4%	14.3%	10.2%	6.1%		
	4	26.0%	20.7%	17.0%	13.4%		
	5	30.3%	25.6%	22.3%	19.0%		
	6	33.8%	29.5%	26.5%	23.6%		
50 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%		
	2	7.4%	0.1%	0.0%	0.0%		
	3	15.6%	9.3%	5.0%	0.7%		
	4	21.8%	16.2%	12.4%	8.6%		
	5	26.6%	21.6%	18.1%	14.7%		
	6	30.5%	25.9%	22.8%	19.7%		
100 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%		
	2	0.0%	0.0%	0.0%	0.0%		
	3	1.5%	0.0%	0.0%	0.0%		
	4	9.1%	2.1%	0.0%	0.0%		
	5	15.0%	8.7%	4.8%	0.1%		
	6	19.8%	14.1%	10.5%	6.3%		
100 Unit Mixed Scheme	1	2.1%			0.0%	0.0%	0.0%
	2	12.1%			0.0%	0.0%	0.0%
	3	19.3%			5.5%	0.4%	0.0%
	4	24.7%			12.6%	8.1%	2.5%
	5	28.9%			18.0%	14.0%	8.9%
	6	32.2%			22.4%	18.6%	14.0%

Source: Adams Integra, April 2010

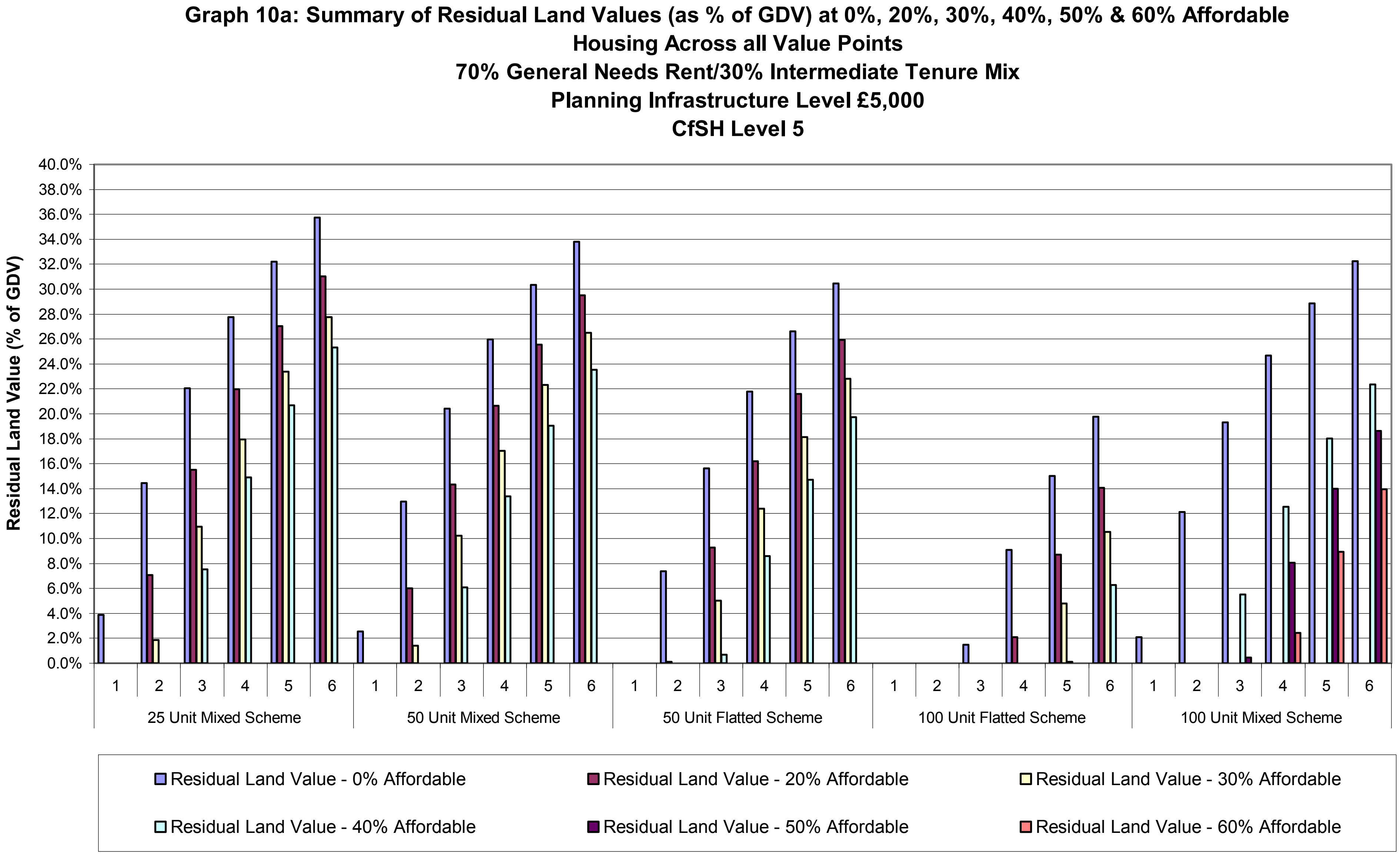

Graph 10a: Summary of Residual Land Values (as % of GDV) at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across all Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
CfSH Level 5
Residual Land Value (% of GDV)
40.0%
38.0%
36.0%
34.0%
32.0%
30.0%
28.0%
26.0%
24.0%
22.0%
20.0%
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
1 2 3 4 5 6
25 Unit Mixed Scheme
50 Unit Mixed Scheme
50 Unit Flatted Scheme
100 Unit Flatted Scheme
100 Unit Mixed Scheme
Residual Land Value - 0% Affordable
Residual Land Value - 20% Affordable
Residual Land Value - 30% Affordable
Residual Land Value - 40% Affordable
Residual Land Value - 50% Affordable
Residual Land Value - 60% Affordable

Table 10b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
CfSH Level 5

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	0.70	£264,579	£0	£0	£0		
	2	0.70	£1,176,293	£499,357	£119,822	£0		
	3	0.70	£2,096,024	£1,274,802	£818,045	£525,363		
	4	0.70	£3,015,755	£2,056,929	£1,527,451	£1,184,099		
	5	0.70	£3,935,486	£2,836,628	£2,232,000	£1,843,109		
	6	0.70	£4,855,217	£3,608,926	£2,928,393	£2,491,844		
50 Unit Mixed Scheme	1	1.17	£208,323	£0	£0	£0		
	2	1.17	£1,263,307	£509,059	£110,536	£0		
	3	1.17	£2,320,438	£1,414,674	£928,350	£508,909		
	4	1.17	£3,377,570	£2,324,925	£1,758,013	£1,272,280		
	5	1.17	£4,434,701	£3,232,221	£2,582,689	£2,029,741		
	6	1.17	£5,491,833	£4,133,612	£3,397,207	£2,775,391		
50 Unit Flatted Scheme	1	0.50	£0	£0	£0	£0		
	2	0.50	£1,422,872	£16,248	£0	£0		
	3	0.50	£3,513,991	£1,824,934	£911,994	£114,859		
	4	0.50	£5,605,109	£3,636,184	£2,558,488	£1,638,912		
	5	0.50	£7,696,228	£5,436,051	£4,196,660	£3,144,695		
	6	0.50	£9,787,346	£7,242,952	£5,846,463	£4,664,202		
100 Unit Flatted Scheme	1	0.30	£0	£0	£0	£0		
	2	0.30	£0	£0	£0	£0		
	3	0.30	£1,036,475	£0	£0	£0		
	4	0.30	£7,197,359	£1,447,210	£0	£0		
	5	0.30	£13,368,928	£6,761,267	£3,445,572	£83,381		
	6	0.30	£19,540,497	£12,100,826	£8,366,554	£4,577,375		
100 Unit Mixed Scheme	1	2.30				£0	£0	£0
	2	2.30				£0	£0	£0
	3	2.30				£495,782	£36,694	£0
	4	2.30				£1,284,428	£749,699	£204,988
	5	2.30				£2,067,208	£1,456,524	£832,474
	6	2.30				£2,829,415	£2,137,928	£1,431,214

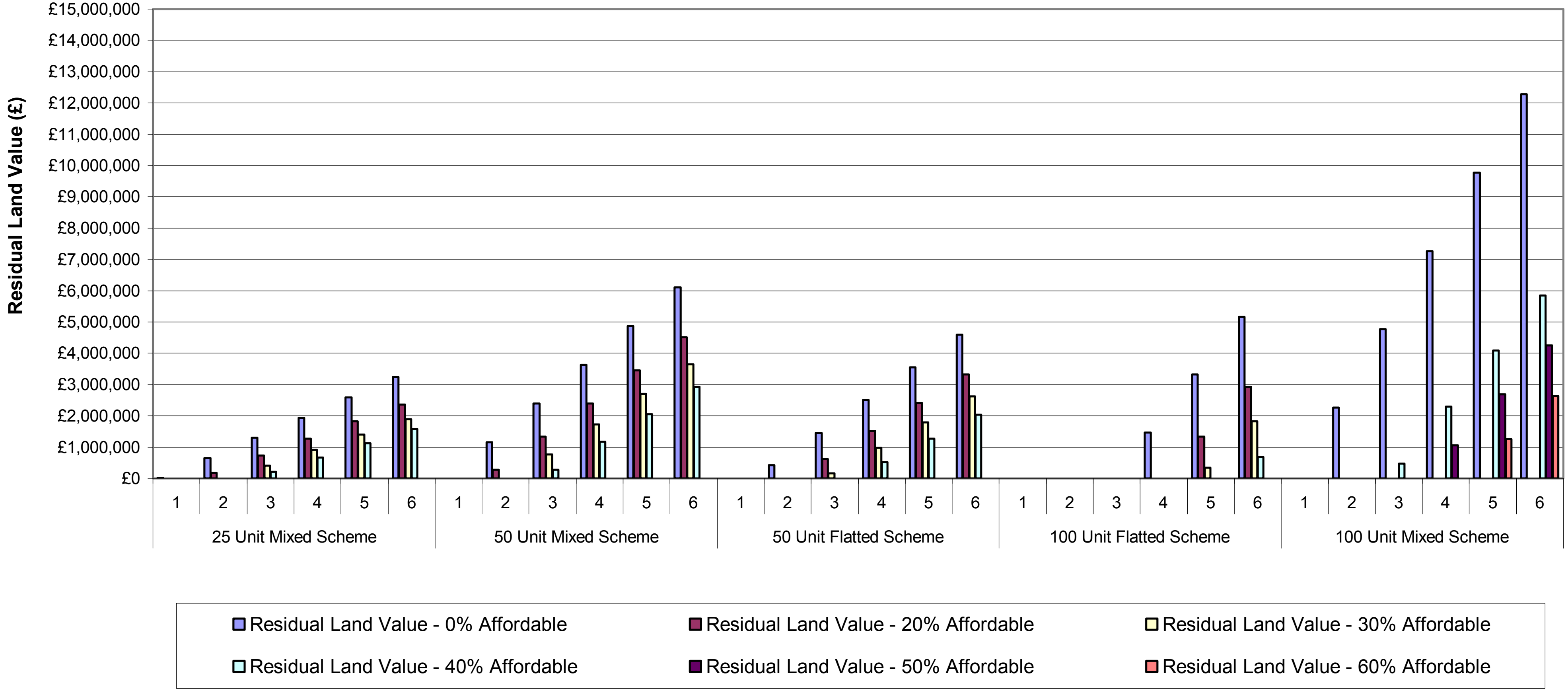
Source: Adams Integra, April 2010

Table 11: Summary of Residual Land Value (£) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
CfSH Level 6

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	£15,140	£0	£0	£0		
	2	£658,346	£186,540	£0	£0		
	3	£1,302,158	£727,303	£411,818	£205,120		
	4	£1,945,970	£1,274,792	£904,157	£663,811		
	5	£2,589,781	£1,820,581	£1,397,341	£1,125,118		
	6	£3,233,593	£2,361,189	£1,884,816	£1,579,232		
50 Unit Mixed Scheme	1	£0	£0	£0	£0		
	2	£1,155,463	£275,837	£0	£0		
	3	£2,392,307	£1,332,562	£763,563	£275,659		
	4	£3,629,151	£2,397,556	£1,734,269	£1,165,961		
	5	£4,865,995	£3,459,093	£2,699,141	£2,052,191		
	6	£6,102,838	£4,513,720	£3,652,126	£2,924,602		
50 Unit Flatted Scheme	1	£0	£0	£0	£0		
	2	£415,530	£0	£0	£0		
	3	£1,456,806	£612,277	£157,402	£0		
	4	£2,502,365	£1,517,902	£979,054	£519,266		
	5	£3,547,924	£2,417,835	£1,798,140	£1,272,158		
	6	£4,593,483	£3,321,286	£2,623,042	£2,031,911		
100 Unit Flatted Scheme	1	£0	£0	£0	£0		
	2	£0	£0	£0	£0		
	3	£0	£0	£0	£0		
	4	£1,467,177	£0	£0	£0		
	5	£3,318,648	£1,336,349	£345,199	£0		
	6	£5,170,118	£2,938,217	£1,817,935	£681,182		
100 Unit Mixed Scheme	1	£0			£0	£0	£0
	2	£2,259,118			£0	£0	£0
	3	£4,764,141			£480,133	£0	£0
	4	£7,269,164			£2,294,018	£1,064,143	£0
	5	£9,774,187			£4,094,412	£2,689,841	£1,254,524
	6	£12,279,209			£5,847,488	£4,257,068	£2,631,627

Source: Adams Integra, April 2010

Graph 11: Summary of Residual Land Values at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
CfSH Level 6



Appendix IIg

Table 11a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
CfSH Level 6

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	0.3%	0.0%	0.0%	0.0%		
	2	11.5%	3.8%	0.0%	0.0%		
	3	19.6%	12.7%	7.9%	4.2%		
	4	25.6%	19.5%	15.2%	11.9%		
	5	30.3%	24.8%	20.9%	18.0%		
	6	34.0%	29.0%	25.5%	22.9%		
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%	0.0%		
	2	10.1%	2.8%	0.0%	0.0%		
	3	18.0%	11.5%	7.2%	2.8%		
	4	23.9%	18.2%	14.4%	10.5%		
	5	28.4%	23.4%	19.9%	16.5%		
	6	32.1%	27.5%	24.4%	21.2%		
50 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%		
	2	4.3%	0.0%	0.0%	0.0%		
	3	13.0%	6.2%	1.7%	0.0%		
	4	19.5%	13.5%	9.5%	5.4%		
	5	24.5%	19.2%	15.6%	11.9%		
	6	28.6%	23.8%	20.5%	17.2%		
100 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%		
	2	0.0%	0.0%	0.0%	0.0%		
	3	0.0%	0.0%	0.0%	0.0%		
	4	6.2%	0.0%	0.0%	0.0%		
	5	12.4%	5.7%	1.6%	0.0%		
	6	17.4%	11.4%	7.6%	3.1%		
100 Unit Mixed Scheme	1	0.0%			0.0%	0.0%	0.0%
	2	9.4%			0.0%	0.0%	0.0%
	3	17.0%			2.3%	0.0%	0.0%
	4	22.6%			9.7%	5.0%	0.0%
	5	27.0%			15.5%	11.2%	5.8%
	6	30.6%			20.1%	16.1%	11.2%

Source: Adams Integra, April 2010

Graph 11a: Summary of Residual Land Values (as % of GDV) at 0%, 20%, 30%, 40%, 50% & 60% Affordable Housing Across all Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
CfSH Level 6

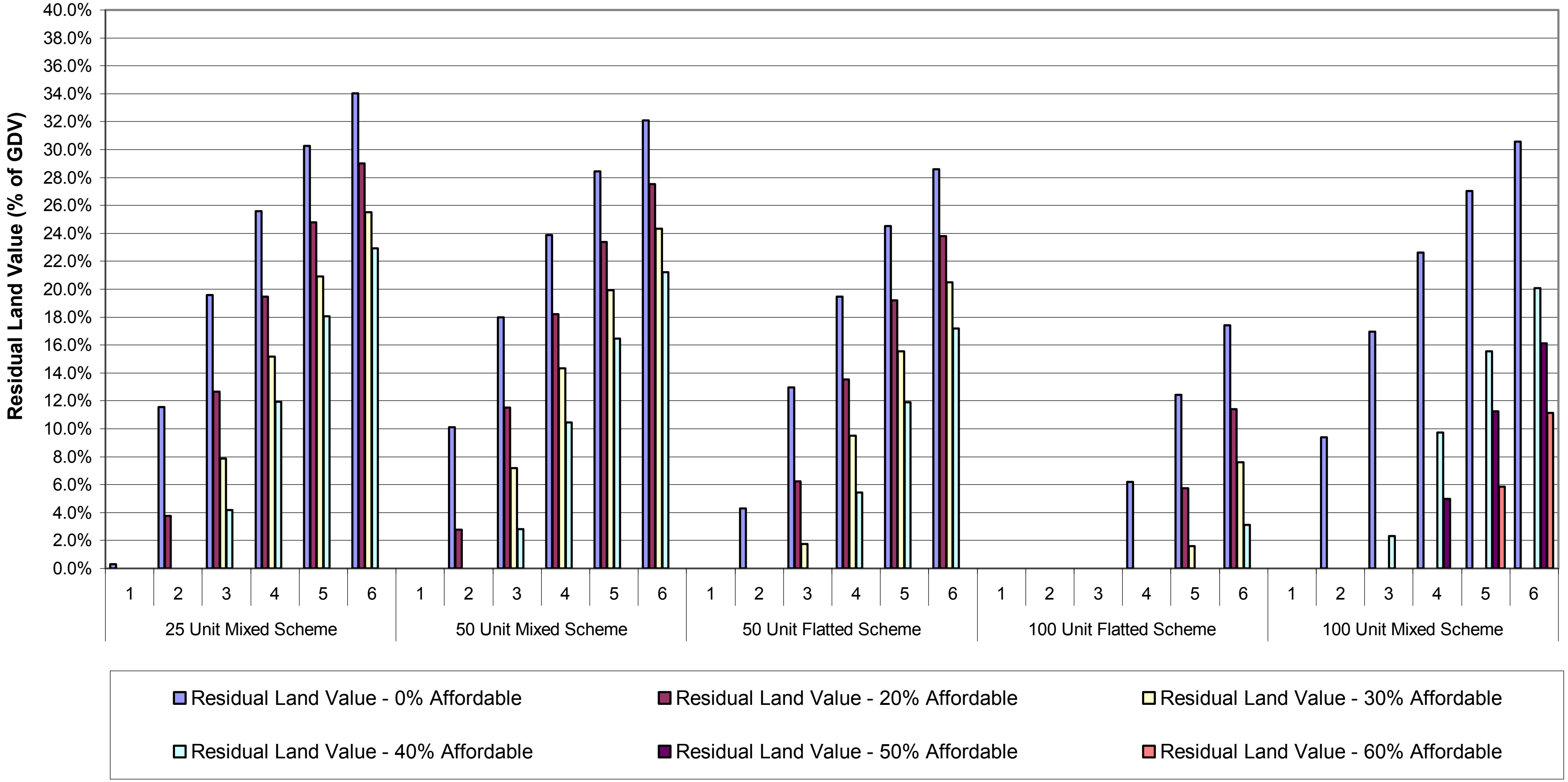


Table 11b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £5,000
CfSH Level 6

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 60% Affordable
25 Unit Mixed Scheme	1	0.70	£21,629	£0	£0	£0		
	2	0.70	£940,495	£266,486	£0	£0		
	3	0.70	£1,860,226	£1,039,004	£588,312	£293,029		
	4	0.70	£2,779,957	£1,821,131	£1,291,652	£948,301		
	5	0.70	£3,699,687	£2,600,830	£1,996,202	£1,607,311		
	6	0.70	£4,619,418	£3,373,127	£2,692,595	£2,256,046		
50 Unit Mixed Scheme	1	1.17	£0	£0	£0	£0		
	2	1.17	£987,575	£235,758	£0	£0		
	3	1.17	£2,044,707	£1,138,942	£652,618	£235,606		
	4	1.17	£3,101,838	£2,049,193	£1,482,281	£996,548		
	5	1.17	£4,158,970	£2,956,489	£2,306,958	£1,754,009		
	6	1.17	£5,216,101	£3,857,880	£3,121,476	£2,499,659		
50 Unit Flatted Scheme	1	0.50	£0	£0	£0	£0		
	2	0.50	£831,060	£0	£0	£0		
	3	0.50	£2,913,611	£1,224,555	£314,804	£0		
	4	0.50	£5,004,729	£3,035,804	£1,958,109	£1,038,532		
	5	0.50	£7,095,848	£4,835,671	£3,596,280	£2,544,315		
	6	0.50	£9,186,966	£6,642,572	£5,246,083	£4,063,823		
100 Unit Flatted Scheme	1	0.30	£0	£0	£0	£0		
	2	0.30	£0	£0	£0	£0		
	3	0.30	£0	£0	£0	£0		
	4	0.30	£4,890,590	£0	£0	£0		
	5	0.30	£11,062,159	£4,454,497	£1,150,665	£0		
	6	0.30	£17,233,728	£9,794,056	£6,059,785	£2,270,605		
100 Unit Mixed Scheme	1	2.30				£0	£0	£0
	2	2.30				£0	£0	£0
	3	2.30				£208,753	£0	£0
	4	2.30				£997,399	£462,671	£0
	5	2.30				£1,780,179	£1,169,496	£545,445
	6	2.30				£2,542,386	£1,850,899	£1,144,186

Source: Adams Integra, April 2010

Appendix IIh

Table 12: Summary of Residual Land Value (£) Appraisals for Value Point 4 Variations Development Scenario/Threshold - 25 Unit Mixed Scheme

Value Point 4 Variations	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
With Grant, 17.5% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£2,130,158	£1,920,984	£1,755,747
No Grant, 17.5% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£1,958,561	£1,667,105	£1,438,389
No Grant, 20% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£1,828,716	£1,556,005	£1,340,920
No Grant, 20% Developer's Profit, 70/30 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£1,761,166	£1,409,275	£1,182,561
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£1,761,166	£1,361,399	£1,067,136
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £10,000 Infrastructure	£1,654,666	£1,254,899	£960,636
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £20,000 Infrastructure	£1,441,666	£1,041,899	£747,636
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 5, £20,000 Infrastructure	£990,506	£590,739	£299,563
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 6, £20,000 Infrastructure	£825,447	£430,114	£136,892

Source: Adams Integra, April 2010

Table 12a: Summary of Residual Land Value (as % of GDV) Appraisals for Value Point 4 Variations Development Scenario/Threshold - 25 Unit Mixed Scheme

Value Point 4 Variations	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
With Grant, 17.5% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	31.1%	29.7%	28.4%
No Grant, 17.5% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	29.5%	27.1%	24.9%
No Grant, 20% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	27.6%	25.3%	23.2%
No Grant, 20% Developer's Profit, 70/30 Tenure Split, CfSH Level 4, £5,000 Infrastructure	26.9%	23.7%	21.2%
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £5,000 Infrastructure	26.9%	23.1%	19.7%
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £10,000 Infrastructure	25.3%	21.3%	17.7%
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £20,000 Infrastructure	22.0%	17.7%	13.8%
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 5, £20,000 Infrastructure	15.1%	10.0%	5.5%
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 6, £20,000 Infrastructure	12.6%	7.3%	2.5%

Source: Adams Integra, April 2010

Table 12b: Summary of Residual Land Value (£ per Ha) Appraisals for Value Point 4 Variations Development Scenario/Threshold - 25 Unit Mixed Scheme

Value Point 4 Variations	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
With Grant, 17.5% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£3,000,223	£2,705,611	£2,472,883
No Grant, 17.5% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£2,758,536	£2,348,036	£2,025,900
No Grant, 20% Developer's Profit, 50/50 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£2,575,656	£2,191,556	£1,888,620
No Grant, 20% Developer's Profit, 70/30 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£2,480,516	£1,984,895	£1,665,579
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £5,000 Infrastructure	£2,480,516	£1,917,464	£1,503,008
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £10,000 Infrastructure	£2,330,516	£1,767,464	£1,353,008
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 4, £20,000 Infrastructure	£2,030,516	£1,467,464	£1,053,008
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 5, £20,000 Infrastructure	£1,395,078	£832,026	£421,920
No Grant, 20% Developer's Profit, 85/15 Tenure Split, CfSH Level 6, £20,000 Infrastructure	£1,162,601	£605,794	£192,805

Source: Adams Integra, April 2010

Appendix IIi

Appendix IIi: Woking Borough Council Payments in lieu of on-site provision - Value Points 1 to 6: 0%, 20%, 30% and 40% Equivalent Affordable Housing Provision

Value Point 1

Scheme Size	Mix	0% Affordable Equivalent			20% Affordable Equivalent				30% Affordable Equivalent				40% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 House	1 x 3-bed house	£37,445	£1,248,183	17.6%	£15,933	£21,975	£732,513	10.3%	£23,900	£14,240	£474,678	6.7%	£31,867	£6,505	£216,844	3.1%
2 Houses	2 x 3-bed houses	£74,891	£1,248,183	17.6%	£31,867	£43,951	£732,513	10.3%	£47,800	£28,481	£474,678	6.7%	£63,733	£13,011	£216,844	3.1%
3 Houses	3 x 3-bed houses	£112,336	£1,123,365	17.6%	£47,800	£65,926	£659,262	10.3%	£71,700	£42,721	£427,211	6.7%	£95,600	£19,516	£195,159	3.1%
4 Houses	4 x 3-bed houses	£149,782	£1,152,169	17.6%	£63,733	£87,902	£676,166	10.3%	£95,600	£56,961	£438,165	6.7%	£127,466	£26,021	£200,163	3.1%
5 Houses	4 x 3-bed houses; 1 x 4-bed house	£184,581	£1,085,770	16.8%	£82,478	£105,925	£623,087	9.6%	£123,717	£65,664	£386,261	6.0%	£164,956	£25,404	£149,436	2.3%
9 Houses	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses	£316,708	£1,055,695	16.3%	£145,274	£182,830	£609,435	9.4%	£217,911	£113,764	£379,214	5.9%	£290,548	£42,851	£142,837	2.2%
10 Houses	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses	£359,108	£1,088,207	16.4%	£164,019	£207,988	£630,266	9.5%	£246,028	£130,025	£394,016	5.9%	£328,038	£49,962	£151,400	2.3%
14 Houses	5 x 2-bed houses; 9 x 3-bed houses	£458,625	£975,798	16.1%	£213,693	£256,262	£545,238	9.0%	£320,540	£159,877	£340,163	5.6%	£427,386	£55,566	£118,225	1.9%

Value Point 2

Scheme Size	Mix	0% Affordable Equivalent			20% Affordable Equivalent				30% Affordable Equivalent				40% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 House	1 x 3-bed house	£68,614	£2,287,149	26.9%	£19,120	£50,050	£1,668,345	19.6%	£28,680	£40,768	£1,358,943	16.0%	£38,240	£31,486	£1,049,541	12.3%
2 Houses	2 x 3-bed houses	£137,229	£2,287,149	26.9%	£38,240	£100,101	£1,668,345	19.6%	£57,360	£81,537	£1,358,943	16.0%	£76,480	£62,972	£1,049,541	12.3%
3 Houses	3 x 3-bed houses	£203,785	£2,037,849	26.6%	£57,360	£150,151	£1,501,510	19.6%	£86,040	£122,305	£1,223,049	16.0%	£114,719	£94,459	£944,587	12.3%
4 Houses	4 x 3-bed houses	£266,224	£2,047,878	26.1%	£76,480	£198,199	£1,524,611	19.4%	£114,719	£163,073	£1,254,409	16.0%	£152,959	£125,945	£968,807	12.3%
5 Houses	4 x 3-bed houses; 1 x 4-bed house	£334,388	£1,966,988	25.3%	£98,974	£245,624	£1,444,847	18.6%	£148,460	£197,795	£1,163,499	15.0%	£197,947	£151,480	£891,060	11.5%
9 Houses	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses	£581,088	£1,936,960	25.0%	£174,329	£422,055	£1,406,851	18.2%	£261,493	£339,512	£1,131,708	14.6%	£348,657	£256,970	£856,565	11.1%
10 Houses	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses	£657,586	£1,992,684	25.1%	£196,823	£478,049	£1,448,632	18.2%	£295,234	£384,855	£1,166,227	14.7%	£393,645	£291,661	£883,823	11.1%
14 Houses	5 x 2-bed houses; 9 x 3-bed houses	£847,594	£1,803,391	24.8%	£256,432	£607,261	£1,292,045	17.8%	£384,647	£487,095	£1,036,373	14.2%	£512,863	£370,751	£788,832	10.8%

Value Point 3

Scheme Size	Mix	0% Affordable Equivalent			20% Affordable Equivalent				30% Affordable Equivalent				40% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 House	1 x 3-bed house	£99,783	£3,326,114	33.5%	£22,307	£78,125	£2,604,177	26.3%	£33,460	£67,296	£2,243,208	22.6%	£44,613	£56,467	£1,882,239	19.0%
2 Houses	2 x 3-bed houses	£197,571	£3,292,853	33.2%	£44,613	£156,251	£2,604,177	26.3%	£66,920	£134,592	£2,243,208	22.6%	£89,226	£112,934	£1,882,239	19.0%
3 Houses	3 x 3-bed houses	£290,370	£2,903,698	32.5%	£66,920	£232,032	£2,320,321	26.0%	£100,379	£199,870	£1,998,698	22.4%	£133,839	£169,402	£1,694,015	19.0%
4 Houses	4 x 3-bed houses	£387,160	£2,978,151	32.5%	£89,226	£303,126	£2,331,740	25.5%	£133,839	£261,109	£2,008,534	21.9%	£178,452	£223,610	£1,720,077	18.8%
5 Houses	4 x 3-bed houses; 1 x 4-bed house	£482,894	£2,840,552	31.4%	£115,469	£378,577	£2,226,923	24.6%	£173,204	£323,903	£1,905,314	21.0%	£230,938	£269,230	£1,583,705	17.5%
9 Houses	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses	£848,733	£2,829,109	31.3%	£203,383	£658,118	£2,193,728	24.3%	£305,075	£562,811	£1,876,037	20.7%	£406,767	£472,374	£1,574,579	17.4%
10 Houses	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses	£959,765	£2,908,380	31.3%	£229,626	£744,555	£2,256,229	24.3%	£344,439	£636,951	£1,930,153	20.8%	£459,253	£529,346	£1,604,078	17.3%
14 Houses	5 x 2-bed houses; 9 x 3-bed houses	£1,241,290	£2,641,043	31.1%	£299,170	£960,903	£2,044,474	24.1%	£448,755	£820,709	£1,746,189	20.6%	£598,340	£680,515	£1,447,904	17.1%

Value Point 4

Scheme Size	Mix	0% Affordable Equivalent			20% Affordable Equivalent				30% Affordable Equivalent				40% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 House	1 x 3-bed house	£130,952	£4,365,080	38.5%	£25,493	£106,200	£3,540,008	31.2%	£38,240	£93,824	£3,127,473	27.6%	£50,986	£81,448	£2,714,937	24.0%
2 Houses	2 x 3-bed houses	£254,048	£4,234,127	37.4%	£50,986	£210,276	£3,504,608	30.9%	£76,480	£185,772	£3,096,198	27.3%	£101,973	£162,896	£2,714,937	24.0%
3 Houses	3 x 3-bed houses	£381,071	£3,810,715	37.4%	£76,480	£309,043	£3,090,427	30.3%	£114,719	£273,028	£2,730,284	26.8%	£152,959	£241,901	£2,419,009	23.7%
4 Houses	4 x 3-bed houses	£502,857	£3,868,132	37.0%	£101,973	£412,057	£3,169,669	30.3%	£152,959	£364,038	£2,800,291	26.8%	£203,946	£316,019	£2,430,913	23.2%
5 Houses	4 x 3-bed houses; 1 x 4-bed house	£634,847	£3,734,394	36.1%	£131,965	£511,167	£3,006,866	29.0%	£197,947	£454,008	£2,670,634	25.8%	£263,930	£391,524	£2,303,081	22.2%
9 Houses	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses	£1,116,377	£3,721,258	36.0%	£232,438	£898,532	£2,995,108	29.0%	£348,657	£789,610	£2,632,033	25.5%	£464,876	£680,687	£2,268,958	22.0%
10 Houses	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses	£1,261,945	£3,824,075	36.1%	£262,430	£1,015,991	£3,078,760	29.0%	£393,645	£893,014	£2,706,102	25.5%	£524,860	£770,037	£2,333,444	22.0%
14 Houses	5 x 2-bed houses; 9 x 3-bed houses	£1,634,987	£3,478,696	35.9%	£341,909	£1,314,544	£2,796,902	28.8%	£512,863	£1,154,322	£2,456,005	25.3%	£683,818	£994,101	£2,115,108	21.8%

Value Point 5

Scheme Size	Mix	0% Affordable Equivalent			20% Affordable Equivalent				30% Affordable Equivalent				40% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 House	1 x 3-bed house	£162,121	£5,404,045	42.4%	£28,680	£134,275	£4,475,840	35.1%	£43,020	£120,352	£4,011,737	31.5%	£57,360	£106,429	£3,547,635	27.8%
2 Houses	2 x 3-bed houses	£314,515	£5,241,924	41.1%	£57,360	£260,494	£4,341,565	34.1%	£86,040	£238,297	£3,971,620	31.1%	£114,719	£210,729	£3,512,158	27.5%
3 Houses	3 x 3-bed houses	£471,773	£4,717,732	41.1%	£86,040	£390,741	£3,907,408	34.1%	£129,059	£350,225	£3,502,247	30.5%	£172,079	£309,709	£3,097,085	27.0%
4 Houses	4 x 3-bed houses	£622,546	£4,788,816	40.7%	£114,719	£515,617	£3,966,283	33.7%	£172,079	£466,966	£3,592,048	30.5%	£229,439	£412,945	£3,176,497	27.0%
5 Houses	4 x 3-bed houses; 1 x 4-bed house	£786,800	£4,628,236	39.7%	£148,460	£647,660	£3,809,767	32.7%	£222,691	£578,090	£3,400,532	29.2%	£296,921	£508,521	£2,991,297	25.7%
9 Houses	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses	£1,384,022	£4,613,407	39.7%	£261,493	£1,138,946	£3,796,488	32.7%	£392,239	£1,016,409	£3,388,029	29.1%	£522,986	£893,871	£2,979,569	25.6%
10 Houses	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses	£1,564,124	£4,739,771	39.7%	£295,234	£1,287,426	£3,901,291	32.7%	£442,851	£1,149,077	£3,482,051	29.2%	£590,468	£1,010,728	£3,062,811	25.7%
14 Houses	5 x 2-bed houses; 9 x 3-bed houses	£2,028,684	£4,316,348	39.5%	£384,647	£1,668,185	£3,549,330	32.5%	£576,971	£1,487,936	£3,165,821	29.0%	£769,295	£1,307,687	£2,782,312	25.5%

Value Point 6

Scheme Size	Mix	0% Affordable Equivalent			20% Affordable Equivalent				30% Affordable Equivalent				40% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 House	1 x 3-bed house	£191,357	£6,378,581	45.0%	£31,867	£162,350	£5,411,672	38.2%	£47,800	£146,880	£4,896,002	34.6%	£63,733	£131,410	£4,380,332	30.9%
2 Houses	2 x 3-bed houses	£374,983	£6,249,721	44.1%	£63,733	£314,959	£5,249,322	37.1%	£95,600	£284,947	£4,749,122	33.5%	£127,466	£254,935	£4,248,922	30.0%
3 Houses	3 x 3-bed houses	£556,676	£5,566,762	43.7%	£95,600	£472,439	£4,724,389	37.1%	£143,399	£427,421	£4,274,210	33.5%	£191,199	£382,403	£3,824,030	30.0%
4 Houses	4 x 3-bed houses	£742,235	£5,709,499	43.7%	£127,466	£623,425	£4,795,574	36.7%	£191,199	£564,019	£4,338,611	33.2%	£254,932	£504,614	£3,881,648	29.7%
5 Houses	4 x 3-bed houses; 1 x 4-bed house	£938,753	£5,522,078	42.7%	£164,956	£784,153	£4,612,668	35.6%	£247,434	£706,854	£4,157,962	32.1%	£329,912	£629,554	£3,703,257	28.6%
9 Houses	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses	£1,651,667	£5,505,556	42.6%	£290,548	£1,379,360	£4,597,868	35.6%	£435,821	£1,243,207	£4,144,024	32.1%	£581,095	£1,107,054	£3,690,180	28.6%
10 Houses	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses	£1,866,304	£5,655,466	42.7%	£328,038	£1,558,861	£4,723,822	35.6%	£492,056	£1,405,140	£4,257,999	32.1%	£656,075	£1,251,418	£3,792,177	28.6%
14 Houses	5 x 2-bed houses; 9 x 3-bed houses	£2,422,380	£5,154,001	42.5%	£427,386	£2,021,827	£4,301,759	35.5%	£641,079	£1,821,550	£3,875,638	32.0%	£854,772	£1,621,273	£3,449,517	28.4%

Value Point	1-Bed Flats	Commuted Payment (Per Unit)	2-Bed Flats	Commuted Payment (Per Unit)	2-Bed Houses	Commuted Payment (Per Unit)	3-Bed Houses	Commuted Payment (Per Unit)	4-Bed Houses	Commuted Payment (Per Unit)
1	£125,000	£46,863	£167,500	£62,796	£187,500	£70,294	£212,500	£79,666	£250,000	£93,725
2	£150,000	£56,235	£201,000	£75,355	£225,000	£84,353	£255,000	£95,600	£300,000	£112,470
3	£175,000	£65,608	£234,500	£87,914	£262,500	£98,411	£297,500	£111,533	£350,000	£131,215
4	£200,000	£74,980	£268,000	£100,473	£300,000	£112,470	£340,000	£127,466	£400,000	£149,960
5	£225,000	£84,353	£301,500	£113,032	£337,500	£126,529	£382,500	£143,399	£450,000	£168,705
6	£250,000	£93,725	£335,000	£125,592	£375,000	£140,588	£425,000	£159,333	£500,000	£187,450

Commuted payment calculated by:
1. Taking average residual land value as percentage of GDV from all appraisals with zero affordable housing = 32.6%
2. Multiplying this figure by the open market unit value
3. Adding 15% on-costs
4. Multiplying this figure by the equivalent affordable housing percentage.

Example: 4 Unit Housing Scheme of 4 x 3-bed houses
3-bed houses at £340,000 x 0.326 = £110,840
£110,840 +15% = £127,466
4 x 3-bed houses x 30% = 1.2 houses x £127,466 = £152,959
Commuted Payment = £152,959

Average Residual Land Value as Percentage of GDV on Sites of 0% Affordable Housing - Woking Borough Council Viability Study

	Value Point 1	Value Point 2	Value Point 3	Value Point 4	Value Point 5	Value Point 6	Housing Mix
1 House	**17.6%**	**26.9%**	**33.5%**	**38.5%**	**42.4%**	**45.0%**	1 x 3-bed house
2 Houses	**17.6%**	**26.9%**	**33.2%**	**37.4%**	**41.1%**	**44.1%**	2 x 3-bed houses
3 Houses	**17.6%**	**26.6%**	**32.5%**	**37.4%**	**41.1%**	**43.7%**	3 x 3-bed houses
4 Houses	**17.6%**	**26.1%**	**32.5%**	**37.0%**	**40.7%**	**43.7%**	4 x 3-bed houses
5 Houses	**16.8%**	**25.3%**	**31.4%**	**36.1%**	**39.7%**	**42.7%**	4 x 3-bed houses; 1 x 4-bed house
9 Houses	**16.3%**	**25.0%**	**31.3%**	**36.0%**	**39.7%**	**42.6%**	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses
10 Houses	**16.4%**	**25.1%**	**31.3%**	**36.1%**	**39.7%**	**42.7%**	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses
14 Houses	**16.1%**	**24.8%**	**31.1%**	**35.9%**	**39.5%**	**42.5%**	5 x 2-bed houses; 9 x 3-bed houses
Average	**17.0%**	**25.8%**	**32.1%**	**36.8%**	**40.5%**	**43.4%**	
Overall Average	**32.6%**						

Unit / Value Point	Value Point 1	Value Point 2	Value Point 3	Value Point 4	Value Point 5	Value Point 6
1-Bed Flat	£125,000	£150,000	£175,000	£200,000	£225,000	£250,000
2-Bed Flat	£167,500	£201,000	£234,500	£268,000	£301,500	£335,000
2-Bed House	£187,500	£225,000	£262,500	£300,000	£337,500	£375,000
3-Bed House	£212,500	£255,000	£297,500	£340,000	£382,500	£425,000
4-Bed House	£250,000	£300,000	£350,000	£400,000	£450,000	£500,000

Appendix III

Appendix III

Supplementary Property Prices Report for
Woking Borough Council

Economic Viability Assessment

Introduction

Adams Integra was asked to prepare an economic viability assessment on behalf of Woking Borough Council. This meant undertaking an informed assessment of economic viability, as impacted by a range of potential affordable housing requirements (alongside other obligations)

To underpin the viability study and as a key part of our methodology, research was required to determine the level of new build housing values within the Borough. As context for the viability study work, we needed to understand the level and range of values encountered, and likely to be seen as we move ahead, so as to make judgements as to the figures most appropriate to use in our appraisal modelling. We use a Values Points methodology. That looks at how viability varies as the key driver of the new build property values vary – by location (or scheme type) and/or with time (i.e. as potentially influenced by varying market conditions).

In addition to new build pricing and for general background purposes and to add to the data, desktop research was also undertaken to enable us to consider the state of the overall housing market in the Borough including existing (i.e. overall/re-sale market) values. The context of the national and regional pictures is also outlined.

The initial desktop research involved looking at an overview of values in different locations across the Borough using property websites (for example, RightMove). Adams Integra's interpretation of the data is shown below, indicating the variation in values across the area. This process enabled us to develop a wider understanding of the local market, and to verify and supplement the new build property values research. It is acknowledged that much of this information is marketing price based. We acknowledge this, but combined with taking soundings from local agents and others, and making allowances in arriving at the range of values we apply, we consider this to give us a more up-to-date and dynamic picture than we get through relying on historic data which often does not clearly reflect property types and sizes, or latest knowledge and experience of market conditions. The key lies in selecting an appropriate range of values at which to study viability.

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

The study process meant fixing assumptions in February 2010, so those were necessarily supported by such information as was available up to that date. Market reporting is included as available at that point, and that is set out first – see below. However, Adams Integra has been aware of market conditions throughout the study period. On closing the study, therefore, we have provided updated general market information and comment as well.

As this part of the work was kept open while the study proceeded, this Appendix may contain some incomplete information where details were not available or not received during that time. This is not an exhaustive piece of property market research, but aimed to sweep up information as was readily available.

Housing Market Overview

In this section the italic text is attributed to a range of sources – as stated in each case. Accompanying notes or comments by Adams Integra are not in italics.
Emphasis using **Bold** text is by Adams Integra.

Royal Institution of Chartered Surveyors (RICS)

In February 2010 The Royal Institution of Chartered Surveyors (RICS) published a Housing Market Survey for January 2010; its monthly update and the latest one available at the point fixing our assumptions for this study. The headline they ran with read ***'Extreme weather puts a freeze on activity but prices continue to rise'*.**

It found that '*the net price balance had risen to +32%*' and that '*the new buyer enquiries, new instructions and agreed sales net balances turn negative due the weather*' and '*surveyors remain optimistic about the short term outlook for both prices and activity*'.

It went on to state: *'The January 2010 RICS Housing Market Survey showed an increasing number of surveyors seeing price rises rather than falls. The seasonally adjusted net balance of surveyors reporting rising rather than falling prices rose to 32% in January from 30% and is now only slightly below November's recent high of 35%...However, buying and selling fell during the month; respondents to the survey attributed this to the extreme weather conditions experienced in the early January. The new buyer enquiries net balance fell to -20% (from +18%), the agreed sales net balance fell to –15% (from +19%) and the new instruction net balance fell to -5% (from +15%)*'.

And: *'Nevertheless, surveyors view the fall in activity levels as temporary- reflecting one-off factors- and as such they remain optimistic with respect to future activity levels. Indeed, the sales expectations net balance jumped quite sharply to +24 %(from +7%).*

The average stock of property on surveyors books increased by 3.5% on the month to 64.8 per surveyor, while the average number of completed sales per surveyor fell by 2.1% on the month to 18.6 per surveyor. This had the mechanical effect of lowering the sales to stock ratio—a key indicator of market slack—to 28.8% (from 30.4%). Significantly, however, the price expectations net balance jumped to +24% (from +12%). The difference between the two likely reflects the expected resumption of 'business as usual' after the snow'.

Looking at the data from a regional perspective: '*London, the South East and the South West are the clear outperformers'.*

The survey also includes surveyors' (involved in residential estate agency) market comments. The following are examples provided by firms operating in Surrey:

'*Shortage of suitable stock worrying'.*

'The market continues to improve although there is a noticeable shortage of quality stock. Market priced stock in quality locations sells'.

'The first two weeks of the year were lost to bad weather with almost all valuations and viewings cancelled. Since then there has been much improved activity with good demand from new registering applicants and more valuations'.

'Fairly sedate start to the year, partly due to adverse weather in the first half of the month'.

'A lot of potential vendors are worried that the spring market will fall flat in the run up to the general election'

'Shortage of stock creating high asking prices due to competition between estate agents. Gap between asking and selling price narrowing. First time buyers still a rarity but some investors returning'.

Source: RICS Economics – January 2010 RICS Housing Market Survey

Land Registry - House Price Index January 2010 (released 26 February 2010)

England & Wales - Monthly change 2.1%; annual change 5.2%; average price £165,088
South East - Monthly change 2.5%; annual change 8.5%; average price £209,227
Surrey - Monthly change 0.9%; annual change 6.0%; average price £284,679

'The January data shows an annual house price movement of 5.2 per cent, which is the second month in a row in which the figure has been positive. While not all regions are recovering at the same rate, it is clear that overall prices are increasing.

Monthly house price change is also positive this month at 2.1 per cent. This is the eighth consecutive month that the figure has been above zero.

The average house price in England and Wales now stands at £165,088, which is an increase from last month's figure.

Transaction volumes averaged 57,722 per month from August to November 2009. In comparison to this, the figure was 42,523 during the same months the year before.'

Other Housing Market Sources – December 2010

Interest rates:

The Bank of England Base Rate remains at a historically low 0.5%. Despite this, finance for property (mortgages for purchase, and development finance) remains very constrained and is not generally available on favourable terms relative to this interest rates backdrop.

Mortgage approvals:

As at 18 February 2010 the Council of Mortgage Lender's mortgage 'Lending for house purchase and remortgage[1]' website news page stated as a headline:

[1] http://www.cml.org.uk/cml/media/press/2558

'Gross Mortgage Lending Declined in January'

'Gross mortgage lending declined to an estimated £9.1 billion in January, a 32% fall from £13.4 billion in December and a 21% fall from £11.5 billion in January 2009, according to the Council of Mortgage Lenders.

A decline is typically experienced between December and January. However, this is the lowest monthly total since February 2000 (£7.9 billion) and the lowest January total since 2000 (£7.4 billion). The larger than average drop between December and January this year confirms our view that house purchase activity was boosted in December by a number of borrowers trying to complete their purchase before the end of the year to take advantage of the stamp duty holiday'.

Housing Market Overview – Updated July 2010

Royal Institution of Chartered Surveyors (RICS)

In July 2010 the RICS published a Housing Market Survey for June 2010 – the latest available prior to publication of this study. The headline they ran with read *'**Weaker demand and increasing supply hits price expectations**'*.

The Survey comments that *'New instructions continue to rise, while new buyer enquiries decline' and that 'Price expectations turn negative, but sales outlook remains positive' and 'London and Scotland remain clear outperformers'.*

The HMS went on to state that '*Buyer interest fell for the first time since the beginning of this year …while property coming onto the market increased at the fastest pace since May 2007. One of the factors driving the sharp increase in instructions was the abolition of HIPs in May. Reflecting the increase in new vendor instructions, the average stock of property on surveyor's books increased by 8.1% on the month to 66.6 per surveyor. Meanwhile, the average number of completed sales only rose by 0.8% on the month to 16.7 per surveyor. As a result, the sales to stock ratio – a key indicator of market slack – fell to 25%, the lowest level since June 2009'.*
Surveyors in the Surrey area provided the following comments:

'The right property at the right price will create tremendous competition. Sales seem to be taking forever to go through. Now the budget is out of the way it will be interesting to see how the market shapes up!'

'The shortage of stock and good demand under £1m, looks to be keeping values up but above £1m lot less interest and budget won't help'.

'The number of viewings to offers remains low, as potential purchasers have a greater choice and therefore taking longer to make up their minds'.

'Too early to say whether the recent budget measures will have a material impact on the market but price growth seems to be cooling'.

'Confidence does appear to be holding up, despite worries about the economy and personal taxes. Choice properties in good locations are being snapped up in days of coming to the market'.

'Quiet market for time of year but some better new instructions coming forward since HIPs have gone'.

'The confidence levels in the market have improved dramatically. The problem remains a lack of finance'.

Land Registry - House Price Index May 2010 (released 28 June 2010)

England & Wales - Monthly change -0.2%; annual change 8.2%; average price £165,314
South East - Monthly change 0.9%; annual change 11.3%; average price £210,080
Surrey - Monthly change -0.3%; annual change 13.1%; average price £293.973

'The May data shows an annual house price change of 8.2 per cent. Although a positive figure, this is the first time since March 2009 that the annual change figure has not increased from the month before. However, it is also the seventh month in a row in which annual house price change has been above zero. The monthly figure now stands at -0.2 per cent. This is the first negative monthly movement since April 2009. This change brings the average house price in England and Wales to £165,314. Property transactions in England and Wales have increased from an average of 32,009 per month in December 2008 to March 2009, to 50,658 in the same months a year later.'

Other Housing Market Sources – July 2010

Mortgage approvals:

As at 12 July 2010, the Council of Mortgage Lender's mortgage 'Lending for house purchase and remortgage[2]' website page stated as a headline:

'Movers spend lowest ever average proportion of income on their mortgages'

'Borrowers moving home in May saw their mortgage interest payments accounting for the lowest proportion of their income in 35 years, according to new data from the Council of Mortgage Lenders. And house purchase lending rose from a year ago for the 11th consecutive month. But with the challenging economic backdrop, government spending cuts and forthcoming tax increases the positive trend is likely to tail off in the second half of this year. Monthly comparisons with a year earlier will probably be near zero or modestly negative over the coming months. This is because we had an improving market in the second half of 2009 as the stamp duty holiday came to an end.

House purchase lending rose modestly in May. The 42,000 loans (worth £6 billion) were up 2% in volume and 3% in value on April and 15% in volume and 28% in value from a year earlier.'

CML director general Michael Coogan commented:

'House purchase lending continues its recovery but positive comparisons with equivalent months a year ago look unlikely to continue. Activity picked up in the second half of 2009 due to the stamp duty holiday but with the government's austerity drive picking up momentum we are unlikely to see a repeat of those buoyant numbers this year. Our forecast for gross lending in 2010 may now be looking a little optimistic'.

Source: Council of Mortgage Lenders website – 12 July 2010: www.cml.org.uk

[2] http://www.cml.org.uk/cml/media/press/2468

Resale Property Values in Woking Borough – February 2009

The tables below show the marketing (or, where available, subject to contract sale) price of various types of property within Woking Borough. The neigbourhood areas have formed the basis for this part of the research.

The information was collected from www.rightmove.co.uk. It is likely that actual sales values were lower than the figures set out below, as is acknowledged in our study, however, this exercise served to add to our understanding of local value levels and patterns. We prefer to source information in this way, because it is not historic and relates to recognised property types, rather than just being generically categorised (as is, for example, land registry house price data).

For each location reviewed there are two tables. The first table shows the average price of each dwelling type. The second table shows the information in terms of average, minimum, 1st quartile, median (2nd quartile), 3rd quartile and maximum price. This is so that the range of values, as well as typical value levels, within the overall market can be better understood.

There are two sets of data, one shows the data for each settlement area/neighbourhood individually; the second groups neighbourhood areas together based on the information provided by Woking Borough Council.

Brookwood

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£279,950	£556,667
Semi-Detached		-	£238,950	£329,950
Terraced		£239,950	£248,081	-
Flats	-	-		
Bungalows		-	£329,950	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£239,950	£239,950	£239,950	£239,950	£239,950	£239,950
3-Bed Houses	£250,355	£215,000	£249,950	£249,950	£249,950	£279,950
4-Bed Houses	£499,988	£329,950	£476,238	£537,500	£561,250	£595,000
Bungalows	£329,950	£329,950	£329,950	£329,950	£329,950	£329,950

February 2010, www.rightmove.co.uk

Knaphill

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£334,956	£435,700
Semi-Detached		£261,617	£277,741	£321,225
Terraced		£229,644	£261,204	£353,317
Flats	£143,513	£221,069		
Bungalows		£252,475	£314,475	£512,475

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£143,513	£115,000	£132,450	£144,950	£156,213	£169,950
2-Bed Flats	£221,069	£169,950	£181,200	£194,950	£207,450	£375,000
2-Bed Houses	£238,364	£214,950	£229,950	£229,950	£237,450	£279,950
3-Bed Houses	£283,257	£219,950	£252,475	£279,950	£309,950	£369,950
4-Bed Houses	£389,182	£285,000	£335,000	£385,000	£430,000	£550,000
Bungalows	£359,808	£214,950	£292,488	£314,475	£401,000	£599,950

February 2010, www.rightmove.co.uk

Hook Heath

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£503,500	£856,655
Semi-Detached		-	£277,475	£424,975
Terraced		-	£239,950	-
Flats	£161,283	£249,950		
Bungalows		-	£494,988	£442,500

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£161,283	£149,950	£158,450	£166,950	£166,950	£166,950
2-Bed Flats	£249,950	£249,950	£249,950	£249,950	£249,950	£249,950
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	£325,971	£234,950	£242,450	£275,000	£345,975	£595,000
4-Bed Houses	£778,168	£349,950	£587,475	£615,000	£947,498	£1,350,000
Bungalows	£477,492	£379,950	£398,750	£410,000	£458,750	£795,000

February 2010, www.rightmove.co.uk

St Johns

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£353,713	£383,333
Semi-Detached		£259,967	£302,114	£336,617
Terraced		£229,960	£268,713	-
Flats	£157,175	£251,146		
Bungalows		£271,633	£359,975	£433,317

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£157,175	£129,950	£139,950	£162,475	£169,950	£176,500
2-Bed Flats	£251,146	£179,950	£190,450	£203,475	£248,088	£675,000
2-Bed Houses	£241,213	£214,950	£224,988	£234,975	£243,700	£299,950
3-Bed Houses	£305,423	£225,000	£259,950	£304,975	£338,713	£399,950
4-Bed Houses	£359,975	£304,950	£322,463	£375,000	£393,713	£400,000
Bungalows	£354,350	£189,950	£299,950	£324,975	£415,000	£525,000

February 2010, www.rightmove.co.uk

Mount Hermon

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£465,000	£631,100
Semi-Detached		-	£325,000	£435,000
Terraced		£265,000	£289,356	£409,988
Flats	£166,003	£250,385		
Bungalows		-	£483,300	£550,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£166,003	£134,995	£158,700	£168,250	£169,950	£199,950
2-Bed Flats	£250,385	£174,950	£189,950	£219,950	£252,500	£520,000
2-Bed Houses	£265,000	£265,000	£265,000	£265,000	£265,000	£265,000
3-Bed Houses	£332,631	£264,950	£279,950	£289,950	£345,000	£550,000
4-Bed Houses	£553,918	£345,000	£452,450	£550,000	£599,988	£825,000
Bungalows	£499,975	£399,950	£474,950	£524,975	£550,000	£550,000

February 2010, www.rightmove.co.uk

Mayford

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£379,980	£695,000
Semi-Detached		-	£334,983	£382,475
Terraced		-	£234,950	-
Flats	-	-		
Bungalows		£250,000	£394,983	£410,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	£348,867	£234,950	£285,000	£369,950	£399,950	£450,000
4-Bed Houses	£486,650	£349,950	£382,475	£415,000	£555,000	£695,000
Bungalows	£368,990	£250,000	£379,950	£395,000	£410,000	£410,000

February 2010, www.rightmove.co.uk

Old Woking

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		£250,000	£309,967	£399,975
Semi-Detached		£285,000	£251,375	£296,225
Terraced		£226,633	£292,836	-
Flats	£153,950	£204,192		
Bungalows		£249,950	-	£285,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£153,950	£149,950	£151,950	£153,950	£155,950	£157,950
2-Bed Flats	£204,192	£169,950	£199,950	£200,000	£214,950	£275,000
2-Bed Houses	£242,980	£209,950	£225,000	£244,950	£250,000	£285,000
3-Bed Houses	£269,298	£199,950	£231,213	£272,450	£296,213	£369,950
4-Bed Houses	£330,808	£249,950	£276,213	£337,500	£387,463	£400,000
Bungalows	£267,475	£249,950	£258,713	£267,475	£276,238	£285,000

February 2010, www.rightmove.co.uk

Kingfield

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	-	£399,950
Semi-Detached		-	£284,142	£346,650
Terraced		£217,475	£299,950	-
Flats	-	£199,950		
Bungalows		-	£360,000	£385,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	£199,950	£199,950	£199,950	£199,950	£199,950	£199,950
2-Bed Houses	£217,475	£209,950	£213,713	£217,475	£221,238	£225,000
3-Bed Houses	£286,400	£249,950	£272,475	£275,000	£304,950	£325,000
4-Bed Houses	£359,975	£339,950	£347,488	£350,000	£362,488	£399,950
Bungalows	£372,500	£360,000	£366,250	£372,500	£378,750	£385,000

February 2010, www.rightmove.co.uk

Westfield

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	-	£417,475
Semi-Detached		-	-	-
Terraced		£212,450	-	-
Flats	-	-		
Bungalows		£259,950	£398,713	£484,960

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£212,450	£189,950	£201,200	£212,450	£223,700	£234,950
3-Bed Houses	-	-	-	-	-	-
4-Bed Houses	£417,475	£385,000	£401,238	£417,475	£433,713	£449,950
Bungalows	£427,960	£259,950	£381,213	£449,950	£476,213	£529,950

February 2010, www.rightmove.co.uk

Goldsworth Park

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£309,427	£366,490
Semi-Detached		-	£268,970	-
Terraced		£209,537	£249,331	-
Flats	£154,281	£185,013		
Bungalows		£222,206	£299,950	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£154,281	£134,950	£148,713	£156,225	£161,200	£167,000
2-Bed Flats	£185,013	£159,950	£178,738	£188,725	£193,213	£205,000
2-Bed Houses	£209,537	£184,950	£199,950	£209,975	£217,613	£224,950
3-Bed Houses	£278,379	£219,950	£244,950	£274,975	£299,950	£385,000
4-Bed Houses	£366,490	£299,950	£349,996	£375,000	£383,750	£425,000
Bungalows	£229,980	£189,950	£216,213	£220,000	£244,988	£299,950

February 2010, www.rightmove.co.uk

Woking Town

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£395,000	-
Semi-Detached		£261,633	-	-
Terraced		£239,967	£239,950	£358,317
Flats	£161,931	£219,905		
Bungalows		-	-	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£161,931	£125,000	£143,713	£164,975	£179,950	£190,000
2-Bed Flats	£219,905	£160,000	£191,250	£210,000	£249,950	£295,000
2-Bed Houses	£250,800	£219,950	£234,963	£250,000	£268,713	£279,950
3-Bed Houses	£291,633	£239,950	£239,950	£239,950	£317,475	£395,000
4-Bed Houses	£358,317	£280,000	£312,500	£345,000	£397,475	£449,950
Bungalows	-	-	-	-	-	-

February 2010, www.rightmove.co.uk

Maybury

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£450,000	£587,488
Semi-Detached		£249,950	£329,950	£395,000
Terraced		£237,475	£283,713	-
Flats	£147,280	£179,950		
Bungalows		-	£275,000	£285,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£147,280	£125,000	£139,950	£151,950	£152,000	£167,500
2-Bed Flats	£179,950	£179,950	£179,950	£179,950	£179,950	£179,950
2-Bed Houses	£239,970	£215,000	£234,950	£249,950	£249,950	£250,000
3-Bed Houses	£319,133	£239,950	£267,450	£322,475	£328,713	£450,000
4-Bed Houses	£548,990	£395,000	£550,000	£550,000	£550,000	£699,950
Bungalows	£280,000	£275,000	£277,500	£280,000	£282,500	£285,000

February 2010, www.rightmove.co.uk

Horsell

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£429,604	£635,490
Semi-Detached		£285,000	£317,128	£421,650
Terraced		-	£307,475	-
Flats	-	£177,200		
Bungalows		£284,967	£357,136	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	£177,200	£169,950	£169,950	£174,450	£181,700	£189,950
2-Bed Houses	£285,000	£275,000	£280,000	£285,000	£290,000	£295,000
3-Bed Houses	£382,713	£285,000	£321,213	£352,500	£422,463	£599,950
4-Bed Houses	£555,300	£295,000	£422,500	£595,000	£673,750	£875,000
Bungalows	£335,485	£249,950	£295,000	£317,475	£390,000	£449,950

February 2010, www.rightmove.co.uk

West Byfleet

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		£275,000	£410,000	£657,896
Semi-Detached		-	£287,450	-
Terraced		-	£230,000	£387,475
Flats	£158,000	£193,782		
Bungalows		-	£532,475	£399,950

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£158,000	£153,000	£153,750	£157,000	£161,250	£165,000
2-Bed Flats	£193,782	£166,500	£169,950	£183,500	£215,000	£249,950
2-Bed Houses	£275,000	£275,000	£275,000	£275,000	£275,000	£275,000
3-Bed Houses	£339,150	£230,000	£281,200	£312,475	£403,750	£475,000
4-Bed Houses	£619,264	£375,000	£556,238	£602,475	£724,963	£850,000
Bungalows	£488,300	£365,000	£382,475	£399,950	£549,950	£699,950

February 2010, www.rightmove.co.uk

Pyrford

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£530,000	£691,642
Semi-Detached		£249,950	£420,000	£374,950
Terraced		£269,975	£408,633	£570,000
Flats	-	-		
Bungalows		£115,950	£505,000	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£263,300	£249,950	£249,975	£250,000	£269,975	£289,950
3-Bed Houses	£450,983	£364,950	£379,463	£427,500	£480,000	£625,000
4-Bed Houses	£603,975	£319,950	£553,750	£575,000	£687,450	£975,000
Bungalows	£375,317	£115,950	£287,975	£460,000	£505,000	£550,000

February 2010, www.rightmove.co.uk

Byfleet

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£348,970	£466,970
Semi-Detached		£232,500	£275,882	£307,950
Terraced		£227,642	£255,014	£339,950
Flats	£153,725	£196,270		
Bungalows		£239,950	£320,738	£472,500

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£153,725	£139,950	£146,838	£153,725	£160,613	£167,500
2-Bed Flats	£196,270	£150,000	£183,450	£199,950	£203,738	£235,000
2-Bed Houses	£228,856	£214,950	£222,463	£228,000	£232,488	£250,000
3-Bed Houses	£280,915	£199,950	£249,950	£269,950	£302,450	£430,000
4-Bed Houses	£383,141	£269,950	£309,950	£349,950	£419,975	£579,950
Bungalows	£352,557	£239,950	£288,975	£350,000	£412,500	£475,000

February 2010, www.rightmove.co.uk

Sheerwater

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	-	-
Semi-Detached		-	£254,960	£274,950
Terraced		£213,708	£232,483	-
Flats	£129,950	-		
Bungalows		-	-	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£129,950	£129,950	£129,950	£129,950	£129,950	£129,950
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£213,708	£204,950	£209,950	£212,450	£218,700	£222,500
3-Bed Houses	£242,700	£219,950	£225,000	£245,000	£254,975	£279,950
4-Bed Houses	£274,950	£274,950	£274,950	£274,950	£274,950	£274,950
Bungalows	-	-	-	-	-	-

February 2010, www.rightmove.co.uk

Neighbourhood Groups Analysis

Knaphill & Brookwood

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£328,844	£457,047
Semi-Detached		£261,617	£276,355	£322,194
Terraced		£230,789	£255,955	£353,317
Flats	£143,513	£221,069		
Bungalows		£252,475	£319,633	£512,475

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£143,513	£115,000	£132,450	£144,950	£156,213	£169,950
2-Bed Flats	£221,069	£169,950	£181,200	£194,950	£207,450	£375,000
2-Bed Houses	£238,496	£214,950	£229,950	£231,225	£239,950	£279,950
3-Bed Houses	£277,485	£215,000	£249,950	£274,950	£295,000	£369,950
4-Bed Houses	£404,466	£285,000	£335,000	£389,950	£440,000	£595,000
Bungalows	£355,543	£214,950	£294,975	£329,000	£377,475	£599,950

February 2010, www.rightmove.co.uk

Hook Heath, Mount Hermon, St Johns & Mayford

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£408,339	£692,491
Semi-Detached		£259,967	£305,725	£382,469
Terraced		£235,800	£272,579	£409,988
Flats	£162,129	£250,654		
Bungalows		£250,000	£444,563	£449,279

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£162,129	£129,950	£152,450	£166,950	£169,950	£199,950
2-Bed Flats	£250,654	£174,950	£189,950	£214,950	£249,988	£675,000
2-Bed Houses	£243,856	£214,950	£225,000	£235,000	£254,950	£299,950
3-Bed Houses	£322,845	£225,000	£275,000	£299,950	£362,450	£595,000
4-Bed Houses	£586,309	£304,950	£399,963	£550,000	£675,000	£1,350,000
Bungalows	£436,485	£189,950	£352,475	£399,950	£475,000	£795,000

February 2010, www.rightmove.co.uk

Old Woking

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		£250,000	£309,967	£406,970
Semi-Detached		£285,000	£260,311	£317,836
Terraced		£219,964	£293,725	-
Flats	£153,950	£203,889		
Bungalows		£254,950	£390,970	£442,114

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£153,950	£149,950	£151,950	£153,950	£155,950	£157,950
2-Bed Flats	£203,889	£169,950	£199,950	£200,000	£213,700	£275,000
2-Bed Houses	£230,528	£189,950	£209,950	£225,000	£244,950	£285,000
3-Bed Houses	£272,926	£199,950	£239,950	£275,000	£299,950	£369,950
4-Bed Houses	£354,975	£249,950	£336,213	£350,000	£399,950	£449,950
Bungalows	£397,111	£249,950	£344,963	£392,500	£461,238	£529,950

February 2010, www.rightmove.co.uk

Goldsworth Park

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£309,427	£366,490
Semi-Detached		-	£268,970	-
Terraced		£209,537	£249,331	-
Flats	£154,281	£185,013		
Bungalows		£222,206	£299,950	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£154,281	£134,950	£148,713	£156,225	£161,200	£167,000
2-Bed Flats	£185,013	£159,950	£178,738	£188,725	£193,213	£205,000
2-Bed Houses	£209,537	£184,950	£199,950	£209,975	£217,613	£224,950
3-Bed Houses	£278,379	£219,950	£244,950	£274,975	£299,950	£385,000
4-Bed Houses	£366,490	£299,950	£349,996	£375,000	£383,750	£425,000
Bungalows	£229,980	£189,950	£216,213	£220,000	£244,988	£299,950

February 2010, www.rightmove.co.uk

Woking Town

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£395,000	-
Semi-Detached		£261,633	-	-
Terraced		£239,967	£239,950	£358,317
Flats	£161,931	£219,905		
Bungalows		-	-	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£161,931	£125,000	£143,713	£164,975	£179,950	£190,000
2-Bed Flats	£219,905	£160,000	£191,250	£210,000	£249,950	£295,000
2-Bed Houses	£250,800	£219,950	£234,963	£250,000	£268,713	£279,950
3-Bed Houses	£291,633	£239,950	£239,950	£239,950	£317,475	£395,000
4-Bed Houses	£358,317	£280,000	£312,500	£345,000	£397,475	£449,950
Bungalows	-	-	-	-	-	-

February 2010, www.rightmove.co.uk

Maybury

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£450,000	£587,488
Semi-Detached		£249,950	£329,950	£395,000
Terraced		£237,475	£283,713	-
Flats	£147,280	£179,950		
Bungalows		-	£275,000	£285,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£147,280	£125,000	£139,950	£151,950	£152,000	£167,500
2-Bed Flats	£179,950	£179,950	£179,950	£179,950	£179,950	£179,950
2-Bed Houses	£239,970	£215,000	£234,950	£249,950	£249,950	£250,000
3-Bed Houses	£319,133	£239,950	£267,450	£322,475	£328,713	£450,000
4-Bed Houses	£548,990	£395,000	£550,000	£550,000	£550,000	£699,950
Bungalows	£280,000	£275,000	£277,500	£280,000	£282,500	£285,000

February 2010, www.rightmove.co.uk

Horsell

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£429,604	£635,490
Semi-Detached		£285,000	£317,128	£421,650
Terraced		-	£307,475	-
Flats	-	£177,200		
Bungalows		£284,967	£357,136	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	£177,200	£169,950	£169,950	£174,450	£181,700	£189,950
2-Bed Houses	£285,000	£275,000	£280,000	£285,000	£290,000	£295,000
3-Bed Houses	£382,713	£285,000	£321,213	£352,500	£422,463	£599,950
4-Bed Houses	£555,300	£295,000	£422,500	£595,000	£673,750	£875,000
Bungalows	£335,485	£249,950	£295,000	£317,475	£390,000	£449,950

February 2010, www.rightmove.co.uk

Byfleet, West Byfleet & Pyrford

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		£275,000	£403,485	£625,193
Semi-Detached		£238,317	£287,829	£327,093
Terraced		£238,225	£284,070	£450,980
Flats	£156,575	£194,640		
Bungalows		£177,950	£419,738	£448,316

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£156,575	£139,950	£153,250	£157,000	£163,750	£167,500
2-Bed Flats	£194,640	£150,000	£169,950	£192,500	£215,000	£249,950
2-Bed Houses	£241,313	£214,950	£227,238	£234,975	£250,000	£289,950
3-Bed Houses	£316,038	£199,950	£255,000	£274,950	£349,975	£625,000
4-Bed Houses	£540,686	£269,950	£387,475	£565,000	£642,475	£975,000
Bungalows	£389,135	£115,950	£298,000	£365,000	£469,999	£699,950

February 2010, www.rightmove.co.uk

Sheerwater

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	-	-
Semi-Detached		-	£254,960	£274,950
Terraced		£213,708	£232,483	-
Flats	£129,950	-		
Bungalows		-	-	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£129,950	£129,950	£129,950	£129,950	£129,950	£129,950
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£213,708	£204,950	£209,950	£212,450	£218,700	£222,500
3-Bed Houses	£242,700	£219,950	£225,000	£245,000	£254,975	£279,950
4-Bed Houses	£274,950	£274,950	£274,950	£274,950	£274,950	£274,950
Bungalows	-	-	-	-	-	-

February 2010, www.rightmove.co.uk

Average Asking Price Analysis By Neighbourhood

The table below collates the average prices of the different property types for each of the locations considered.

Average Asking Prices Analysis - Flats and Houses						
Settlement	1 Bed Flats	2 Bed Flats	2 Bed House	3 Bed House	4 Bed House	All Properties
Hook Heath	£161,283	£249,950	-	£325,971	£778,168	£526,157
Pyrford	-	-	£263,300	£450,983	£603,975	£501,871
Horsell	-	£177,200	£285,000	£382,713	£555,300	£422,348
Mayford	-	-	-	£348,867	£486,650	£383,313
West Byfleet	£158,000	£193,782	£275,000	£339,150	£619,264	£347,578
Brookwood	-	-	£239,950	£250,355	£499,988	£316,230
Westfield	-	-	£212,450	-	£417,475	£314,963
Mount Hermon	£166,003	£250,385	£265,000	£332,631	£553,918	£309,835
Maybury	£147,280	£179,950	£239,970	£319,133	£548,990	£307,998
Kingfield	-	£199,950	£217,475	£286,400	£359,975	£291,400
Knaphill	£143,513	£221,069	£238,364	£283,257	£389,182	£277,576
Byfleet	£153,725	£196,270	£228,856	£280,915	£383,141	£274,142
St Johns	£157,175	£251,146	£241,213	£305,423	£359,975	£261,468
Old Woking	£153,950	£204,192	£242,980	£269,298	£330,808	£253,152
Goldsworth Park	£154,281	£185,013	£209,537	£278,379	£366,490	£242,144
Sheerwater	£129,950	-	£213,708	£242,700	£274,950	£229,308
Woking Town	£161,931	£219,905	£250,800	£291,633	£358,317	£212,127
Overall	**£157,106**	**£217,327**	**£231,788**	**£301,710**	**£493,050**	**£296,403**

Neigbourhood Groups Analysis – Average Asking Price

The table below is derived from the above information and shows the average asking price by property type within Woking Borough by neighbourhood groups as provided by Woking Borough Council.

Average Asking Prices Analysis - Flats and Houses						
Settlement	1 Bed Flats	2 Bed Flats	2 Bed House	3 Bed House	4 Bed House	All Properties
Horsell	-	£177,200	£285,000	£382,713	£555,300	£422,348
Byfleet, West Byfleet & Pyrford	£156,575	£194,640	£241,313	£316,038	£540,686	£336,605
Hook Heath, Mount Hermon, St Johns & Mayford	£162,129	£250,654	£243,856	£322,845	£586,309	£326,044
Maybury	£147,280	£179,950	£239,970	£319,133	£548,990	£307,998
Knaphill & Brookwood	£143,513	£221,069	£238,496	£277,485	£404,466	£282,105
Old Woking, Kingfield & Westfield	£153,950	£203,889	£230,528	£272,926	£354,975	£264,334
Goldsworth Park	£154,281	£185,013	£209,537	£278,379	£366,490	£242,144
Sheerwater	£129,950	-	£213,708	£242,700	£274,950	£229,308
Woking Town	£161,931	£219,905	£250,800	£291,633	£358,317	£212,127
Overall	**£157,106**	**£217,327**	**£231,788**	**£301,710**	**£493,050**	**£296,403**

The table below is derived from the above information and shows the average property price within Woking areas by property type.

Neighbourhood Analysis Average Asking Price		
1 Bed Flat	-	£157,106
2 Bed Flat	-	£217,327
2 Bed House	Terraced	£223,496
	Semi-Detached	£260,597
	Detached	£262,500
3 Bed House	Terraced	£268,086
	Semi-Detached	£282,141
	Detached	£380,930
4 Bed House	Terraced	£401,983
	Semi-Detached	£350,612
	Detached	£569,106

New Build property being marketed in Woking – February 2010

The new build pricing information was collated through on the ground (local area visits) and desktop research. The local research involved travelling throughout the area to view new developments as far as those were seen and, where on-site selling was occurring, speaking to those sales agents wherever possible. Where this was not possible and we felt further information was needed, we contacted house builders' sales staff by telephone or email, or reviewed their web-sites further, to supplement the information gathered where necessary.

In addition to speaking to on-site sales agents, Adams Integra also requested opinions from estate agents in the Borough with regard to the local market; together with any comments on new build schemes and sales values. In this instance the level of feedback was low but information collected is shown below.

Information on new developments was also collected through desktop research using websites such as www.rightmove.co.uk, www.primelocation.com and www.smartnewhomes.com.

This review of new build pricing - of all advertised available properties at the time of the study research phase - helped us understand the various value levels (range of 'Value Points') to be assumed for the variety of dwelling types applied within our appraisal modelling.

Notes to accompany the following new builds information table:

The price information obtained (at column 5) was usually an asking (marketing) price. This is in our view currently represents the likely market sale price level plus 10% (assuming approximately 10% gap between marketing and sale prices currently). This cannot be definitive.

That price level has been adjusted in columns 6, 7 and 8 to represent:

- Less 20% (estimated current market less 10%) – Column 6.
- Less 10% (estimated current sale price; i.e. approximately marketing price less 10%) – Column 7.
- Plus 10% (estimated current market plus 20%; i.e. approximately marketing price plus 10%) – Column 8.

In this way, we can consider how pricing might vary as the market does. We develop a scale of values which helps us to see how wide our range of Values Points could be.

In all cases the average prices expressed in £s in this particular table should be treated with caution – high values properties have not been excluded from these calculations (like they were for the overall resale dominated market data above).

We look at the £ per m^2pricing, which smoothes out distortions from property types and sizes more effectively, and becomes a key driver for considering the Values Points. When reviewing the table below, those £ per m^2figures and their range should be the focus.

New Build Residential Properties Marketed in Woking Borough – February 2010

Address	Description	Price	Size (m2)	Price per m2	Less 20%	Less 10%	Plus 10%	Developer/ Agent	Incentives
Woking									
Flats									
Enterprise Place, 175 Church Street East, Woking, Surrey, GU21	2 bed flat	£232,500						Hamptons International	
	2 bed flat	£232,500							
	2 bed flat	£230,000							
	2 bed flat	£227,500							
	2 bed flat	£210,000							
	2 bed flat	£199,950							
	1 bed flat	£172,500							
	1 bed flat	£169,500							
	1 bed flat	£167,500							
	1 bed flat	£165,000							
	1 bed flat	£162,500							
	1 bed flat	£149,950							
	1 bed flat	£149,950							
	Studio flat (POA)								
Goldsworth Road, Woking, Surrey, GU21	2 bed flat	£185,000	57.30	£3,229	£2,583	£2,906	£3,551	Townends	
	2 bed flat	£185,000	56.60	£3,269	£2,615	£2,942	£3,595		
	2 bed flat	£180,000							
	2 bed flat	£180,000	59.00	£3,051	£2,441	£2,746	£3,356		
	2 bed flat	£175,000	41.90	£4,177	£3,341	£3,759	£4,594		
Average		**£187,464**	**53.70**	**£3,431**	**£2,745**	**£3,088**	**£3,774**		
St Johns									
Houses									
Hermitage Road, St Johns, Woking, GU21	2 x 4 bed semi detached	£399,950	111.5	£3,588	£2,870	£3,229	£3,946	Curchods Estate Agents	
Janoway Hill, Firbank Lane, GU21 7QP	5 bed detached	£1.09m	264.12	£4,127				Millgate Homes	
	5 bed detached	£1.35m	340.40	£3,966					
	5 bed detached	£1.195m	279.55	£4,275					
	5 bed detached	£1.35m	316.43	£4,266					
	5 bed detached	£1.1m	258.08	£4,262					
Mount Hermon									
Flats									
Pembroke Road, Woking, Surrey	2 bed flat (Guide Price)	£250,000	70.0	£3,571	£2,857	£3,214	£3,929	Waterfalls Sales & Lettings	
	2 bed flat (Guide Price)	£245,000	64.0	£3,828	£3,063	£3,445	£4,211		
	2 bed flat (Guide Price)	£240,000	67.0	£3,582	£2,866	£3,224	£3,940		
	2 bed flat (Guide Price)	£245,000	64.0	£3,828	£3,063	£3,445	£4,211		
	2 bed flat (Guide Price)	£235,000	61.0	£3,852	£3,082	£3,467	£4,238		
Average		**£243,000**	**65.20**	**£3,732**	**£2,986**	**£3,359**	**£4,106**		

Address	Description	Price	Size (m2)	Price per m2	Less 20%	Less 10%	Plus 10%	Developer/ Agent	Incentives
Houses									
Woking, Surrey, GU22	4 bed detached	£775,000						Gascoigne-Pees	
York Road, Woking, Surrey, GU22	4 bed terrace	£499,950						Gascoigne-Pees	
	4 bed terrace	£484,950							
	4 bed terrace (POA)								
	4 bed terrace	£474,950							
	4 bed terrace	£469,950							
	4 bed terrace	£469,950							
	3 bed terrace	£399,950							
	3 bed terrace	£399,950							
	3 bed terrace	£384,950							
Average		**£484,400**							
Mayford									
Flats									
Mayford, Woking	2 bed retirement flat (from)	£225,000						Curchods Estate Agents	
Kingfield									
Houses									
Kingfield, Woking	3 bed detached	£369,950						Foundations Independent Est Ltd	
Maybury									
Flats									
Croft Apartments, St Peters Convent, Maybury Hill, Woking, Surrey, GU22	2 bed penthouse (from)	£345,995	101.3	£3,417	£2,734	£3,075	£3,759	Taylor Wimpey West London	Part exchange
	2 bed flat (from)	£344,995	104.2	£3,310	£2,648	£2,979	£3,641		
	2 bed flat (from)	£239,995	70.4	£3,408	£2,726	£3,067	£3,749		
	2 bed flat (from)	£232,995	61.8	£3,771	£3,017	£3,394	£4,149		
	1 bed flat (from)	£199,995	63.6	£3,147	£2,518	£2,832	£3,462		
Average		**£272,795**	**80.3**	**£3,411**	**£2,728**	**£3,070**	**£3,752**		
Houses									
St Peters Convent, Maybury Hill, Woking, Surrey, GU22	4 bed semi detached (from)	£429,995	126.44	£3,401	£2,721	£3,061	£3,741	Taylor Wimpey West London	Part exchange
	4 bed house	£410,000						Curchods Estate Agents	

Address	Description	Price	Size (m2)	Price per m2	Less 20%	Less 10%	Plus 10%	Developer/ Agent	Incentives
Average		**£419,998**	**126.4**	**£3,401**	**£2,721**	**£3,061**	**£3,741**		
Horsell									
Houses									
Horsell, Woking	5 bed detached (Guide Price)	£975,000						Waterfalls Sales & Lettings	
Horsell, Woking	3 bed semi detached (Guide Price)	£400,000						Waterfalls Sales & Lettings	
Average		**£687,500**							
Danesfield, Grange Road, Woking GU21 4DA	6 bed detached	£1,250,000	290.9	£4,296	£3,437	£3,867	£4,726	Curchods Estate Agents/Michael Shanley Homes	
	5 bed detached	£1,195,000	287.0	£4,164	£3,331	£3,748	£4,580		
	6 bed detached	£1,195,000	296.0	£4,037	£3,230	£3,633	£4,441		
	5 bed detached	£1,200,000	296.0	£4,054	£3,243	£3,649	£4,459	Curchods Estate Agents	
West Byfleet									
Flats									
Rosemount Avenue, West Byfleet, KT14	2 bed flat (from)	£330,000						Banner Homes	Fully fitted carpets & include curtains and blinds
	3 bed flat	£295,000							
	2 bed flat	£295,000							
	2 bed flat	£280,000	65.3	£4,291	£3,433	£3,862	£4,720		
	2 bed flat	£275,000	79.8	£3,445	£2,756	£3,101	£3,790		
	2 bed flat	£275,000						Gascoigne-Pees	
	2 bed flat	£275,000							
	2 bed flat	£270,000							
	2 bed flat	£270,000							
Average		**£285,000**	**72.5**	**£3,868**	**£3,095**	**£3,481**	**£4,255**		
Houses									
Sissinghurst House, Dartnell Avenue, West Byfleet, Surrey, KT14	5 bed detached	£1,450,000	288.0	£5,035	£4,028	£4,531	£5,538	Curchods Estate Agents	
Byfleet									
Flats									
The Clock House, 192 High Road, Byfleet, Surrey	3 bed retirement flat	£480,000						Knight Frank	
	2 bed retirement flat	£425,000							
	2 bed retirement flat	£450,000						Beechcroft Developments	
	2 bed retirement flat	£410,000	89.64	£4,574	£3,659	£4,116	£5,031		
	2 bed retirement flat	£299,950	53.96	£5,559	£4,447	£5,003	£6,115		
Ellis Court, 44 High Road, Byfleet, Surrey, KT14	2 bed flat	£249,950	75.40	£3,315	£2,652	£2,983	£3,646	Gascoigne-Pees	
	2 bed flat	£249,950							
	2 bed flat	£239,950	76.90	£3,120	£2,496	£2,808	£3,432		
	2 bed flat	£234,950							

Address	Description	Price	Size (m2)	Price per m2	Less 20%	Less 10%	Plus 10%	Developer/ Agent	Incentives
	2 bed flat	£229,950	80.70	£2,849	£2,280	£2,564	£3,134		
	2 bed flat	£225,000							
	2 bed flat	£224,950	70.10	£3,209	£2,567	£2,888	£3,530		
	2 bed flat	£224,950							
	2 bed flat	£224,950							
	2 bed flat	£219,950							
	2 bed flat	£199,950	61.50	£3,251	£2,601	£2,926	£3,576		
	2 bed flat	£199,950							
Average		**£281,729**	**72.6**	**£3,697**	**£2,957**	**£3,327**	**£4,066**		
Houses									
Summer Close, Byfleet, KT14	4 bed barn conversion	£525,000	142.7	£3,679	£2,943	£3,311	£4,047	Richmonds	
The Clock House, 192 High Road, Byfleet, Surrey	2 bed terrace (retirement property)	£427,500	104.0	£4,109	£3,288	£3,698	£4,520	Beechcroft Developments	
	2 bed terrace (retirement property)	£427,500	104.0	£4,109	£3,288	£3,698	£4,520		
Average		**£460,000**	**116.9**	**£3,966**	**£3,173**	**£3,569**	**£4,363**		

Further local research – Agents' and developers' sales office comments and general observations:

Residential

Curchods – West Byfleet

Provided some useful (recently built, re-sales) property details:

- 12 Campbell Close Byfleet, KT14 7AW – 4 bed 3 storey semi-detached townhouse – approx 1,077 sq ft marketed at £309,950 (equates to approx £288/ft^2 i.e. £3,100/m^2).

- 17 Pinehurst Gardens, West Byfleet, KT14 6HA – 4 bed detached house of about 2,107 sq ft marketed at £749,950 (equates to approx £356/ft^2 i.e. £3,832/m^2).

- 2 Pinehurst Gardens – as above – a larger property marketed at £835,000 but with no other information for analysis.

Provided details of a new build by **Consero Homes – "Sissinghurst House", Dartnell Gardens, West Byfleet, KT14 6PJ.** Upmarket development. This one 3,134 ft2 marketed at £1.495m (equates to £477/ft2 i.e. £5,132/m²).

Curchods – Woking

Echoed others' reflections that since about this time last year things have improved. Provided several examples. Would expect to see values Borough-wide typically in the range £300-400/ft² (£3,228/m² to £4,304/m²).

Waterfall, Durrant & Barclay – Woking

Again spoke of £300+ per sq ft. £300 per sq ft about the bottom of the range for new builds but dependent on quality of finish and location. £300 per sq ft is thought to be very much lower end in Woking context. Areas vary down to very local level – e.g. in Maybury (generally seen as lower value area and one of most deprived wards in Surrey) has the most expensive estate in Woking.

First Choice Estate Agents – Woking

Reported that business was 'tough' in his opinion because of the more demanding mortgage terms on deposit requirements. Demand is high, due to low supply (this is repeated with every agent contacted).

Mentioned that the letting market has held back sales since owners of letting properties have not continued the buying/selling cycle of the past.

Prices have firmed over the past 12 months, with up to £250k (stamp duty threshold) being the strongest.

Most demanded properties are 3 bed family homes, with London commuter families strong in the £250-350k range. Local families finding it difficult to buy due to mortgage deposit requirements.

Foxtons – Woking

Reports they are very busy, but constrained by lack of supply, although this is having a positive impact on property prices in general, therefore a double-edged sword.

Lettings are also being renewed because of the mortgage constraints prevailing, further reducing the sales stock.

Flats selling quite well due to their lower price, and their usefulness to the commuters. 1 bed flats generally £150-200k, with all properties up to £500k still in demand to London work-based families.

They have no off-plan developments in Woking area.

Foundations – Woking

Busy, but once again reporting lack of supply and high demand.

Flats – too many in their opinion as a result of repossessions.

3 bed family homes around £240k most sought after.

Reports new build stopped 18 months ago, with some now being started again, but in this company's opinion, all the wrong types/mix of either flats or large expensive detached houses.

Mann Countrywide – Woking

Last six months has seen an increase. Now very busy.

Increase in overall asking prices of 6% to 7%, peaking in January 2010.

Again, supply and demand quoted, although felt that mortgage terms on deposits is holding the market back, although mortgage numbers are generally on the increase. This is resulting in 7 to 10 buyers for each property.

Slowest moving is the lower end of the market – 1st time buyer territory – due significantly to the deposit requirements.

1 bed flats £130-140k to £175-180k.

A number of other agents were contacted but were either unable to help or unavailable.

<u>Commercial</u>

A number of commercial agents were contacted. Most were either unavailable for comment or reported little or no activity. A brief summary of comments that were provided is shown here:

All new schemes had stopped sometime ago. Change of use applications being applied for on most vacant sites. Thought that development land value to be approx £1.75 million per acre, *dependent on planning status and anticipated additional (this is general development land rather than specifically for commercial schemes).*

No 'open market' transactions occurring at present.

Housing sites tending to be in the East of the Borough.

Cash sales attracting 30 to 40% discount as possible investment opportunities.

Have not seen any land movements for approximately 2 years. Thought this was due in large part due to reluctance to grant planning.

Woking saturated with flats.

No significant movements in region apart from a few 1 acre and smaller sites only.

Summary and Outcomes

The results of the values research led to the formation of 6 'Value Points'. We consider that, when viewed overall, these points cover the range within which most new build values are seen currently, and would be likely to be seen given foreseeable future market movements. As most areas have a variety of property values, the results of this research can be used independently of location where approximate sales values can be estimated – so that the variations within the overall range might be seen through scheme type and/or location and/or with time.

The Value Points are based on our dwelling type and size assumptions, but can also be applied to other dwelling types/sizes through use of the overall range of per m² values. Intermediate points, between Value Points, can also be considered through viewing appraisal outcomes for the points either side.

Considering all the information our judgements resulted in the following range of Value Points being settled and used in the appraisals for this study:

	Values (Provisional)					
Value Point	**1-Bed Flats**	**2-Bed Flats**	**2-Bed Houses**	**3-Bed Houses**	**4-Bed Houses**	**£ / sq m Houses**
1	£125,000	£167,500	£187,500	£212,500	£250,000	£2,500
2	£150,000	£201,000	£225,000	£255,000	£300,000	£3,000
3	£175,000	£234,500	£262,500	£297,500	£350,000	£3,500
4	£200,000	£268,000	£300,000	£340,000	£400,000	£4,000
5	£225,000	£301,500	£337,500	£382,500	£450,000	£4,500
6	£250,000	£335,000	£375,000	£425,000	£500,000	£5,000

Acknowledgement:
Adams Integra would like to thank those companies and individuals who have taken the time to respond to us, help with our enquiries and provide information – greatly appreciated.

Appendix IV

Appendix IV

Woking Borough Council - Affordable Housing Economic Viability Assessment – Judgements on Assumptions

Housing Consultancy Adams Integra is carrying out a viability study on behalf of Woking Borough Council (working for Louise Kidd, Melanie Haywood and Bettina Gresham). The study aims to explore the deliverable parameters for planning-led affordable housing policy as the Woking Borough Local Development Framework progresses. Adams Integra will consider the impact on market development viability of a range of potential scheme size threshold and proportion (% of affordable housing) policies.

The study involves carrying out a series of development appraisals (residual land valuation based) within which assumptions need to be made. Assistance is sought with information to help with views on assumptions, as below, together with any comments.

(NB: any clarification we need on planning policy/obligations assumptions is being provided by the Council)

We are at the early stages of this project. **Provisional base development appraisal assumptions** to be used in the study are set out below (for comment). These may need to be reconsidered by Adams Integra once we have done more work and this consultation has run.

If you wish to suggest alternatives please state either a range of alternatives in absolute (value/£, etc) or % terms (where a factor of another appraisal element) and the reasons for the variance. We are not going into every area of detail here, but aim to seek views on those which the outcomes are likely to be most sensitive to.

- Sales Values - we will be looking at a range, seeking to reflect what happens in various locations and what might happen over time in varying markets. This will be at an overview level. Please supply any pointers you can on the range of values that you think appropriate (per sq ft/m – or indicative price ranges by dwelling type). Or provide any examples? Adams Integra's research is underway and early comments from estate agents and developer sales staff indicates a broad range of new build values generally between £300 and £400 per sq ft (£3,225/£4,300/m²) with little variance across the Borough – specific location and scheme type/specification influencing where particular values fall.

- Build costs (based on GIA including externals and prelims - but no abnormals as those affect our ability to compare outcomes > in practice dealt with based on site specifics).
  - Houses - £1,100/m²
  - Apartments - £1,250/m² (assuming low rise development no more than 3 storey)
  - Apartments - £1,600/m² (assuming high density development with lifts)
  - Basement/undercroft parking – likely high occurrence in town centre schemes – consider additional cost or included within above higher rate?

  (In every area costs vary, and from site to site, but any universal issues etc with local materials/ typical sites?)

- Professional Fees, Contingencies & Insurances - 15.5% of build cost.

- Legal Fees on Sale - £600 per unit

- Sales Fees - 3% of sales values

- Finance - 7.0%

- Legal fees on land purchase - 0.75% of land value

- Stamp Duty Land Tax - between 0% and 4% depending on land value

- Code for Sustainable Homes uplift in build costs from current base:

    - Level 3 – base plus £50/m²
    - Level 4 – base plus £100/m²
    - Level 6 – base plus £350/m²

- Lifetime Homes - views sought on this please. At present we allow £545 per unit average in above base costs. Sourced from the range of likely costs as set out by www.lifetimehomes.org.uk (Habinteg Housing Association). In practice, site by site - a wide range of views and experiences exists. In addition, any particular experience of or comments on full mobility housing provision – practicalities, costs, etc?

- Developer Profit - between 17.5% and 20% of gross development value for private units; 6% on affordable units. Acknowledged that a range of profit requirements exists – depending on scheme type, risk profile, etc.

- Survey and site preparation costs - variable depending on site size and type being appraised. Any locally relevant issues/examples please?

Other assumptions/aspects where views are sought (no particular order):

- Grant availability - on a per person basis what levels of grant have been achieved/might be expected in your experience?

- Development typologies - common/predominant development types across the Council's area (e.g. family housing, apartments, townhouses, occurrence of large/high value properties, etc) and where they likely to occur (e.g. town centres, out-lying areas etc). We are likely to be focusing on site typologies in the range 1-100 units of varying sizes and unit mixes – and looking at potential policy threshold points (but TBC).

- Market conditions - area-wide, any local distinctions – areas picking up more/sooner than others? Gaps between asking and sales prices? Levels and value of incentives being offered?

- Current experiences with affordable tenure models and tenure mixes?

- Experience of extra-care provision - whilst this is not central to our study, it is part of the wide needs spectrum in the Borough. Do you have any experience of and information on site size and type requirements, densities, land values etc relating to this specialist form of housing?

In the first instance please send all responses and correspondence Melanie Haywood at Woking Borough Council.

Notes: Please note that no specifics or individual company details will be quoted – this is for background use and information only. The sensitivities are respected. Any pointers and assistance or comments/part responses are much appreciated and will be treated in confidence.

This is a strategic study and your comments/views on appraisal assumptions will be taken into account in making sure the development appraisal modelling for this study reasonably reflects the development scenario(s) locally. We are aware though that every party will have a different view on certain elements of this study. We have to maintain an independent view when testing the viability of affordable housing policies, and look for an appropriately judged balance between the acute pressure of housing needs and the likely deliverability of schemes. It has to be a strategic piece of work, in line with the LDF process, and will not be a substitute for the second layer of site-specific discussions that are likely to be needed in many cases. When commenting on the assumptions please have regard to the fact that this study is looking at this overview and covering site typologies (notional sites types) – it is not intended to substitute site-specific negotiation and solutions, but to provide clarity as to targets and the Council's approach. The methodology is based on the premise of residual land valuation and that land does not have a fixed price, it is the key variable once all the other cost burdens are placed upon a development scheme and weighed up against the value that can be created on scheme completion. To test the impact of affordable housing (proportion, tenure mix, thresholds) and other related policies, we need to fix as many of the other assumptions as we can. This provides base outcomes from which we start to see trends. We then carry out sensitivity testing some of the other key assumptions (such as property values, build costs, profits, other planning obligations costs, Code for Sustainable Homes, etc) to investigate what impact those have on residential development viability in tandem with the affordable housing policies.

Many thanks

Adams Integra, on behalf of Woking Borough Council.

February 2010.

Appendix IV

Dear Sir or Madam

Affordable Housing – Viability Study – RSL Development Finance Assumptions

Housing Consultancy Adams Integra is carrying out a viability study on behalf of Woking Borough Council (working for Louise Kidd, Melanie Haywood and Bettina Gresham). The study aims to explore the deliverable parameters for planning-led affordable housing policy as the Woking Borough Local Development Framework progresses. Adams Integra will consider the impact on market development viability of a range of potential scheme size threshold and proportion (% of affordable housing) policies.

The study involves carrying out a series of development appraisals (residual land valuation based) within which assumptions need to be made regarding the likely payment a developer could expect to receive for completed affordable homes from a RSL.

We realise that every RSL uses different assumptions when calculating what they can afford to pay for affordable units and would appreciate your guidance on approximately what levels of payment you would expect to make for rented, intermediate rent, shared ownership or other intermediate forms of tenure (of varying sizes) constructed for you on s106 sites by developers. If you could provide this information by way of average/estimated "per sq m" rates or as an overall average/estimated percentage of open market value that would be very useful. In addition it would be helpful to know the key assumptions affecting cashflow underpinning those (including likely grant reliance; average grant, the percentage equity share and rent payable on the remainder for shared ownership, likely percentage of open market rents assumed for intermediate rent, size of unit, etc). If possible we need this information for 1-bed flats, 2-bed flats, 2-bed houses, 3-bed houses and 4-bed houses.

Added to this, if you have any particular information on, or experience of, extra-care housing provision, then we would welcome any pointers from you – on site size/type requirements, their ability to generate land value (in comparison with general needs residential for example), built size and densities, approximate construction costs, etc. This is not central to our study but it forms part of the wider spectrum of need in the Borough.

We appreciate that there may be varying approaches and relationships across the area and from one party to another but, broadly, our understanding is that a negotiation currently takes place between RSLs and developers.

We also appreciate the sensitivities around this. Individual RSLs' information will not be labelled as such, and we do not expect to provide this degree of detail in our reporting. We simply wish to test our assumptions for realism locally. If we can take local soundings as part of that process it is positive for policy progression.

In the first instance please send all responses to Melanie Haywood at Woking Borough Council (melanie.haywood@woking.gov.uk). *MANY THANKS* (Feb 2010)

Appendix V

WOKING BOROUGH COUNCIL

ECONOMIC VIABILITY ASSESSMENT

GLOSSARY OF TERMS

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

A

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

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

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

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

B

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

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

C

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

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

Commuted Sum - See "Payment in lieu" below.

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

D

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

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

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

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

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

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

Development Plan ('Plan') - The statutory plan through which a local authority determines planning policy for its area over the life of the plan (*plan period*). While a local authority is moving towards their LDF *(see below),* which will become the new *development plan* basis*,* the previous (adopted) 'Local Plan' or 'Unitary Development Plan' remains the relevant development plan basis for the area.

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

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

E

F

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

Financial Contribution - see "Payment in lieu".

G

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

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

H

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

I

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

J

K

L

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

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

Local Development Framework (LDF) - A non-statutory term used to describe a folder of documents, which includes all the local planning authority's local development documents. An LDF is comprised of:

- Development Plan Documents (which form part of the statutory development plan).
- Supplementary Planning Documents.

The local development framework will also comprise:

- The Statement of Community Involvement *('SCI)'.*
- The Local Development Scheme *('LDS').*
- The Annual Monitoring Report *('AMR').*
- Any Local Development Orders or Simplified Planning Zones that may have been added.

M

N

O

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

P

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

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

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

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

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

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

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

Q

R

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

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

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

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

<u>*Registered Social Landlord (RSL)*</u> - A housing association or a not-for-profit company registered by the Homes and Communities Agency ('HCA') to provide social housing.

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

S

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

<u>*Scheme Type*</u> - The scheme (development project) types modelled in the appraisals consist of either entirely flatted or housing schemes or schemes with a mix of houses

and flats. They are notional, rather than actual, scheme types consistent with the strategic overview the study needs to make.

Section 106 (*'S106'*) - (of the Town and Country Planning Act 1990). The legally binding planning agreement which runs with the interest in the land and requires the landowner (noting that ultimately the developer usually becomes the landowner) through covenants to agree to meet the various planning obligations once they implement the planning permission to which the *S106 agreement* relates. It usually sets out the principal affordable housing obligations, and is the usual tool by which planning-led affordable housing is secured by the Local Planning Authority. Section 106 of this Act refers to "agreements regulating development or use of land". These agreements often cover a range of planning obligations as well as affordable housing (see '*planning infrastructure*'). There is a related type of agreement borne out of the same requirements and legislation – whereby a developer unilaterally offers a similar set of obligations, often in appeal or similar set of circumstances where a quick route to confirming a commitment to a set of obligations may be needed (a *Unilateral Undertaking* – a term not used in this study).

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

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

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

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

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

T

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

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

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

U

V

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

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

Viability - See *Development Viability.*

X

Y

Z