

1 North Dorset District Council Whole Plan Viability and CIL

Updated Viability Report

On behalf of **North Dorset District Council**



Project Ref: 31991 | Rev: AA | Date: February 2016



Document Control Sheet

Project Name: North Dorset District Council Update report

Project Ref: 31991

Doc Ref: Updated Viability Report

Date: January 2016

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2 Introduction

2.1 Purpose of the report

- 2.1.1 In December 2014, PBA were commissioned to undertake a review of viability matters relating to the North Dorset Local Plan. The objective of the study (titled *North Dorset Whole Plan Viability and CIL Study - Final Report, February 2015*) was to help inform the local authority's decisions about the risk and balance between the policy aspirations of achieving sustainable development and the realities of economic viability. The report provided guidance on:
- The maximum level of development contributions, including potential for a Community Infrastructure Levy (CIL);
 - The recommended level of affordable housing in policy that will work with the recommended development contribution, including a potential CIL; and
 - The cumulative viability implications of these and other policy costs.
- 2.1.2 North Dorset District Council adopted the North Dorset Local Plan Part 1 on the 15th January 2016. Therefore the policy approach, such as affordable housing, is now set and any CIL viability work will need to take into account this position.
- 2.1.3 The purpose of this report is to update the previous work and provide further analysis to reflect discussions with the council and points made during consultation. It is intended that that this addendum is read in conjunction with the original report *North Dorset Whole Plan Viability and CIL Study - Final Report* as the same approach to testing has been undertaken and many of the assumptions used in testing are also the same. Where a different approach is taken will be highlighted in following chapters.

2.2 Summary of findings from the previous report

- 2.2.1 In the February 2015 report PBA tested viability in each of the main settlements, Blandford Forum, Sturminster Newton, Shaftesbury and Gillingham. In addition, PBA also tested the viability of development outside of these main settlements, in a value area termed 'Rural'. The original report indicated that viability of development differed between locations and as such recommended various affordable and CIL rates.
- 2.2.2 **Table 1.1** and **Table 1.2** summarise the findings from the residential and non-residential testing respectively. For further information regarding how these recommendations were derived it is advisable to consult the February 2015 report (*North Dorset Whole Plan Viability and CIL Study - Final Report*).

Table 1.1: Recommended affordable housing and CIL rate for Residential units

Area/Use	AH rate	Recommended CIL rate
Shaftesbury*	30%	£35
Blandford Forum*	30%	
Sturminster Newton*	25%	
Gillingham* (with the exception of the strategic site)	25%	
Gillingham Strategic Site	25%	£18
Rural areas* beyond the towns and southern extension boundary	40%	£45
Care Homes	0%	£0
Student accommodation	0%	£0

*including retirement and assisted living units.

Table 1.2: Recommended affordable housing and CIL rate for Non-Residential units

Area/Use	Affordable housing rate	Recommended CIL rate
All retail floorspace outside the town centres	Not applicable	£70
All other forms of liable floorspace	Not applicable	£0

2.3 Requirement for update and further analysis

- 2.3.1 In order to accurately provide information regarding these decisions, it is important, and set out in planning guidance, that relevant, up-to-date costs and values are used as part of the testing. This is carried out in a subsequent chapter for both residential and commercial uses.
- 2.3.2 Since providing North Dorset District Council with these findings they have published and carried out consultation on their Community Infrastructure Levy Preliminary Draft Charging Schedule. This update report allows PBA to provide greater clarification over some of the concerns raised as part of the consultation process. From the consultation, it was requested that further analysis was provided regarding the viability of flatted schemes in the main settlements, the assumptions used for the viability testing of retirement and extra care dwellings, and the viability assessment of the Gillingham strategic site.
- 2.3.3 Finally, the update provides PBA with the opportunity to address a series of changes to national planning guidance, particularly in regard to affordable housing and the potential implications of the Government’s Starter Homes initiative.

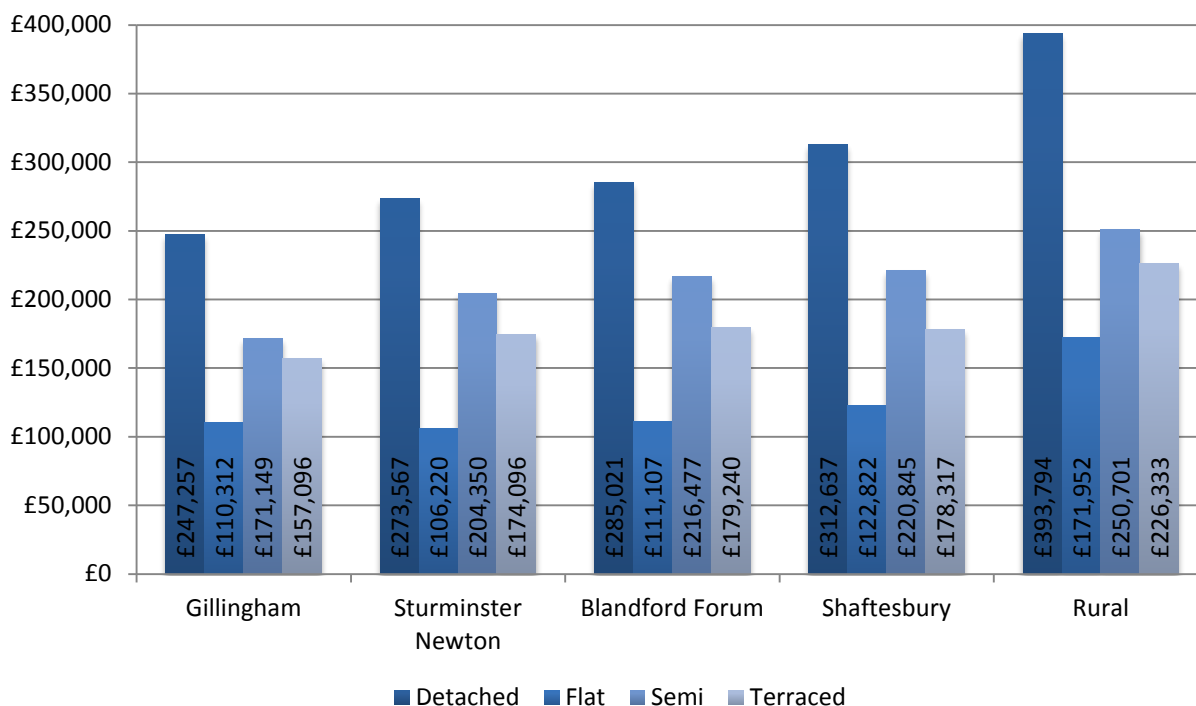
3 Reviewing the residential appraisals

3.1 Reviewing sales values

3.1.1 In the February 2015 report PBA identified that North Dorset was comprised of a number of distinct value areas. Both the analysis of Land Registry data, and PBA's consultation with local developers at the developer workshops, concluded that sales values were higher in rural areas outside of the four main settlement boundaries than within. In terms of the four settlements, PBA were advised that higher values were found within Shaftesbury and Blandford Forum compared to within Sturminster Newton and Gillingham.

3.1.2 As part of this update, PBA have outlined the typical transactional values for a various housing types sold in the last 3 years from Land Registry information in **Figure 2.1**. It can be concluded that the value areas identified in the original report still remain applicable with little change in the past year. Sales values in Gillingham remain lower than the other three settlements within North Dorset and have not increased significantly since the February 2015 report. Land Registry data suggest that sales values in the main towns of Blandford Forum and Shaftesbury are also similar, and again have changed little since the original report. In Shaftesbury, data from the last three years suggests that sales values have increased marginally, whilst, values in the rural areas have increased to a greater extent.

Figure 2.1: Average sales values since 2012



Source: Land Registry 2012 - present

3.1.3 In terms of houses, consultation informing the February 2015 report suggested that there was very little premium for new houses as it was considered that much of the existing housing stock was seen as attractive to the market. However, it was considered that there would be a premium on flatted developments. Land Registry data confirms this as, in the last 4 years, the average sales values for existing flats within the four main settlements was £106,000 compared to £160,000 for new flats, which can be seen in **Table 2.1**. **Figure 2.1**, along with

consultation with the development industry, confirms that sales values for flatted developments do not vary significantly between the main settlements.

Table 2.1: Average sales values for existing and new flats

Location/use	Existing flats average price	New flats average price
Blandford Forum	£110,347	<i>Small sample size</i>
Gillingham	£101,418	£182,859
Shaftesbury	£104,714	£180,155
Sturminster Newton	£105,303	<i>Small sample size</i>
Average	£106,155	£160,691

Source: Land Registry data 2012 - present

- 3.1.4 In order to gain an understanding of the sales values per square metre of new properties, PBA have considered the sales per square metre values of new developments on, or recently on, the market. A sample of the properties considered are set out in the appendices.
- 3.1.5 From analysis of transactional data on house prices within the main four settlements, it is understood that the average sales values have remained fairly static in the previous year. PBA have therefore kept sales values constant with the previous report. The same data shows that house prices within the rural areas have increased marginally, by approximately 2.5%.
- 3.1.6 Taking all this into consideration, **Table 2.2** outlines the updated sales per square value used for houses and flats.
- 3.1.7 As it is considered that there is little difference in the sales values for flatted developments within the main settlements, indeed flatted developments remain fairly uncommon within the district, PBA have used a single sales value of £2,300 for the main towns and £2,400 for the rural area.

Table 2.2: Updated sales value per square metre for houses and flats used by area

Location	House price	Flat price
Shaftesbury	£2,527	£2,300
Gillingham	£2,378	
Blandford Forum	£2,583	
Sturminster Newton	£2,447	
Rural	£2,768	£2,400

Source: PBA Derived from Land Registry, commercial websites and consultation responses

3.2 Testing additional town centre flats

- 3.2.1 In preparing the original report, PBA consulted both North Dorset District Council and the development industry to ascertain the type of developments likely to be brought forward during the plan period. PBA were advised of a strong preference for houses, as opposed to flats, and as such these were the main focus of the viability assessments.

- 3.2.2 However, following the consultation period, PBA have been requested to further analyse the viability of town centre flatted schemes. To do this, PBA have introduced two additional typologies to cover flatted schemes as outlined in **Table 2.3**.

Table 2.3: Additional town centre flatted schemes tested

Typology	Type of land	Net area (h.a)	Dwelling Capacity	Density (dwellings per h.a)
Within settlement (9 units)	Brownfield	0.076	9	141
Within settlement (20 units)	Brownfield	0.18	20	141

3.3 Reviewing build costs

- 3.3.1 Having updated the sales values it is also necessary to update the build costs. Similar to the original report PBA use the latest Building Cost Information Service (BCIS) rebased to North Dorset, and consider different rates for small housebuilders and the larger volume housebuilders. The updated build costs used for retirement dwellings are discussed in a subsequent sector.

Table 2.4: Median build costs rebased to North Dorset (per sq. m.)

Dwelling type	Small housing scheme (3 or less units)	Medium sized house scheme (4 to 14 units)	Estate housing (15+ units)
Flats	£1,097		
Houses	£1,129	£1,053	£976

Source: PBA derived from BCIS

3.4 Other changes to assumptions

- 3.4.1 This section addresses a number of other queries that arose as part of the consultation:

S.106/S.278

- 3.4.2 Following consultation on the Preliminary Draft Charging Schedule PBA have been asked to provide extra clarification regarding how s.106 and s.278 obligations are accounted for in the assessment. The original report treated s.106/s.278 towards the end of the process by ensuring a sufficient buffer was used between the headroom and the CIL charge to account for these type of costs. Some of the consultation responses asked for greater clarity on this issue, and requested that a cost is factored into the appraisals. Using a record of typical receipts from other developments provided by North Dorset District Council PBA have factored in a cost of £1,600 per unit. This is a cautious and conservative approach as potentially some of this 's.106' cost could be sought through CIL in the future.

Infrastructure costs specific to the Gillingham southern extension

- 3.4.3 In order to gain a better understanding of the costs involved in the Gillingham southern extension, PBA's original report included a number of site specific costs that were used in place of the generic, broader assumptions used in the rest of the appraisals. To do this, PBA considered more specific infrastructure costs with North Dorset District Council, including costs and timeframes relating to infrastructure that had been discussed with the developers of the site.

- 3.4.4 The various costs were then categorised in order to ascertain whether they could be considered as opening up costs, s.106/s.278 or CIL contributions (so as to avoid double counting within the PBA appraisal). These costs are considered below:
- a. **Opening up costs.** At the time of the original appraisal PBA understood that many of the costs elements had not been fully confirmed. PBA consider that the £17,000 per unit figure remains an appropriate benchmark to be used within this assessment.
 - b. **Developer contributions.** As part of the consultation process, PBA were advised that the assumptions used for developer contributions such as CIL and s.106/278 were too low. As noted above, PBA have further discussed infrastructure costs relating to the southern extension in more detail with the Council which has provided greater clarity over the various infrastructure improvements, (including improvements to transport, education, green infrastructure etc) that are expected as part of the development. In total, the infrastructure items equal just over £18m. Whilst there is a possibility that a large proportion of this figure that could be considered as a CIL contribution, for the purpose of this assessment it is assumed that the whole figure is included as s.106/278 and is incorporated into the appraisal.

4 Results of residential testing

4.1 Summary of testing

4.1.1 This section sets out the results of the retesting of residential units within North Dorset. As discussed in the 2015 report, the headroom is the difference between the residual value of the appraised typology and the benchmark/threshold land value. Similarly, the colours denote whether the scheme is viable (green), unviable (red) or marginal (where the residual land value is $\pm 10\%$ of the benchmark land value, in orange)

4.1.2 This testing is based on the following policy assumptions:

- Affordable housing threshold at 10 dwellings
- Affordable housing proportion sought is:
 - 25% in Gillingham (inc. Gillingham Southern Extension) and Sturminster Newton;
 - 30% in Shaftesbury and Blandford Forum;
 - 40% in Rural areas.
- Includes a contribution for developer contributions (i.e. s.106).

4.1.3 In order to assess the scope for CIL, it is worth discussing each of the value areas separately:

Blandford Forum

4.1.4 Similar to the February 2015 report, and consistent with all locations, viability is poorer for the 12 house typologies which is predominantly due to the dwelling mix, which includes an element of flatted units, and the implications of the affordable housing threshold. The original report identified that a CIL rate of £35 could be accommodated within Blandford Forum. As the overall viability has decreased slightly, a CIL rate of £30 per square metre could be considered more appropriate, which could be accommodated on all sites (with the exception of the 12 house typologies, as discussed).

Table 3.1: Residential CIL liable headroom by typology for Blandford Forum

	Site Typology	Value Area	Units		Headroom	
			No.	Affordable housing %	£ Per Ha	CIL liable £Sq.m
14	Blandford Forum (1 house)	Blandford Forum	1	0%	£404,476	£88
15	Blandford Forum (4 houses)	Blandford Forum	4	0%	£685,182	£156
16	Blandford Forum (9 houses)	Blandford Forum	9	0%	£341,322	£88
17	Blandford Forum (12 houses)	Blandford Forum	12	30%	£-439,311	£-173
18	Blandford Forum (20 houses)	Blandford Forum	20	30%	£134,883	£50
19	Blandford Forum (50 mixed)	Blandford Forum	50	30%	£93,909	£36

20	Blandford Forum (150 mixed)	Blandford Forum	150	30%	£378,842	£122
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Source: PBA Research

Gillingham

- 4.1.5 Similar to Blandford Forum, viability relating to the 12 house typologies remains weak due the affordability threshold. Considering the headroom of the other typologies, it is considered that a CIL rate of £30 could be accommodated on the majority of the typologies.

Table 3.2: Residential CIL liable headroom by typology for Gillingham

	Site Typology	Value Area	Units		Headroom	
			No.	%	£ Per Ha	CIL liable £Sq.m
7	Gillingham (1 house)	Gillingham	1	0%	£68,366	£15
8	Gillingham (4 houses)	Gillingham	4	0%	£386,397	£88
9	Gillingham (9 houses)	Gillingham	9	0%	£133,182	£35
10	Gillingham (12 houses)	Gillingham	12	25%	-£421,220	-£154
11	Gillingham (20 houses)	Gillingham	20	25%	£126,591	£43
12	Gillingham (50 mixed)	Gillingham	50	25%	£97,083	£34
13	Gillingham (150 mixed)	Gillingham	150	25%	£324,227	£97

Source: PBA Research

Gillingham Southern Extension

- 4.1.6 Based on the testing within the 2015 report, it was recommended that a CIL rate of £18 per square metre could be considered appropriate, depending on further clarification of infrastructure costs.
- 4.1.7 As discussed in a previous section, PBA have now incorporated a figure of £18m for developer contributions into the appraisal. As seen in **Table 3.3** the outcome of this is that there is little scope for a CIL charge. It is therefore advised that the developer contributions, as identified in the infrastructure schedule, are sought through s.106 and the site is zero rated in terms of CIL.

Table 3.3: Residential CIL liable headroom by typology for Gillingham Southern Extension

	Site Typology	Value Area	Units		Headroom	
			No.	%	£ Per Ha	CIL liable £Sq.m
35	Gillingham (southern extension)	Gillingham	1,800	25%	£25,822	£10

Source: PBA Research

Shaftesbury

- 4.1.8 With the exception of the 12 unit typology and the 20 unit typology, the other typologies can be considered as positive. A CIL rate of £30 could be considered appropriate based on the headrooms in **Table 3.4**.

Table 3.4: Residential CIL liable headroom by typology for Shaftesbury

	Site Typology	Value Area	Units		Headroom	
			No.	Affordable housing %	£ Per Ha	CIL liable £Sq.m
1	Shaftesbury (1 house)	Shaftesbury	1	0%	£217,051	£47
2	Shaftesbury (4 houses)	Shaftesbury	4	0%	£507,953	£116
3	Shaftesbury (9 houses)	Shaftesbury	9	0%	£221,728	£57
4	Shaftesbury (12 houses)	Shaftesbury	12	30%	-£559,897	-£220
5	Shaftesbury (20 houses)	Shaftesbury	20	30%	£7,458	£3
6	Shaftesbury (150 mixed)	Shaftesbury	150	30%	£234,456	£75

Source: PBA Research

Sturminster Newton

- 4.1.9 Similar to the other settlement areas, **Table 3.5** indicates a £30 CIL could be considered as appropriate.

Table 3.5: Residential CIL liable headroom by typology for Sturminster Newton

	Site Typology	Value Area	Units		Headroom	
			No.	Affordable housing %	£ Per Ha	CIL liable £Sq.m
21	Sturminster Newton (1 house)	Sturminster Newton	1	0%	£149,301	£33
22	Sturminster Newton (4 houses)	Sturminster Newton	4	0%	£454,769	£104
23	Sturminster Newton (9 houses)	Sturminster Newton	9	0%	£171,043	£44
24	Sturminster Newton (12 houses)	Sturminster Newton	12	25%	-£430,889	-£158
25	Sturminster Newton (50 mixed)	Sturminster Newton	50	25%	£104,058	£37
26	Sturminster Newton (150 mixed)	Sturminster Newton	150	25%	£357,837	£107

Source: PBA Research

Rural areas

- 4.1.10 As identified in the 2015 report, the rural areas are considered as the most viable of the value areas, particularly with regards to units under the affordable housing threshold. The headroom set out in **Table 3.6** indicates that a CIL rate of £45 remains appropriate.

Table 3.6: Residential CIL liable headroom by typology for Rural areas

	Site Typology	Value Area	Units		Headroom	
			No.	Affordable housing %	£ Per Ha	CIL liable £Sq.m
27	Rural areas (1 house)	Rural	1	0%	£1,068,536	£233
28	Rural areas (4 houses)	Rural	4	0%	£1,258,103	£286
29	Rural areas (9 houses)	Rural	9	0%	£861,084	£223
30	Rural areas (12 houses)	Rural	12	40%	-£234,762	-£108
31	Rural areas (20 houses)	Rural	20	40%	£145,663	£62
32	Rural areas (50 mixed)	Rural	50	40%	£98,890	£44
33	Rural areas (150 mixed)	Rural	150	40%	£407,641	£153

Source: PBA Research

4.2 Testing of town centre flats

- 4.2.1 The appraisal also considers the viability of two flatted developments, a 9 unit scheme and 20 unit scheme. As noted in a previous section, the values received for flats are weaker compared to other housing types (see **Figure 2.1**) and, additionally, the build costs associated with flatted developments are higher.
- 4.2.2 As a result, the appraisals indicate that viability is constrained for these units compared to the other typologies tested. It is therefore considered that floorspace from flatted developments are zero rated.

5 Starter Home Initiative

5.1 Assessing the impact of the Starter Home initiative

- 5.1.1 The Housing and Planning Bill had its first reading in the House of Lords on 14 January 2016. The Bill confirmed a number of items that were trailed during 2015, including Starter Homes. However, most of the detail has yet to be published at time of writing this report and are expected through subsequent regulations from the Secretary of State.
- 5.1.2 Of relevance to this report, and the topic of affordable housing, the Bill promotes Starter Homes, available to qualifying first time buyers at a discount of at least 20% of the market value. It also includes a new legal duty on a Local Planning Authority (LPA) to carry out its relevant planning functions with a view to promoting the supply of Starter Homes in England. There is also a power for the Secretary of State to make regulations to provide that a LPA may only grant planning permission for specified residential development if the Starter Homes requirement is met. The requirements are to be set out in regulations but could include the requirement for a certain proportion of Starter Homes to be included, or a 'commuted sum' to be paid to the LPA for developing Starter Homes as part of a planning obligation, i.e. s106.
- 5.1.3 For the purposes of this report, the affordable housing proportion retains the 70% for Affordable Rent. However, the intermediate element of Shared Ownership at 30% has been replaced with Starter Homes. The testing has taken this approach as it is considered likely that those who may have been attracted to the Shared Ownership product are more likely to switch to the Starter Home product if it is available, rather than those who are 100% subsidised renting.
- 5.1.4 **Table 4.1** indicates the headrooms derived from the testing in a previous section, against the headrooms with the Starter Home initiative. Whilst question marks remain over precisely how this policy will be translated into practice, the viability testing identifies that the probable outcome is an improvement in viability.
- 5.1.5 The testing would therefore suggest that the affordable housing and CIL rate would likely still be appropriate in light of these changes.

Table 4.1: Comparison of Headroom against Headroom with Starter Home initiative

	Site Typology	Value Area	Units	AH	Headroom	Headroom with Starter Homes
1	Shaftesbury (1 house)	Shaftesbury	1	0%	£47	£47
2	Shaftesbury (4 houses)	Shaftesbury	4	0%	£116	£116
3	Shaftesbury (9 houses)	Shaftesbury	9	0%	£57	£57
4	Shaftesbury (12 houses)	Shaftesbury	12	30%	-£220	-£185
5	Shaftesbury (20 houses)	Shaftesbury	20	30%	£3	£37
6	Shaftesbury (150 mixed)	Shaftesbury	150	30%	£75	£109
7	Gillingham (1 house)	Gillingham	1	0%	£15	£15
8	Gillingham (4 houses)	Gillingham	4	0%	£88	£88
9	Gillingham (9 houses)	Gillingham	9	0%	£35	£35
10	Gillingham (12 houses)	Gillingham	12	25%	-£154	-£128

11	Gillingham (20 houses)	Gillingham	20	25%	£43	£69
12	Gillingham (50 mixed)	Gillingham	50	25%	£34	£60
13	Gillingham (150 mixed)	Gillingham	150	25%	£97	£122
14	Blandford Forum (1 house)	Blandford Forum	1	0%	£88	£88
15	Blandford Forum (4 houses)	Blandford Forum	4	0%	£156	£156
16	Blandford Forum (9 houses)	Blandford Forum	9	0%	£88	£88
17	Blandford Forum (12 houses)	Blandford Forum	12	30%	-£173	-£138
18	Blandford Forum (20 houses)	Blandford Forum	20	30%	£50	£84
19	Blandford Forum (50 mixed)	Blandford Forum	50	30%	£36	£70
20	Blandford Forum (150 mixed)	Blandford Forum	150	30%	£122	£155
21	Sturminster Newton (1 house)	Sturminster Newton	1	0%	£33	£33
22	Sturminster Newton (4 houses)	Sturminster Newton	4	0%	£104	£104
23	Sturminster Newton (9 houses)	Sturminster Newton	9	0%	£44	£44
24	Sturminster Newton (12 houses)	Sturminster Newton	12	25%	-£158	-£132
25	Sturminster Newton (50 mixed)	Sturminster Newton	50	25%	£37	£63
26	Sturminster Newton (150 mixed)	Sturminster Newton	150	25%	£107	£133
27	Rural areas (1 house)	Rural	1	0%	£233	£233
28	Rural areas (4 houses)	Rural	4	0%	£286	£286
29	Rural areas (9 houses)	Rural	9	0%	£223	£223
30	Rural areas (12 houses)	Rural	12	40%	-£108	-£53
31	Rural areas (20 houses)	Rural	20	40%	£62	£116
32	Rural areas (50 mixed)	Rural	50	40%	£44	£97
33	Rural areas (150 mixed)	Rural	150	40%	£153	£206
35	Gillingham (southern extension)	Gillingham	1,800	25%	£10	£34

6 Re-appraising housing for older people

6.1 Introduction

6.1.1 This chapter re-tests a number of assumptions regarding the impact of CIL on older persons housing, namely **retirement accommodation** and **extra care (also known as assisted living)** schemes. Although these were tested in the previous report, further research into the assumptions used for these schemes warrant the need for further analysis. In terms of viability testing, we consider these types of housing as defined below:

- **Retirement dwellings** – also known as sheltered housing, are defined as groups of dwellings, often flats and bungalows, which provide independent, self-contained homes. PBA consider that in addition to this, there will likely be some element of communal facilities, such as a lounge or warden. A service charge will be in place to cover the normal ongoing costs but also incur additional costs to upkeep communal facilities as described.
- **Extra care** – also known as assisted living by the private sector. It is provided across a range of tenures (owner occupied, rented, shared ownership/equity). This is housing with care whereby people live independently in their own flats but have access to 24 hour care and support. These are defined as schemes designed for an elderly population that may require further assistance with certain aspects of their day to day life. Arrangements for care provision vary between care provided according to eligible assessed need by the local authority and people purchasing privately who may not have such a high level of need which is on site and is purchased according to need. For private sector developments the care facilities are normally part of a care package with additional fees to pay for the service and facilities, which are on top of normal service charges and the cost of purchasing the property. The schemes will often have their own staff and may provide one or more meals per day. PBA consider these as schemes that will likely have a greater proportion of communal space than Retirement dwellings and a likely to be built to standards likely to suit an older population, i.e. wheelchair access, better designed bathroom facilities etc.
- **Care homes** – residential or nursing homes where 24 hour personal care and/or nursing care are provided together with all meals. People occupy under a licence arrangement.

6.1.2 It is worth noting that, as part of the February 2015 PBA non-residential report, care homes were also appraised. It is considered that the assumptions are not sufficiently different to the original market and that these uses are still likely to be unviable in the current market. Therefore, care homes schemes are not further tested for the purpose of setting a CIL.

6.2 Assumptions for further testing

6.2.1 Following further research and consultation with various older person housing providers, this update provides us with the opportunity to re-examine a number of the assumptions used in the original assessment. The assumptions used for retirement accommodation and extra care are as summarised below, with all other assumptions not listed below remaining the same as the original report.

- **Scheme sizes** – Both the retirement and extra care schemes are based on a size of 0.5 hectares. The retirement scheme includes 55 units and the extra care scheme includes 45 units.
- **Size of units** – The net internal areas remain the same as set out in the original study. However, following further advice with developers in this industry, PBA have revised the gross internal areas to 83 sq.m for retirement homes and 109 sq.m for extra care units.

This follows clarification made by the Retirement Housing Group¹ (henceforth referred to as RHG guidance) as to how the guidance should be interpreted regarding appropriate sizes for 1 and 2 bed properties.

- **Build cost** - In terms of build costs the testing adopts figures supplied by BCIS, as per the February 2015 report. The latest figures from BCIS suggest £1,158 per sq. m for retirement properties and £1,200 for extra care. These figures reflect the 9% and 13% uplift on costs as set out in RHG guidance.
- **Sales value per square metre** – Where there are relatively few local schemes currently on the market (as is the case in North Dorset) the RHG guidance sets out an alternative approach to robustly establishing values. It suggests that sales prices for one bed retirement homes should be in the region of 75% of the price of a three bed semi-detached properties in that location, with two bed retirement properties equal to the full value of a three bed semi-detached house. It is understood through consultation and research that a three bedroom semidetached property could be considered in the region of £225,000. As the appraisal assumes that the developments are split equally between one bedroom and two bedroom units, this equates to a sales per square metre value figure of approximately £3,125 for retirement properties.

PBA have utilised RHG guidance, which suggests that the total sales value for an extra care property is 25% higher than retirement homes. Acknowledging the different sizes of both extra care units and retirement properties, a sale per square metre of £3,470 for extra care units has been used.

- **Land Values** – PBA have tested both retirement homes and extra care homes using the land values applicable to each value area. These are unchanged from the original report.
- **Greenfield and Brownfield** – Similar to the previous report, PBA have tested what is effectively in viability terms ‘the worst case scenario’ and assumed that the sites are on brownfield land (and therefore incur extra costs involved in remediation and demolition etc).

6.3 Testing of older persons units

- 6.3.1 PBA have tested the retirement and extra care schemes using the affordable housing percentages recommended in the original study. **Table 5.1** examines the headroom of both extra care units and retirement including a provision of £1,600 for s106 costs, similar to the other typologies (with the exception of the Gillingham southern extension).
- 6.3.2 In **Table 5.1** it can be seen that the viability of both retirement properties and extra care properties has changed from the findings in the original report. A key reason for this is due to the greater allowance for communal space used in this update, a point raised in the consultation process.
- 6.3.3 The testing identifies that retirement properties would be able to afford a CIL contribution of £30. However, it is recommended that extra care units are zero rated.

¹ “A briefing note on viability prepared for Retirement Housing Group by Three Dragons”, Three Dragons, May 2013

Table 5.1: Retirement accommodation maximum headroom at various affordable housing provision

	Units	CIL Liable Headroom
Extra care (assisted living)	45 units	-£40
Retirement home	55 units	£42

Source: PBA Research

7 Non Residential update

7.1 Updating sales values

- 7.1.1 Whilst the consultation period did not provide any significant issues with the methodology or the assumptions used in the non-residential appraisals, PBA have reviewed these types of developments in order to ensure the latest cost and value data is used in the assessment.
- 7.1.2 Again, a similar set of sources have been utilised, such as COSTAR, EGI and commercial agents' websites, such as Rightmove. This information has been formed alongside the views of the development market.

7.2 Retail units

- 7.2.1 The results of the previous report indicated that a CIL rate of £70 could be sought from all retail space outside the four main town centres. The following section provides a summary of any key changes regarding rental rates and yields of retail units that may have occurred in the previous year.

Convenience retail

- 7.2.2 PBA tested three typologies focussed on convenience retail. The definitions of these remain the same and represent the viability of:

- **Supermarkets**, the model assumes developments of 2,500 sq.m.
- **Smaller, format supermarkets** (referred to as **Local convenience** in the February 2015 report), appraises a scheme of 1,000 sq.m. This represents the recent shift in preference for retailers to occupy smaller stores, as can be seen in the growing presence of discount stores such as ALDI and LIDL.
- **Small local convenience**, the model assumes developments of 280 sq.m.

- 7.2.3 PBA have reassessed the expected rents and yields for these types of units. As identified in the original report, there are relatively few schemes in this immediate location, so values have had to be drawn from a wider area. The sample of developments that have informed this report are listed in **Appendix B**.

- 7.2.4 It is understood that nationally the growth in rental rates for convenience units has slowed. Indeed, research from sites such as COSTAR and EGI, along with a number of other online sites (such as local surveyors and commercial property agents) do not suggest that there has been any considerable change in the last year.

- 7.2.5 The 2,400 sq.m Asda Superstore located on Station Road, Gillingham, whilst leased towards the end of 2011 for £165 per square metre, is considered to be an appropriate benchmark for larger units. Additionally, latest transactional data for smaller convenience units indicates values range between £100 and £200 per square metre.

Comparison retail

- 7.2.6 PBA are unaware of any significant increases in rental values in the past year for any of the typologies relating to convenience or comparison retail. Since the original study, a large retail warehouse located just outside Gillingham town centre has been leased with a rental value of £146 per square metre whilst a number of smaller town centre units appear to have been transacted with rental values ranging between £130 and £190. For this reason, sales values and yields used within this update remain the same as the original study.

Table 6.1: Rental values and yields for retail units

	Rent	Yield
5: Smaller format supermarket (local convenience)	£178	6.50%
6: Supermarket	£185	5.00%
7: Retail warehouse	£145	7.50%
8: Town centre retail	£148	8.00%
10: Small local convenience	£178	6.50%

Source: PBA Research

7.3 B-class and Hotel units

- 7.3.1 The original report appraised a number of typologies that considered B-class units (Town centre offices, Business parks, Industrial units and Warehouses). Similarly, PBA also assessed the viability of Hotel units, testing a 60 bed scheme, within the district.
- 7.3.2 The conclusion of the original report was that these uses were a considerable way away from being viable. Whilst sales values and yields may have changed slightly since the previous report, it is understood that they would still not be sufficient enough to generate scope for a levy charge. Therefore, PBA have not re-examined these uses.

7.4 Updating build costs

- 7.4.1 The new build costs used in the report are set out in **Table 6.2**. Similar to the residential section, PBA again used median values from the BCIS, rebased to represent North Dorset.

Table 6.2: Build costs taken from BCIS (1st Quarter 2015)

Typology	Build Costs per square metre
5: Smaller format supermarket (local convenience)	£1,238
6: Supermarket	£1,492
7: Retail warehouse	£659
8: Town centre retail	£969
10: Small local convenience	£1,238

Source: PBA Research derived from BCIS

7.5 Other assumptions used in the appraisal

- 7.5.1 Aside from these, all other assumptions used in this appraisal remain the same as those set out in the original testing.

7.6 Results

- 7.6.1 After updating the build costs, **Table 6.3** identifies the results of the updated testing. By way of comparison, the table shows the headroom amounts for each typology against the CIL rates recommended in the original study in order to assess whether these rates are still applicable. To conclude, the recommended CIL rate of £70 for retail units outside the main town centres remains applicable.

Table 6.3: Updated headrooms against recommend CIL rates

Typology	Headroom	Recommended CIL Rate
5: Smaller format supermarket (local convenience)	£121	£70
6: Supermarket	£143	£70
7: Retail warehouse	£289	£70
8: Town centre retail	-£37	£0
10: Small, local convenience	£213	£70

Source: PBA Research derived from BCIS

8 Conclusions and recommendations

8.1 Changes to recommendations

- 8.1.1 The results in this update report indicate similar outcomes as the original report, due to fairly little change in the residential and commercial market in the year since the previous study. The update indicates that whilst sales values have been identified as fairly static, build costs have increased marginally, leading to a recommendation that a lower rate in the main settlement areas would be advisable. The four main settlement areas (Blandford Forum, Sturminster Newton, Shaftesbury and Gillingham) all indicate that revising the CIL rate from £35 to £30 could be considered as appropriate.
- 8.1.2 In rural areas, where it can be seen that the sales values have increased marginally alongside build costs, the testing would lead to the recommendation that the CIL rate remains unchanged.
- 8.1.3 For the purpose of CIL, the appropriateness of the town centre boundaries shall be consulted on as part of the Draft Charging Schedule.
- 8.1.4 In terms of the other residential testing, there are four aspects where the recommendations differ from the February 2015 report:
- The relatively high build costs associated with flatted developments coupled with relatively low sales values result in lower viability for these types of unit. The testing indicates that these should be excluded from a CIL charge.
 - The appraisal for the Gillingham Strategic Site has been revised in order to incorporate the currently known developer contributions specific to the site. As a result it is therefore advised that these costs are sought through s.106 costs and the site is exempt from CIL.
 - Retirement properties are able to accommodate a CIL payment of £30 as recommended within the main settlement areas.
 - It is recommended that extra care units are zero rated.
- 8.1.5 In reappraising commercial units, PBA's testing concludes that the recommendations set out in the February 2015 report of a £70 CIL on retail floorspace outside the town centre remain appropriate.
- 8.1.6 For clarity, the recommendations for all types of units are set out in **Table 7.1** below:

Table 7.1: CIL recommendations

Typology	Recommended CIL Rate
Residential development within the four main settlements (except the Gillingham SSA)	£30
Residential development in rural locations (outside the four main settlements)	£45
Gillingham Strategic Site	£0
Residential flatted developments	£0
Retirement properties	£30
Extra-care properties and care homes	£0
Retail development outside the town centre boundaries and the	£70

Gillingham SSA	
All other forms of non-residential floorspace	£0

Appendix A Sales per square metre data (as of Dec 2015)

	Broad location	Type	Price	Size	Sales value per sq.m
DIAMOND WAY	Blandford Forum	Detached	£300,000	132	£2,273
DIAMOND WAY	Blandford Forum	Detached	£290,000	118	£2,458
DIAMOND WAY	Blandford Forum	Detached	£281,000	118	£2,381
DIAMOND WAY	Blandford Forum	Detached	£273,000	118	£2,314
DIAMOND WAY	Blandford Forum	Detached	£270,000	118	£2,288
DIAMOND WAY	Blandford Forum	Detached	£270,000	118	£2,288
DIAMOND WAY	Blandford Forum	Detached	£260,000	118	£2,203
DIAMOND WAY	Blandford Forum	Detached	£239,950	89	£2,696
DIAMOND WAY	Blandford Forum	Semi	£234,950	89	£2,640
DIAMOND WAY	Blandford Forum	Semi	£234,000	89	£2,629
DIAMOND WAY	Blandford Forum	Semi	£227,000	89	£2,551
DIAMOND WAY	Blandford Forum	Semi	£222,500	89	£2,500
DIAMOND WAY	Blandford Forum	Semi	£215,000	77	£2,792
DIAMOND WAY	Blandford Forum	Semi	£215,000	77	£2,792
DIAMOND WAY	Blandford Forum	Terraced	£214,950	77	£2,792
GURKHA ROAD	Blandford Forum	Semi	£165,000	57	£2,895
OLD OAK GARDENS	Blandford Forum	Detached	£280,000	107	£2,617
OLD OAK GARDENS	Blandford Forum	Terraced	£190,000	71	£2,676
OLD OAK GARDENS	Blandford Forum	Terraced	£173,500	65	£2,669
ROYAL LODGE	Gillingham	Flat	£230,950		
ROYAL LODGE	Gillingham	Flat	£159,450	52	£3,066
ROYAL LODGE	Gillingham	Flat	£139,950	48	£2,916
TURKS PADDOCK, THE STREET	Rural	Semi	£210,000	83	£2,530
GRAYS CLOSE	Rural	Detached	£279,000	135	£2,067
MAPLE ROAD	Shaftesbury	Terraced	£194,745	89	£2,188
MAPLE ROAD	Shaftesbury	Semi	£192,995	82	£2,354
MAPLE ROAD	Shaftesbury	Semi	£179,995	82	£2,195
MAPLE ROAD	Shaftesbury	Semi	£179,995	82	£2,195
MAPLE ROAD	Shaftesbury	Flat	£142,995	63	£2,270
MAPLE ROAD	Shaftesbury	Flat	£130,000	63	£2,063

INDUS ROAD	Shaftesbury	Semi	£225,000	107	£2,103
INDUS ROAD	Shaftesbury	Detached	£217,995	87	£2,506
INDUS ROAD	Shaftesbury	Semi	£215,000	87	£2,471
CASTLE GARDENS	Shaftesbury	Flat	£295,000	79	£3,734
MEAD WAY	Shaftesbury	Semi	£194,995	90	£2,167
MEAD WAY	Shaftesbury	Terraced	£169,995	78	£2,179
MEAD WAY	Shaftesbury	Semi	£165,000	61	£2,705
REYNOLDS RISE	Shaftesbury	Detached	£257,500	112	£2,299
LEGG ROAD	Shaftesbury	Terraced	£204,995	90	£2,278
LEGG ROAD	Shaftesbury	Semi	£186,995	78	£2,397
LEGG ROAD	Shaftesbury	Semi	£182,000	78	£2,333
LEGG ROAD	Shaftesbury	Semi	£179,995	78	£2,308
LEGG ROAD	Shaftesbury	Semi	£179,995	78	£2,308
LEGG ROAD	Shaftesbury	Semi	£155,000	60	£2,583
LEGG ROAD	Shaftesbury	Semi	£154,000	60	£2,567
MAMPITTS LANE	Shaftesbury	Semi	£185,000	78	£2,372
BUTTONS AVENUE	Shaftesbury	Terraced	£182,995	78	£2,346
BUTTONS AVENUE	Shaftesbury	Semi	£179,995	78	£2,308
BUTTONS AVENUE	Shaftesbury	Semi	£179,995	78	£2,308
BUTTONS AVENUE	Shaftesbury	Terraced	£179,000	78	£2,295
BUTTONS AVENUE	Shaftesbury	Terraced	£174,995	78	£2,244
ANSTEE ROAD	Shaftesbury	Terraced	£207,000	87	£2,379
ANSTEE ROAD	Shaftesbury	Semi	£175,000	82	£2,134
ANSTEE ROAD	Shaftesbury	Terraced	£174,995	82	£2,134
ANSTEE ROAD	Shaftesbury	Terraced	£155,995	58	£2,690
ANSTEE ROAD	Shaftesbury	Terraced	£150,995	58	£2,603
CASTLE GARDENS	Shaftesbury	Detached	£640,000	165	£3,879
CASTLE GARDENS	Shaftesbury	Terraced	£435,000	114	£3,816
CASTLE GARDENS	Shaftesbury	Flat	£335,000	92	£3,641
CASTLE GARDENS	Shaftesbury	Flat	£315,000	92	£3,424
CASTLE GARDENS	Shaftesbury	Flat	£290,000	79	£3,671
BRAMBLE PATCH	Shaftesbury	Semi	£220,000	107	£2,056
BRAMBLE PATCH	Shaftesbury	Detached	£207,500	87	£2,385
BRAMBLE PATCH	Shaftesbury	Terraced	£205,000	87	£2,356
BRAMBLE PATCH	Shaftesbury	Semi	£200,000	87	£2,299
BRAMBLE PATCH	Shaftesbury	Terraced	£197,000	87	£2,264
BRAMBLE PATCH	Shaftesbury	Terraced	£194,995	87	£2,241
BRAMBLE PATCH	Shaftesbury	Terraced	£189,995	87	£2,184

MEAD WAY	Shaftesbury	Semi	£204,995	90	£2,278
MEAD WAY	Shaftesbury	Semi	£190,000	90	£2,111
MEAD WAY	Shaftesbury	Semi	£165,000	61	£2,705
MEAD WAY	Shaftesbury	Terraced	£160,000	61	£2,623
MEAD WAY	Shaftesbury	Terraced	£160,000	61	£2,623
MEAD WAY	Shaftesbury	Semi	£160,000	58	£2,759
MEAD WAY	Shaftesbury	Semi	£160,000	58	£2,759
MEAD WAY	Shaftesbury	Semi	£159,950	58	£2,758
MEAD WAY	Shaftesbury	Semi	£159,950	58	£2,758
LEGG ROAD	Shaftesbury	Semi	£190,000	90	£2,111
LEGG ROAD	Shaftesbury	Terraced	£160,000	61	£2,623
LEGG ROAD	Shaftesbury	Terraced	£160,000	61	£2,623
LEGG ROAD	Shaftesbury	Semi	£159,995	60	£2,667
LEGG ROAD	Shaftesbury	Semi	£158,000	60	£2,633
LEGG ROAD	Shaftesbury	Flat	£120,000	65	£1,846

Appendix B Retail research

Town centre retail - Sales values

Type	Broad location	Size sq.m	Sales value per sq.m
Retail	Gillingham	475	£146
Retail	Blandford Forum	84	£130
Retail	Blandford Forum	62	£143
Retail	Shaftesbury	92	£173
Retail	Blandford Forum	84	£130
Retail	Blandford Forum	43	£186
Retail	Gillingham	39	£241
Retail	Sherborne	61	£107
Retail	Shaftesbury	69	£179
Retail	Shaftesbury	191	£105
Retail	Blandford Forum	303	£106

Retail warehouses – Sales values

Type	Broad location	Sales value per sq.m
Retail Warehouses	Gillingham, Station Rd	£146
Retail Warehouses	The Commerce Centre, Redlands	£269
Retail Warehouses	Turbary Park	£150
Retail Warehouses	Ringwood Road	£161

Small, local convenience retailers - Rents

Broad Location	Tenant	Size (sq.m)	Rent (per sq.m)
Gosport	Unknown	558	£138
Andover	Unknown	190	£276
Poole	Iceland	480	£204
Poole	Sainsbury's	411	£159
Wantage	Waitrose Ltd	250	£161
Oakham	Somerfield Stores	640	£246
Malvern Wells	Tesco	372	£122

Leicester	Co-Op	n/a	£133
Alcester Road, West Midlands	Tesco	371	£175

Small local convenience retailers - Yields

Broad Location	Tenant	Yield
Wantage	Waitrose	4.5%
Oakham	Co-operative Group	5%
Coventry	Tesco	4.57%
Leicester	Co-operative Group	4.76%
Malvern Wells	Tesco	5.75%
Wantage	J Sainsbury	4.5%
Wootton Bassett	J Sainsbury	6.6%
Cheltenham	J Sainsbury	4.9%
Oxford	Tesco	4.89%
Tetbury	N/A	4.27%
Birmingham	The Co-operative Group	5.25%
Halesowen	The Co-operative Group	5.25%
Stourbridge	N/A	5.79%
Milton Keynes	N/A	6.5%

Smaller format supermarket - Rents

Broad Location	Tenant	Achieved rent £ per sqm
Bath	Tesco	140
West Midlands	Aldi Ltd	147
Merseyside	Aldi	152
London	Lidl Ltd	161
Nottinghamshire	ALDI, Inc.	171
Suffolk	ALDI, Inc.	175
Cheshire	Aldi Stores Ltd	191
Essex	Lidl Ltd	191

Preston	Sainsbury's	160
Market Harborough	Tesco	156
Guildford	Morrisons	173
Twickenham	Tesco	310
Hampshire	Lidl Ltd	279

Smaller format Supermarket - Yields

Broad Location	Tenant	Yield (%)
Lancashire	Aldi	6.25
Not Disclosed	Lidl	6.5
Co Durham	Lidl	7.46
Middlesex	Lidl	4.15
London	Lidl	5.5
Staffordshire	Lidl	5.2
Various	Tesco	4.9
Newcastle	Waitrose	4.75
West Glamorgan	Lidl	5.76
Avon	Lidl	5.75
Hornchurch	Waitrose	4.43

Supermarkets – Rents and Yields

Store Operator	Location	Rent (sq.m)	Yield
Asda Superstore	Gillingham	£164	Unknown
Sainsbury's	Torpoint	£145	6%
Morrisons	South Shields	£137	5.25%
Waitrose	Rickmansworth	£211	4%
M&S Simply Food	Maldon	£197	5.58%
Waitrose	Hornchurch	£186	4.43%
Sainsbury's	Tooting	£253	4.50%

Tesco	Welling	£232	4.75%
Waitrose	Clerkenwell	£226	4.20%
ASDA	Bangor	£204	5%
Tesco Extra	Coventry	£168	4.11%
Waitrose	Crowborough	£192	5.04%
Waitrose	Wantage	£172	4.50%
Tesco	Wembley	£317	5.50%
Tesco	Congleton	-	4.90%
Tesco	Glastonbury	-	4.50%
Tesco	St Ives	-	4.90%
Tesco	Tiptree	£236	4.90%
Tesco	Coventry	-	4.57%
Tesco	Keynsham	-	4.96%
Tesco	Ruthin	£161	4.96%
Tesco	Welling	-	5%
Tesco	Cardiff	-	4.50%
Tesco	Chatteris	-	5%
Tesco	Gosport	£215	5%
Tesco	Corby	£215	4.60%
Tesco	Welling	£232	4.75%
Sainsbury's	Putney	£273	4%
Sainsbury's	Sale	£242	4.10%
Sainsbury's	Hythe	£226	4.10%
Sainsbury's	Ashford	£248	4.10%
Morrisons	Milton Keynes	£242	4.25%
Morrisons	Edgware Road, London	£286	4.60%
Sainsbury's	Harrow Manor Way, London	£237	4.50%
Sainsbury's	March	£194	4.76%
Morrisons	Aldershot	£224	4.25%
Sainsbury's	Hayes	£331	4.19%

Tesco	Oldham	£181	5.28%
Tesco	Bedford	£54	-
Waitrose	North Walsham	£161	-
Sainsbury's	Ballymena	£172	-
Sainsbury's	Londonderry	£172	-
Tesco Plc	Newry	£183	-
Waitrose Ltd	Worcester	£192	-
Tesco Plc	Lisburn	£194	-
Waitrose	Alton	£215	-
Asda	Isleworth	£221	-
Tesco	Derby	£236	-
Tesco	Stroud	£270	-
Waitrose	New Malden	£315	-
Waitrose	South Croydon	-	4.23%
Waitrose	York	-	4.45%
Tesco	Braintree	-	4.85%
Tesco	St Ives	-	4.90%
Tesco	Keynsham	-	4.96%
Tesco	Southampton	-	4.95%
Waitrose	Crewkerne	-	5%
Tesco	Keynsham	-	5.30%
Tesco	Bristol	-	6.62%

Town Centre Office - Sales values

Type	Broad location	Sales value per sq.m
Office	Sherborne	£185
Office	Shaftesbury	£103

Business parks – Sales Values

Type	Scheme	Broad Location	Size sq.m	Sales value per sq.m
Business Park Office	Unit 17, Higher Ham House, Shaftesbury Road	Gillingham	151	£77
Business Park Office	1st - Suite 3, Coldharbour Business Park - Castle Court	Sherborne	354	£81
Business Park Office	Ground - Suite 1, Coldharbour Business Park - Castle Court	Sherborne	275	£81
Business Park Office	Unit 8, Ground floor, Longmead Industrial Estate	Shaftesbury	72	£91
Business Park Office	Unit 14, Holland Business Park, Holland Way	Blandford Forum	145	£69

Industrial / Warehouse – Sales values

Type	Broad location	Sales value per sq.m
Industrial	Blandford Forum	£64.58
Industrial	Shaftesbury	£69.90
Industrial	Sherborne	£57.68
Industrial	Gillingham	£74.82
Industrial	Shaftesbury	£61.03
Industrial	Blandford Forum	£59.35
Industrial	Gillingham	£70.72

Appendix C Sensitivity testing

- C.1.1 Whilst guidance highlights the necessity that current costs and values are used in determining viability, PBA have also included sensitivity testing to show the likely impact of certain changes in the development climate. It is envisaged that this analysis may give an indication of appropriate trigger points in which to reconsider the recommendations in the study.
- C.1.2 The two components that have the greatest effect on viability outcomes, and considered most likely to change given recent trends, are build costs and sales values.
- C.1.3 In terms of build costs, current BCIS forecasts (rebased to North Dorset) estimate that per square metre figure, a year on from the figures used in this appraisal, to be 4.6% higher, and forecast the change in build costs to be 9.45% higher in the next two years. In terms of sales values, a recent report by Savills² suggests that house price growth in the next year is forecast to be around 5% higher and 8.15% higher in two years' time. Whilst we have used these figures in our testing, both forecasts are supplied by external bodies and are clearly are open to change. As such PBA use these figures purely for illustrative purposes.
- C.1.4 For one year and two years in the future, PBA model three scenarios; an increase in build costs, an increase in sales values and the impact of both an increase in build cost and sales values. Table C.1 shows a range of outcomes when applying these separate changes.
- C.1.5 The sensitivity testing suggests that:
- If build costs increase in the next year whilst sales values remain fairly stagnant there may be a necessity for the CIL rate for the town centres (particularly Shaftesbury and Blandford Forum) to be re-examined. However, the sensitivity testing identifies that the rural rate of £45 per square metre appears fairly resilient. If build costs increase rapidly by approximately 10% (with sales values constant) it is very likely that there would be a requirement to review recommendations.
 - If both build costs and sales values increase, as external bodies have forecasted, the net effect, in both one and two years, is likely to be an improving viability outlook

Table C1: Sensitivity Testing (1 and 2 year forecast)

	Site Typology	Headroom	+ 1 year			+ 2 year		
			Headroom with increase in Build costs (4.6%)	Headroom with increase sales values (5%)	Headroom with both an increase in Build costs (4.6%) and sales values (5%)	Headroom with increase in Build costs (9.43%)	Headroom with increase sales values (8.15%)	Headroom with both an increase in Build costs (9.43%) and sales values (8.15%)
1	Shaftesbury (1 house)	£47	-£16	£139	£76	-£83	£197	£67
2	Shaftesbury (4 houses)	£116	£57	£207	£148	-£1	£253	£144
3	Shaftesbury (9 houses)	£57	£5	£147	£94	-£50	£197	£96

² Savills World Research (2016) Key Themes for UK Real Estate in 2016 .

4	Shaftesbury (12 houses)	-£220	-£293	-£109	-£187	-£377	-£39	-£200
5	Shaftesbury (20 houses)	£3	-£70	£113	£40	-£146	£182	£34
6	Shaftesbury (150 mixed)	£75	£4	£184	£113	-£70	£253	£107
7	Gillingham (1 house)	£15	-£49	£102	£38	-£116	£156	£26
8	Gillingham (4 houses)	£88	£32	£174	£115	-£30	£228	£108
9	Gillingham (9 houses)	£35	-£18	£118	£61	-£79	£171	£54
10	Gillingham (12 houses)	-£154	-£230	-£59	-£128	-£308	£4	-£142
11	Gillingham (20 houses)	£43	-£25	£143	£75	-£93	£205	£66
12	Gillingham (50 mixed)	£34	-£33	£133	£65	-£104	£195	£57
13	Gillingham (150 mixed)	£97	£30	£195	£128	-£40	£257	£120
14	Blandford Forum (1 house)	£88	£24	£182	£119	-£42	£241	£111
15	Blandford Forum (4 houses)	£156	£97	£238	£190	£36	£296	£188
16	Blandford Forum (9 houses)	£88	£31	£176	£122	-£29	£231	£120
17	Blandford Forum (12 houses)	-£173	-£251	-£59	-£138	-£329	£13	-£149
18	Blandford Forum (20 houses)	£50	-£23	£162	£89	-£99	£233	£84
19	Blandford Forum (50 mixed)	£36	-£37	£148	£75	-£112	£218	£70
20	Blandford Forum (150 mixed)	£122	£50	£233	£162	-£24	£303	£157
21	Sturminster Newton (1 house)	£33	-£31	£122	£58	-£98	£178	£47
22	Sturminster Newton (4 houses)	£104	£47	£192	£133	-£14	£247	£127
23	Sturminster Newton (9 houses)	£44	-£13	£131	£73	-£68	£185	£68
24	Sturminster Newton (12 houses)	-£158	-£227	-£55	-£129	-£305	£10	-£141
25	Sturminster Newton (50 mixed)	£37	-£31	£138	£71	-£102	£202	£64
26	Sturminster Newton (150 mixed)	£107	£40	£208	£141	-£30	£271	£135
27	Rural areas (1 house)	£233	£169	£334	£270	£103	£397	£267
28	Rural areas (4 houses)	£286	£229	£385	£327	£179	£446	£328
29	Rural areas (9 houses)	£223	£167	£320	£264	£112	£381	£265
30	Rural areas (12 houses)	-£108	-£198	£21	-£63	-£293	£105	-£73
31	Rural areas (20 houses)	£62	-£21	£196	£113	-£108	£280	£109
32	Rural areas (50 mixed)	£44	-£39	£177	£94	-£126	£261	£91
33	Rural areas (150 mixed)	£153	£71	£285	£203	-£15	£368	£200
35	Gillingham (southern extension)	£10	-£52	£102	£41	-£117	£160	£35

Appendix D Glossary

Affordable Housing

Housing provided for sale, rent or shared equity at prices in perpetuity below the current market rate, which people in housing need are able to afford

Affordable Rent

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).

Allocated

Land which has been identified for a specific use in the current development

Brownfield Land, Brownfield Site

Land or site that has been subject to previous development

Charging Authority

The Charging Authority is the Local Planning Authority, although it may distribute the received levy to other infrastructure providers such as the county council in two tier authorities

Charging Schedule

The Charging Schedule sets out the charges the Charging Authority proposes to adopt for new development

Code for Sustainable Homes

The Code for Sustainable Homes is an environmental assessment method for rating and certifying the performance of new homes. It is a national standard for use in the design and construction of new homes with a view to encouraging continuous improvement in sustainable home building

Convenience Goods

Widely distributed and relatively inexpensive goods which are purchased frequently and with minimum of effort, such as newspapers and food.

Comparison Goods

Household or personal items which are more expensive and are usually purchased after comparing alternative models/types/styles and price of the item (e.g. clothes, furniture, electrical appliances). Such goods generally are used for some time

Development

Defined in planning law as 'the carrying out of building, engineering, mining or other operations in, on, over, or under land, or the making of a material change of use of any building or land'

Headroom

The residual value from development after deducting development costs, including profit and land value, from the gross development value.

Infrastructure

The network of services to which it is usual for most buildings or activities to be connected. It includes physical services serving the particular development (e.g. gas, electricity and water supply; telephones, sewerage) and also includes networks of roads, public transport routes, footpaths etc. as well as community facilities and green infrastructure

Intermediate Housing

Intermediate housing is homes for sale and rent provided at a cost above social rent but below market levels, subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes.

Low Carbon

To minimise carbon dioxide emissions from a human activity.

New Homes Bonus

The New Homes Bonus is a government funding scheme to ensure that the economic benefits of growth are returned to the local area. It commenced in April 2011, and will match fund the additional council tax raised for new homes and properties brought back into use, with an additional amount for affordable homes, for the following six years. The Government is currently consulting on whether from 2017-18, the number of years for which legacy payments under the Bonus are to be paid will be reduced from 6 years to 4 years. This is the Government's preferred option but it is considering whether to move further and reduce payments to 3 or 2 years with or without a transitional period. The Government is also considering reducing payments for homes built on appeal and only making payments for delivery above a baseline representing deadweight.

Planning Obligations

Legal agreements between a planning authority and a developer, or undertakings offered unilaterally by a developer to ensure that specific works are carried out, payments made or other actions undertaken which would otherwise be outside the scope of the planning permission. Often called Section 106 (S106) obligations or contributions. The term legal agreements may embrace S106.

Renewable Energy

Energy generated from sources which are non-finite or can be replenished. Includes solar power, wind energy, power generated from waste, biomass etc.

Residual land value

The amount remaining once the gross development cost of a scheme is deducted from its gross development value and an appropriate return has been deducted

Rural exception sites

Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. Small numbers of market homes may be allowed at the local authority's discretion, for example, where essential to enable the delivery of affordable units without grant funding.

Section 106 (S106) Contributions

See Planning Obligations.

Social Rent

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned 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.

Threshold land value

Landowners have an important role in deciding whether a project goes ahead on the basis of return from the value of their land. The threshold land value, or the benchmark land value, refers to the minimum value of the land that is likely to trigger the land owner to sell the land.

Use Classes and 'Use'

The Town and Country Planning (Use Classes) Order, 1987, a statutory order made under planning legislation, which groups land uses into different categories (called use classes). Change of within a use class and some changes between classes do not require planning permission. Please note that the definition of 'use' within the CIL regulations is meant in its wider sense and not in terms of the use classes e.g. whilst a supermarket and a shop selling clothes are the same use in terms of the use class

system i.e. A1 – they are clearly a different use in terms of the CIL regulations as a store selling only clothes is different from a store selling predominantly food.