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East Dorset District Council and Christchurch Borough Council

Community Infrastructure Levy Viability Testing

Consultancy Report | January 2013

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APPENDICES

1 INTRODUCTION

1.1 East Dorset District Council and Christchurch Borough Council are planning to introduce a Community Infrastructure Levy (CIL), and have appointed Peter Brett Associates (incorporating Roger Tym & Partners) to assess development viability in their areas and recommend CIL charging rates accordingly. This report provides our analysis and recommendations.

1.2 Whilst each local authority area will remain the legal charging authority, East Dorset and Christchurch are intending to have their CILs examined jointly. This allows a joint evidence base to be used for the examination.

1.3 Following this Introduction:

- In Chapter 2 we introduce the Community Infrastructure Levy and set out the legal requirements that a CIL charging schedule must comply with.
- Chapter 3 examines the planning and development context, in order to ensure that CIL supports development in the District and Borough as proposed in the Core Strategy.
- Chapters 4 and 5 set out the method and assumptions used in our viability assessments.
- Chapters 6-12 provide these assessments for different land uses and recommend CIL charges accordingly.
- Chapter 13 recommends a Standard Charge for uses not separately covered.
- Chapter 14 pulls together the Charges and shows the proposed CIL charging schedule.

1.4 We were also asked to recommend a suitable mechanism to calculate financial contributions for off-site affordable housing. This is attached as Appendix 2.

2 LEGAL REQUIREMENTS

Introduction

2.1 The Community Infrastructure Levy (CIL) is a new planning charge that came into force on 6 April 2010. The levy allows local authorities in England and Wales to raise contributions from developers to help pay for infrastructure that is needed as a result of development. Local authorities who wish to charge the levy must produce a draft charging schedule setting out CIL rates for their areas – which are to be expressed as pounds (£) per square metre, as CIL will be levied on the gross internal floorspace of the net additional liable development. Before it is approved by the Council, the draft schedule has to be approved by an independent examiner.

2.2 The requirements which a CIL charging schedule has to meet are set out in:

- The Planning Act 2008 as amended by the Localism Act 2011
- The CIL Regulations 2010[1], as amended in 2011[2] and 2012[3]
- The CIL Guidance issued under S221 of the Planning Act 2008, which is statutory guidance, i.e. it has the force of law and the authority must have regard to the guidance[4].

2.3 To help charging authorities meet these requirements, the government has also produced non-statutory information documents, comprising:

- CIL overview documents; and[5]
- Documents on CIL relief and on collection and enforcement[6].

2.4 Below, we summarise the key points from these various documents.

Finding the balance

2.5 Regulation 14 requires that a charging authority 'aim to strike what appears to the charging authority to be an appropriate balance' between

a) The desirability of funding from CIL (in whole or in part) the… cost of infrastructure required to support the development of its area… and

b) The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

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[1] http://www.legislation.gov.uk/ukdsi/2010/9780111492390/pdfs/ukdsi_9780111492390_en.pdf

[2] http://www.legislation.gov.uk/ukdsi/2011/9780111506301/pdfs/ukdsi_9780111506301_en.pdf

[3] http://www.legislation.gov.uk/uksi/2012/2975/pdfs/uksi_20122975_en.pdf

[4] DCLG (December 2012) *Community Infrastructure Levy Guidance https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/36743/Community_Infrastructure_Levy_guidance_Final.pdf*

[5] http://www.communities.gov.uk/documents/planningandbuilding/pdf/1897278.pdf

[6] http://www.communities.gov.uk/documents/planningandbuilding/pdf/19021101.pdf; http://www.communities.gov.uk/documents/planningandbuilding/pdf/1995794.pdf

2.6 By itself, this statement is not easy to interpret. The statutory guidance explains its meaning. This explanation is important and worth quoting at length:

'By providing additional infrastructure to support development of an area, the levy is expected to have a positive economic effect on development across an area. In deciding the rate(s) of the levy for inclusion in its draft charging schedule, a key consideration is the balance between securing additional investment for infrastructure to support development and the potential economic effect of imposing the levy upon development across their area. The Community Infrastructure Levy regulations place this balance of considerations at the centre of the charge-setting process. In meeting the requirements of regulation 14(1), charging authorities should show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant Plan and support the development of their area. As set out in the National Planning Policy Framework in England, the ability to develop viably the sites and the scale of development identified in the Local Plan should not be threatened'.

2.7 In other words, the 'appropriate balance' is the level of CIL which maximises the quantum of development in the area. If the CIL charging rate is above this appropriate level, there will be less development than there could be, because CIL will make too many potential developments unviable. Conversely, if the charging rates are below the appropriate level, development will also be less than it could be, because it will be constrained by insufficient infrastructure.

2.8 The above quote from the statutory Guidance sets the development of the area firmly in the context of delivering the Local Plan. This is linked to the plan viability requirements of the NPPF, particularly paragraphs 173 and 174. This point is given emphasis throughout the Guidance. For example, in guiding examiners, the Guidance makes it clear that the independent examiner should establish that:

'…..evidence has been provided that shows the proposed rate (or rates) would not threaten delivery of the relevant Plan as a whole.'

2.9 Common sense suggests that an appropriate balance is not easy to find, and must be a matter of judgment as much as rigorous calculation. It is not surprising, therefore, that charging authorities are allowed discretion in this matter. This is set out in the legislation and guidance. For example, Regulation 14 requires that in setting levy rates, the Charging Authority (our underlinings highlight the discretion):

'must aim to strike what appears to the charging authority to be an appropriate balance…'

and the statutory guidance says

'The legislation… requires a charging authority to use appropriate available evidence to 'inform the draft charging schedule'. A charging authority's proposed levy rate (or rates) should be reasonable given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence… there is room for some pragmatism.'[7]

[7] DCLG (December 2012) *Community Infrastructure Levy Guidance* (para 28)

2.10 Regulation 14 effectively recognises that the introduction of CIL may put some potential development sites at risk. The focus is on seeking to ensure development envisaged by the Local Plan can be delivered. Accordingly, when considering evidence the guidance requires that charging authorities should '*use an area based approach, which involves a broad test of viability across their area*', supplemented by sampling '*…an appropriate range of sites across its area…*' with the focus '*...in particular on strategic sites on which the relevant Plan relies…*' [8]

2.11 This reinforces the message that charging rates do not need to be so low that CIL does not make any individual development schemes unviable. The levy may put some schemes at risk in this way, so long as, in aiming strike an appropriate balance overall it avoids threatening the ability to develop viably the sites and scale of development identified in the Local Plan.

Keeping clear of the ceiling

2.12 The guidance advises that CIL rates should not be set at the very margin of viability, partly in order that they may remain robust over time as circumstances change:

'Charging authorities should avoid setting a charge right up to the margin of economic viability across the vast majority of sites in their area. Charging authorities should show, using appropriate available evidence, including existing published data, that their proposed charging rates will contribute positively towards and not threaten delivery of the relevant Plan as a whole at the time of charge setting and throughout the economic cycle..'[9]

2.13 We would add two further reasons for a cautious approach to rate-setting, which stops short of the margin of viability:

i Values and costs vary widely between individual sites and over time, in ways that cannot be fully captured by the viability calculations in the CIL evidence base.

ii A charge that aims to extract the absolute maximum would be strenuously opposed by landowners and developers, which would make CIL difficult to implement and put the overall development of the area at serious risk.

Varying the charge

2.14 CIL Regulations (Regulation 13) allows the charging authority to introduce charge variations by geographical zone in its area, by use of buildings, or both. (It is worth noting that the phrase 'use of buildings' indicates something distinct from 'land use')[10]. As part of this, some rates may be set at zero. But variations must reflect differences in viability; they cannot be based on policy boundaries. Nor should differential rates be set by reference to the costs of infrastructure.

[8] DCLG (December 2012) *Community Infrastructure Levy Guidance* (Paras 23 and 27)

[9] DCLG (December 2012) *Community Infrastructure Levy Guidance* (Para 30)

[10] The Regulations allow differentiation by "uses of development". "Development" is specially defined for CIL to include only 'buildings', it does not have the wider 'land use' meaning from TCPA 1990, except where the reference is to development of the area, in which case it does have the wider definition. See S 209(1) of PA 2008, Reg 2(2), and Reg 6.

2.15 The guidance also points out that there are benefits in keeping a single rate, because that is simpler, and charging authorities should avoid 'undue complexity'.[11]

2.16 Moreover, generally speaking, 'it would not be appropriate to seek to differentiate in ways that 'impact disproportionately on particular sectors, or specialist forms of development'[12], otherwise the CIL may fall foul of State Aid rules.

2.17 It is worth noting, however, that the guidance is clear that 'In some cases, charging authorities could treat a major strategic site as a separate geographical zone where it is supported by robust evidence on economic viability.'[13]

Supporting evidence

2.18 The legislation requires a charging authority to use 'appropriate available evidence'[14] to inform their charging schedules. The statutory guidance expands on this, explaining that the available data 'is unlikely to be fully comprehensive or exhaustive'.[15]

2.19 These statements are important, because they indicate that the evidence supporting CIL charging rates should be proportionate, avoiding excessive detail. One implication of this is that we should not waste time and effort analysing types of development that will not have significant impacts, either on total CIL receipts or on the overall development of the area as set out in the Local Plan. This suggests that the viability calculations may leave aside geographical areas and types of development which are expected to see little or no development over the plan period.

Chargeable floorspace

2.20 CIL will be payable on 'most buildings that people normally use'.[16] It will be levied on the net additional floorspace created by any given development scheme.[17]Any new build that replaces existing floorspace that has been in recent use on the same site will be exempt from CIL, even if the new floorspace belongs to a higher-value use than the old.

What the examiner will be looking for

2.21 According to statutory guidance, 'the independent examiner should check that:

- The charging authority has complied with the requirements set out in legislation
- The charging authority's draft charging schedule is supported by background documents containing appropriate available evidence

[11] DCLG (December 2012) *Community Infrastructure Levy Guidance* (Para 37)
[12] DCLG (December 2012) *Community Infrastructure Levy Guidance* (Para 37)
[13] DCLG (December 2012) *Community Infrastructure Levy Guidance* (Para 34)
[14] Section 211 (7A) of the Planning Act 2008
[15] Section (December 2012) *Community Infrastructure Levy Guidance* (Para25)
[16] DCLG (Nov 2010) *Community Infrastructure Levy – An Overview* (paragraph 37)
[17] DCLG (Nov 2010) *Community Infrastructure Levy – An Overview* (paragraph 38)

- The proposed rate or rates are informed by and consistent with, the evidence on economic viability across the charging authority's area; and
- Evidence has been provided that shows the proposed rate would not threaten delivery of the relevant Plan as a whole.'[18]

Policy requirements

2.22 Above, we have dealt with legal and statutory guidance requirements which are specific to CIL. More broadly, the CIL Guidance says that charging authorities 'should consider relevant national planning policy (including the NPPF in England) when drawing up their charging schedules'. In addition, where consideration of development viability is concerned, the CIL Guidance draws specific attention to paragraphs 173 to 177 of the NPPF.

2.23 The only policy requirements which relate directly to CIL are set out at paragraph 175 of the NPPF, covering, firstly, working up CIL alongside the plan making where practical; and secondly placing control over a meaningful proportion of funds raised with neighbourhoods where development takes place. Whilst important policy considerations, these two points are outside our immediate remit in this study.

Summary

2.24 To meet legal requirements and satisfy the independent examiner, a CIL charging schedule should:

'Aim to strike what appears to the charging authority to be an appropriate balance' between the need to fund infrastructure and the impact of CIL'; and

'Not threaten delivery of the relevant plan as a whole'.

2.25 As explained in statutory guidance, this means that the net effect of the levy on total development across the area should be positive. CIL may reduce development by making certain schemes which are not plan priorities unviable. Conversely, it may increase development by funding infrastructure that would not otherwise be provided, which in turn supports development that otherwise would not happen. The law requires that, in the judgment of the local authority, the net outcome of these two impacts should be positive. This judgment is at the core of the charge-setting process.

2.26 Legislation and guidance also set out that:

- Authorities should avoid setting charges up to the margin of viability for the bulk of sites;
- CIL charging rates may vary across geographical zones and building uses (and only across these two factors). But there are restrictions on this differential charging. It must be justified by differences in development viability, not by policy or by varying infrastructure costs; it should not introduce undue complexity; and it should have regard to State Aid rules.

[18] DCLG (December 2012) *Community Infrastructure Levy Guidance* (Para 9)

- Charging rates should be informed by 'appropriate available evidence', which need not be 'fully comprehensive or exhaustive';
- While charging rates should be consistent with the evidence, they are not required to 'mirror' the evidence[19]. In this and other ways, charging authorities have discretion in setting charging rates.

2.27 In our analysis and recommendations below, we aim both to meet these legal and statutory guidance requirements and to maximise achievement of the Councils' own priorities, using the discretion that the legislation and guidance allow.

[19] Planning Act 2008 (Section 212 (4) (b))

3 PLANNING AND DEVELOPMENT CONTEXT

3.1 To help ensure that the CIL supports development of Christchurch and East Dorset, we need to understand development plans.

3.2 In identifying future plans for development in the district and borough we have referred to the emerging Core Strategy and specifically the Christchurch and East Dorset Pre Submission Core Strategy and the Proposed Changes to the Core Pre Submission Document.

Summary

3.3 The land uses which are likely to account for the largest quantum of development, and hence are critical to the delivery of the Core Strategy, comprise:

- Residential
- Light industrial and warehousing space
- Offices
- Retail
- Public services and community facilities.

3.4 In our viability assessments and the resulting recommendations, we have focussed on these types of development, aiming to ensure that they remain broadly viable after the CIL charge is levied.

3.5 We have also assessed the viability of other types of development where the Councils believe that it is particularly appropriate.

3.6 We have provided more detail of emerging plans in the relevant sections of this report.

4 VIABILITY ASSESSMENT METHOD

Development appraisal

4.1 Viability assessment is at the core of the charge-setting process. The purpose of the assessment is to identify charging rates at which the bulk of the development proposed in the development plan is financially viable, in order to ensure that the CIL does not put at risk the overall development planned for the area.

4.2 Our viability assessments are based on development appraisals of hypothetical schemes, using the residual valuation method. This approach is in line with accepted practice and as recommended by RICS guidance[20] and the Harman report.[21] Residual valuation is applied to different land uses and where relevant to different parts of the Borough and district, aiming to show typical values for each. It is based on the following formula:

Value of completed development scheme

***Less* development costs** - including build costs, fees, finance costs etc

***Less* developer's return (profit)** – the minimum profit acceptable in the market to undertake the scheme

***Less* policy costs** – building in (for example) Section 106 costs and other policy requirements

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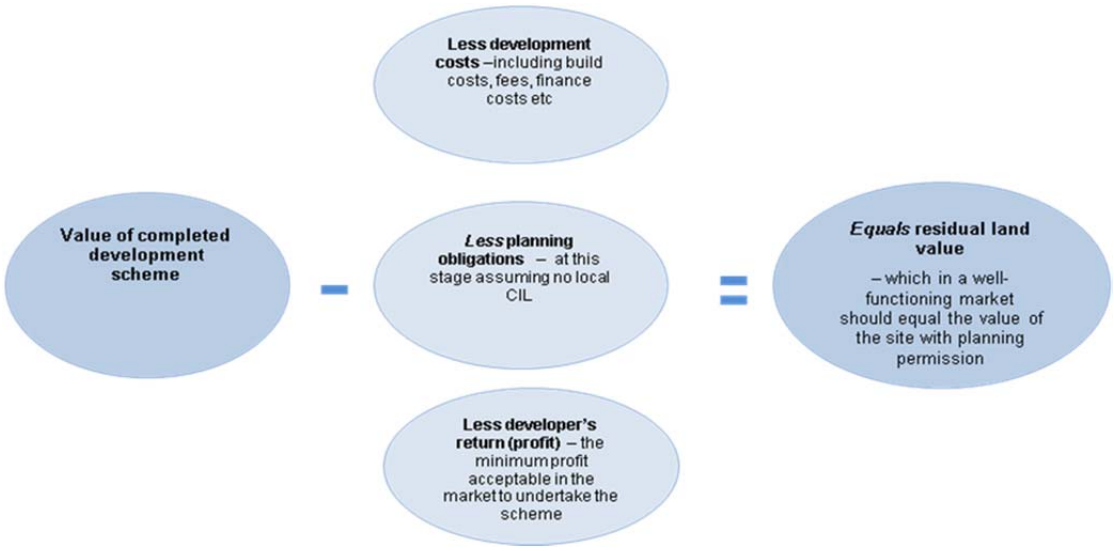
***Equals* residual land value**
– which in a well-functioning market should equal the value of the site with planning permission

Figure 4.1 Method diagram



4.3 For each of the hypothetical schemes tested, we use this formula to estimate typical residual land values, which is what the site should be worth once it has full planning

[20] RICS (2012), *Financial Viability in Planning, RICS First Edition Guidance Note*

[21] Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans*

permission. The residual value calculation requires a wide range of inputs, or assumptions, including the costs of development, the required developer's return.

4.4 The arithmetic of residual appraisal is straightforward (we use a bespoke spreadsheet model for residential appraisals, and the popular Argus Developer software for most other building uses). However, the inputs to the calculation are hard to determine for a specific site (as demonstrated by the complexity of many S106 negotiations). The difficulties grow when we are required to make calculations that represent a typical or average site – which is what we need to do for CIL purposes. Therefore our viability assessments are necessarily broad approximations, subject to a margin of uncertainty.

4.5 Detailed individual appraisals are at Appendix 1.

The summary tables

4.6 Having estimated the residual value, we compare this residual value with the 'benchmark land value' or 'land cost', which is the minimum land value the landowner will accept to release their land for the development specified.

4.7 This process of comparison takes place in what we call the 'viability summary' table. These summary tables can be found in the relevant sections. The first example in this report is found at Table 6.3.

4.8 Benchmark values will vary to reflect the landowner's judgements, which might include the contextual nature of development, the site density achievable, the approach to the delivery of affordable housing (in the context of residential development) and so on. There are a wide range of permutations here. In order to make progress, we have to assume a central value, even though there could be a margin of error in practice. These values are discussed further in section 5.

- If the residual land value shown by the appraisals is *below* the benchmark value, the development is not financially viable, even without CIL. That means that unless the circumstances change it will not happen.
- If the residual value and the benchmark values are *equal*, the development is just viable, but there is no surplus value available for CIL.
- If the residual land value shown by the appraisals is *above* the benchmark value, the development is viable. The excess of residual over benchmark value measures the maximum amount that may be potentially captured by CIL. The summary table then converts this amount available for CIL into a per square metre charge in the column at the far right.

4.9 It is important to bear in mind that these calculations are no more than approximations, surrounded by margins of uncertainty but are based on best available evidence and judgement. In drawing the implications for CIL, we take account of this uncertainty and use professional judgment to interpret the figures. We explain below.

Recommending a CIL charge

4.10 The summary table discussed above indicate that CIL charges of a given amount may be capable of being sustained in the area. However, we are likely to recommend that the charge is set well under this point. The principal reasons for this are that:

- Markets fluctuate over time. There must be sufficient latitude for fluctuations to happen without rendering the CIL Charge unviable; and
- Individual site costs and values vary. Developments should remain viable after CIL Charge is paid in the bulk of cases.

4.11 It is conceivable that a simple, arithmetical approach could be used to take us from the 'overage' that the summary table suggests is available for CIL, to a recommended CIL Charge. For example, it would be possible to set a CIL at 50% of the overage indicated in the viability testing, and to mechanically apply this deflator.

4.12 However, we have intentionally avoided this approach, because the viability tests necessarily cannot take account of developers' market understanding of risk, or of institutional investors' willingness to invest. These are important components of the judgement on a sensible level of CIL charge, but they cannot emerge arithmetically from the viability model. Instead, we use our market judgement in arriving at a sensible charge.

5 VIABILITY ASSESSMENT ASSUMPTIONS

5.1 In this chapter we discuss the main assumptions used in our development appraisals. A number of these assumptions require detailed explanation and are discussed in the next section. Other assumptions will be set out briefly in Table 5.1 below.

Benchmark land values

5.2 Our estimates of benchmark values are based on market comparables. We have examined a variety of land transactions in Christchurch and East Dorset using the following main sources:

- Land currently being marketed on the UK Land Directory website.
- Consultations with local property agents and developers

5.3 Our consultees are listed at Appendix 3 below. In some instances, the actual comparables we have used were provided in confidence and cannot be made public.

5.4 It is important to appreciate that assumptions on benchmark land values can only be broad approximations, subject to a wide margin of uncertainty. We take account of this uncertainty in drawing conclusions and recommendations from our analysis.

Residential benchmark values

5.5 We have examined a cross section of residential land comparables across the borough and district. These comparable recent transactions generally relate to urban, brownfield sites, which were fully serviced with roads and major utilities to the site boundary.

5.6 In collecting evidence on residential land values, we aimed to distinguish between small sites, providing fewer than 10 units, and larger sites. One would expect small sites to be worth more, because the offsite affordable housing contributions do not appear to be high enough to create parity with larger sites which are expected to make on-site contributions.

5.7 Historically we would expect that land values for smaller sites would be higher, because the offsite contribution policy. In this assessment we have assumed that a new policy is in place and will remove the disparity in land values. This approach is in line with the Harman report which advises authorities to work on the basis of future policy and its effects on land values.

5.8 Land values vary across Christchurch and East Dorset. The evidence gathered on land values is as follows.

5.9 Although Battens do not undertake land transactions they consider land values within East Dorset to be around £2,000,000 per ha (£800,000 acre to £1m per acre), on average, although again these can vary widely depending upon type of development and density.

5.10 Within Christchurch it is more difficult to fix a figure because of the urban nature of the environment. Anecdotal evidence would suggest values are towards the upper end of the scale due to higher existing use values.

5.11 Looking at other areas with comparable residential sales values we have taken a more conservative view on land values and we have therefore used the following benchmark land values in this report.

- **East Dorset: £1,500,000 per ha**
- **Christchurch: £1,650,000 per ha**

Offices

5.12 Traditional employment space is under considerable pressure in both Christchurch and East Dorset in particular from mixed use intensification. There were some instances of offices converting to D1 non-residential uses such as crèches, clinics and vets. Discussions with various agents have failed to establish any evidence of recent land transactions within either Christchurch or East Dorset for pure office schemes.

5.13 Based on these discussions we have adopted a value of **£1,750,000 per ha in both Christchurch and East Dorset.** This is intended to reflect the fact that office development may at times - though not always - compete with residential uses in land markets. This is the base level at which landowners would be willing to dispose of land in a standard functioning market and not in a forced situation.

Industrial

5.14 Discussions with various agents have failed to establish any evidence of recent land transactions within either area for industrial schemes. We have based our estimate of land values on the views of agents and our experience of land values where similar values would be expected. On this basis we conclude that a serviced development plot suitable for industrial development would have a **land value of approximately £1,235,000 /ha (£500,000/acre) and have adopted this value within Christchurch and East Dorset**.

5.15 The price reflects a value which a potential occupier would pay for a site, given that land available for sale and which is suitable for industrial development is in short supply.

Retail

5.16 We have examined the convenience and comparison retail sectors separately and concluded that land values for convenience retailing are higher than comparison retailing, although comparable evidence is scarce for both sectors. We have adopted the following values;

- **Comparison retail at £2,600,000 per ha in the most viable development location (Christchurch town)**. We have arrived at these values following discussion with local agents, although the majority were unable to comment with respect to appropriate land values. There is a lack of transactional evidence to directly support these values, so we have triangulated our evidence from local agents with information on local rent and yields together with national evidence in arriving at these values.
- Convenience at **£2,600,000 per ha** across all of Christchurch and East Dorset. We have compared this against other existing uses in the areas, taking note of the broad values within the region.

Viability testing assumptions

Policy costs

5.17 In order to assess development viability, we need to make assumptions about the broader policy costs faced by development. S106 and energy requirements form some of these policy costs, and so these costs need to be allowed for in our viability calculations.

Energy requirements

5.18 Policy ME5 of the Core Strategy states that on residential development of 10 or more dwellings 'the expectation will be that 10% of total energy used' will be from renewable, decentralised or low carbon energy, 'unless having regard to the type of development involved and its location and design, this is not feasible or viable, in which case the highest levels of this type of energy generation possible will be sought').[22]

5.19 Our engineers have stated that this requirement should be comfortably delivered by a **£3,000 per housing unit PV installation for 10%,** depending on the site orientation and local factors such as shading. Costs could be considerably less, and PV panel prices are falling rapidly.

5.20 Policy states that non-residential development of 1,000 sq m floorspace (or 1 ha or greater) will have a similar requirement. We have not been able to accurately cost this requirement because energy uses for different types of development will vary so widely. No allowance has therefore been made in our viability calculations. Note that these requirements will only be made when feasible or viable.

S106 contributions on residential development

5.21 Section 106 will continue to exist after CIL begins to be charged in April 2014. However, the use of S106 will be scaled back. Under recent CIL Regulations (which also cover Section 106), Section 106 is now expected to be very tightly targeted at mitigating the impacts of individual developments.

5.22 In general, we expect that Section 106 agreements, together with Section 278 highways agreements and planning conditions, will still be used to secure the following elements:

- Site-specific mitigation. These might be local improvements/infrastructure necessary to enable the grant of planning permission such as access roads, on-site open space, archaeology, and some off-site requirements directly related to support individual sites.
- Development-specific infrastructure on large-scale major development sites (of around 200-300 or more dwellings). In these instances, developers frequently prefer the use of S106 agreements, because they provide comfort that key infrastructure (which is frequently essential to sales) will be delivered.
- Affordable housing. Under the current Regulations, Section 106 agreements will also continue to be used to secure affordable housing. However, the Government recently published a consultation document asking whether it should allow local authorities to deliver affordable housing through CIL, or through a combination of Section 106 and

[22] Christchurch and East Dorset (2012) *Core Strategy Pre-Submission* (160)

CIL. Christchurch and East Dorset will need to keep the outcome of this consultation under close review, and make any necessary alterations to the CIL charging schedule. We have assumed for the purposes of this exercise that affordable housing will be paid for through S106.

5.23 To investigate how much might be allowed for S106 in Christchurch and East Dorset, we have looked through the typical types of activities which used S106 funding, and indicated whether we would ordinarily expect to pay for a type of impact mitigation through S106 or through CIL. S106 and S278 contributions will typically be used for:

- Site-specific transport improvements, such as connections from a development to the wider transport network;
- Some open space and playspace. Frequently these are secured as part of the condition on the planning permission, but there may be infrequent instances when these demands form part of a S106 agreement; and
- Affordable housing, which is separately allowed for in our viability testing.

5.24 Based on the above, and in agreement with the client team, our appraisals **allow £1,000 per housing unit for S106 and S278 contributions, excluding affordable housing**.

5.25 We would also stress that individual sites are still subject to a site specific viability test.

S106 contributions on non-residential development

5.26 Because S106 payments are now very precisely determined by the impacts of a specific development, it is very difficult to be specific about what, if anything, might be required under S106. Generally speaking, therefore, we have not allowed for S106 payments on non-residential development. For development at employment locations in particular, S106 contributions immediate junction improvements could not be ruled out. However, as will be demonstrated, these developments are already unviable, and making an allowance for S106 will simply render the development even more unviable than previously. We have therefore avoided this extra complexity, because the additional analysis tells us nothing useful.

5.27 However, in the case of convenience retail development, our viability assessments have allowed for some modest S106 payments (on the basis that CIL will now pick up area-wide strategic infrastructure requirements). As an example, these costs might be used to pay for a small amount of signage or small site specific works. Our viability assessments have allowed for

- **£5,000 S106 payment for each smaller in-town convenience development.**
- **£10,000 S106 payment for each larger out-of-town convenience development.**

Other assumptions

5.28 The other assumptions underlying our development appraisals are in Table 5.1 below. Inevitably, these assumptions are broad estimates. We have aimed to model typical new build schemes, as opposed to high-specification or particularly complex schemes that require particular construction techniques or materials.

Table 5.1 Viability testing assumptions

Assumption	Source	Notes
Revenue		
Sales value of completed scheme	Land Registry, CoStar and EGi	Property values are derived from different sources, depending on land use. For housing, **Land Registry** data forms a basis for analysis. This provides a full record of all individual transactions.[23] This data is then supplemented following conversations with agents and house builders' sales representatives, which allows us to form a view on new build sales values. Values used are as follows. Location — Average prices per sq m Christchurch and East Dorset (houses) — 2,800 Christchurch and East Dorset (flats) — £3,200 For non-residential uses, we used the **CoStar**[24] and **EGi** databases[25], supplemented by discussions with local property agents. **Offices: £155 sq m capitalised at 8.5%** **Light industrial: £110 sq m capitalised at 8.5%** **Retail (convenience): £185 sq m capitalised at 7.5%** **Town Centre Retail (comparison): £260 sq m capitalised at 9%** **Out of town Retail Warehouse (comparison): £230 capitalised at 9%**
Affordable housing transfer values	HCA policy	In our residential appraisals we have assumed a blended rate based on current policy of £1,700 per sq m for houses and £1,550 sq m for flats.
Densities	Regeneration and Environment LDD	The Christchurch and East Dorset Core Strategy Pre-Submission Document (Policy LN2) states that 'a minimum density of net 30dph will be encouraged, unless this would conflict with the local character and distinctiveness of an area where a lower density is more appropriate.' (p174) We have therefore assumed average densities as follows: • **35 dwellings per hectare (houses)**

[23] Land Registry data is aggregated onto www.home.co.uk and mouseprice.co.uk. This is collated by postcode.

[24] http://www.costar.co.uk/

[25] http://www.egi.co.uk/

Assumption	Source	Notes
		• **65 dwellings per hectare (flats)** The policy states that higher density development will be possible in the right locations. Therefore, in making these assumption of relatively low densities we have erred on the side of caution. This is not in order to endorse a particular interpretation of the density policy. Instead, we are a) following our local market knowledge of typical site densities delivered, and are b) following CIL guidance, and have made prudent assumptions in CIL appraisal work. Because developments at higher densities than those assumed above will tend to be more viable, it is prudent to assume a relatively low density. This helps us comply with the spirit of the guidance which requires us to show that the CIL Charges set do not 'set a charge right up to the margin of economic viability.'[26]
Construction costs		
Construction	BCIS Quarterly Review of Building Prices Issue No 123 Oct 2011	BCIS is published by RICS on a quarterly basis. BCIS offers a range of prices dependent on the final specification. Build costs used are derived from recent (Oct 11) data of actual prices in the marketplace. As early as 2009, the market across the UK was building at around Code for Sustainable Homes Level 3 to 4 for private and Level 4 for social housing[27]. The following costs have been used in this study and are considered to cover realistic costs for Code Level 4: • **Build costs houses £837 per sq m** • **Build costs flats £992 per sq m** Costs may alter in future. In particular, there may be national policy change regarding Code for Sustainable Homes building standards. The final effect of these changes on viability is difficult to foresee. While we have reviewed current Government research on cost impacts of CSH[28] we note that past forecasts of price changes (such as that predicted in the original Cyril Sweete work)[29] have never affected costs to the extent forecast. When these future requirements come into force, they will impact on both development costs and land values. We have not incorporated these possible impacts into our calculations, because CIL should deal with current market conditions, not forecasts of potential future change. Our approach to incorporating these (and other) potential but unknown costs is to set a wide margin for error that will cover variations in factors such as build costs, site conditions, and timing. All major non-domestic development which does not qualify for assessment under Code for Sustainable Homes will need to be built to a minimum of BREEAM (Building Research

[26] DCLG (March 2010) *CIL Charge Setting and charging schedule Procedures* (10)

[27] In 2009, the NHBC stated that Code 3 and 4 was the level most commonly specified in new building. See NHBC (2009, revised Jan 2010) *The Code for Sustainable Homes Simply Explained*

[28] DCLG (2010) *Code for Sustainable Homes – a Cost Review*

[29] Cyril Sweete for DCGL (2008) *Cost Analysis of The Code for Sustainable Homes*

Assumption	Source	Notes
		Establishment Assessment Method) Very Good standard.
Floorspace size assumptions	Industry standard	We have assumed average floorspaces of • **90 sq m (houses)** • **67 sq m (flats)** Floorspace assumptions for non-residential uses are detailed in the specific scenarios for that use explained in each chapter.
Contingency	Industry standard	Contingency is an expression of risk relating to a specific scheme and will vary from site to site. We have adopted a **generic average of 5%** though in practice it will vary.
Road/site works/ external works	Industry standard	On-site preparation for internal access roads and other external works. This will vary from site to site, but we have assumed a figure of **£10% of development costs.**
Affordable housing (Section 106)	Regeneration and Environment LDD	Christchurch and East Dorset Consultation on the Schedule of Proposed Changes to the Core Strategy Pre-Submission document states that the Councils have set an overall target of 35% provision for all housing delivered over the plan period.[30] Affordable housing policy requires up to 50% provision on new neighbourhood sites (excluding Roeshot Hill, Christchurch) and up to 40% elsewhere, subject to negotiation. **We have viability tested housing assuming 30% affordable, given current markets. Developments of 1 to 4 units are assumed to make an offsite contribution.** Christchurch and East Dorset Core Strategy Pre-Submission Document (Policy LN3) states that 'tenure split should normally allow for 30% intermediate housing, with the remainder being affordable rented or social rented'. We have assumed • **30% intermediate housing** • **70% affordable rented housing**
Section 106 assumptions for residential development	Local analysis	See text above this table in paragraph 5.21 onwards.
Section 106 assumptions for non-residential development	Local analysis	See text above this table in paragraph 5.26 onwards.
Profit		
Developer profit		We have assumed profit at 20% on development costs.

[30] Policy KS3, *Consultation on the Schedule of Proposed Changes to the Core Strategy Pre-Submission* document http://www.dorsetforyou.com/media.jsp?mediaid=177569&filetype=pdf

6 RESIDENTIAL

Introduction

6.1 In this section, we review the potential for setting CIL charges in Christchurch and East Dorset. We follow the following process.

- We set out by understanding the planning context, and undertake a high level market review.
- We then deal with whether setting up different charging zones is worthwhile, given the CIL Regulations and legislation and the planning and market context. We use Land Registry data and analysis of plans for future development in this process.
- New build values and market evidence from agents and developers are then used to inform this working hypothesis.
- Formal viability testing is then undertaken in order to understand a level of CIL charge that will strike the balance between retaining development viability and raising money for local infrastructure.

Planned growth

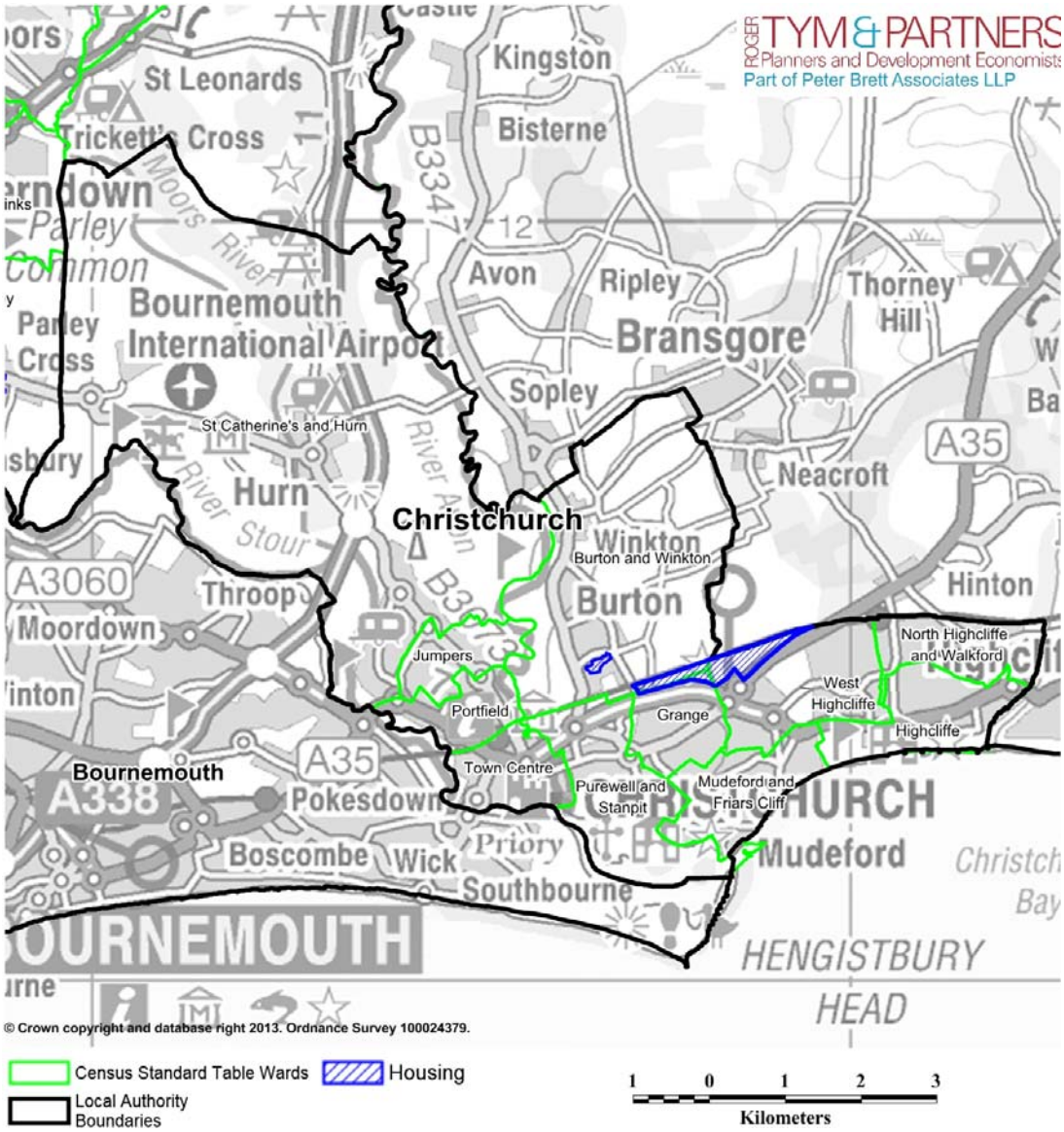
Housing growth

6.2 East Dorset and Christchurch have challenging housing growth targets. In particular, research shows that there is an acute need for more affordable housing: Christchurch and East Dorset are amongst the least affordable areas in the South West.

6.3 The difficulty in meeting housing needs provides the exceptional circumstances required to amend Green Belt boundaries, where appropriate. The greenfield areas allocated in the Core Strategy have been identified through a rigorous process, as set out within the Key Strategy Background Paper and Masterplan Reports. An assessment of the function of settlements has been undertaken to identify those where housing would be best located in terms of proximity to services, facilities and employment.

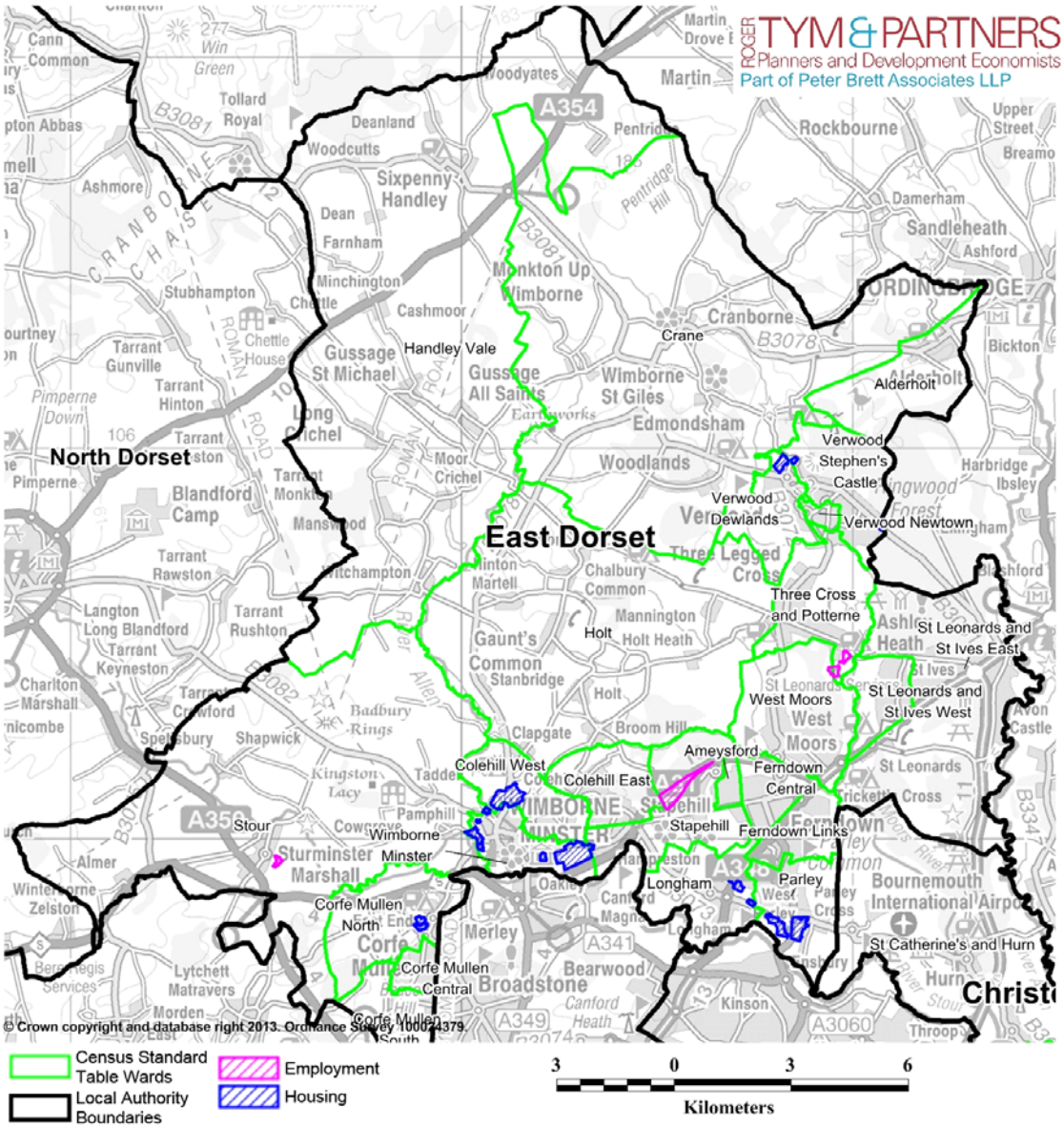
6.4 About 8,200 new homes will be provided in the plan area between the years 2013 and 2028. This will comprise up to 4,800 homes within the existing urban areas and a further 3,400 provided as new neighbourhoods at Christchurch, Burton, Corfe Mullen, Wimborne/Colehill, Ferndown/West Parley and Verwood.

Figure 6.1 Housing growth in Christchurch – main site boundaries



Source: RTP, Christchurch BC. Note: ST wards are used because very precise boundary mapping exists which shows ward boundaries, and is not subject to the degree of change that electoral wards or postcode boundaries are subject to.

Figure 6.2 Housing growth in East Dorset – main site boundaries



Source: RTP, East Dorset DC. Note: ST wards are used because very precise boundary mapping exists which shows ward boundaries, and is not subject to the degree of change that electoral wards or postcode boundaries are subject to.

Market overview

6.5 We have presented data on longer-term changes in house prices. We have presented data from the BH23 and BH21 postcodes. These postcodes cover parts of Christchurch and East Dorset respectively, although they do spill over into neighbouring areas and are not contiguous with local authority boundaries. Grouping together a large area in this way does however give a larger sample size, and more stable data. The data thus provides a reasonable picture of price change in the sub-region.

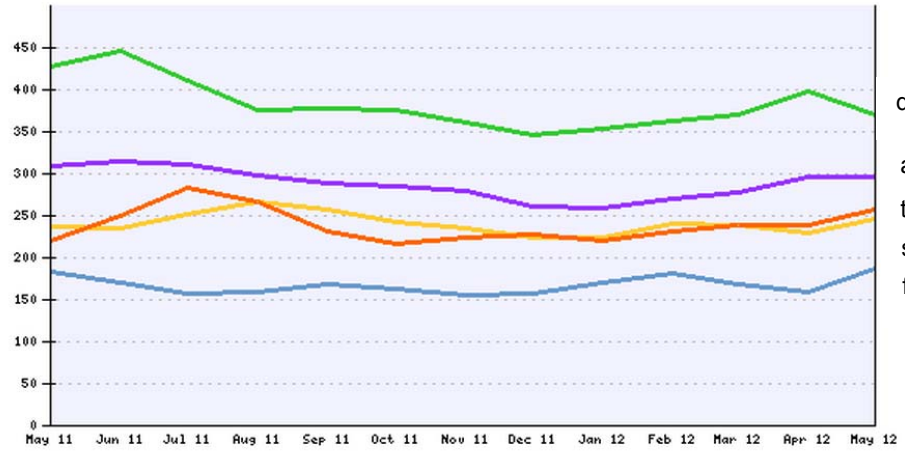
Figure 6.3 BH23 boundary (Christchurch and surrounding area)

Figure 6.4 BH21 boundary (Wimborne and surrounding area)

Source: Google

6.6 Data in Figure 6.5 below shows that local prices have fallen over the past year, with average prices for all dwelling types in the area falling by 4% in Christchurch and 5% in the Wimborne area. Prices of lower value properties have held up better: in the Christchurch area, semis, terraces and flats (which, on average, are cheaper than the largest category of detached houses) in this area have risen, however. This is also the case in the Wimborne area, with the exception of flats, which have fallen in price by 55%. However, this finding shows just how carefully we should approach the data: this apparent price fall is due to the fact that only one flat was sold in the area in May 2012, with the result that this single transaction had an apparently significant impact on the headline data.

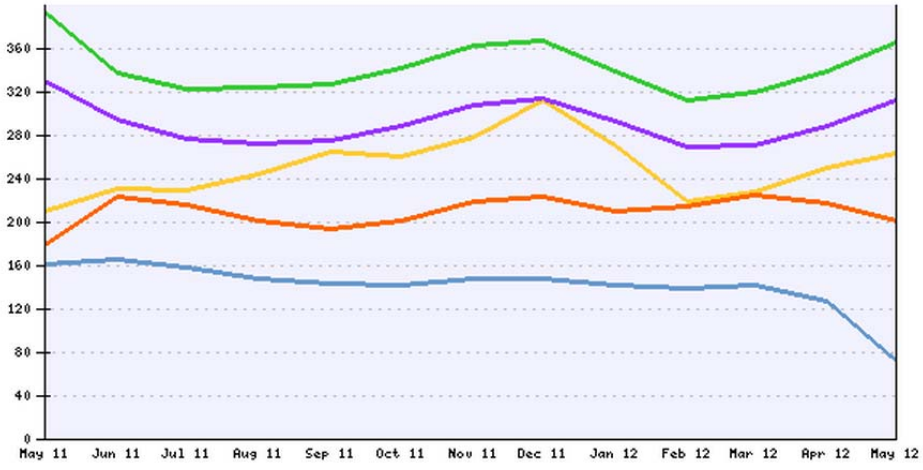
Figure 6.5 postcode average property selling price change over 1 year (May 2011 to May 2012) – (£000s) BH23 (Christchurch and surrounding area)



	May 2011	May 2012	Change
Detached	£428,191	£369,550	-14%
Semi	£236,864	£246,071	+4%
Terraced	£221,278	£258,112	+17%
Flat	£183,214	£187,450	+2%
All	£308,893	£297,023	-4%

Source: Land Registry, via Home.co.uk

Figure 6.6 postcode average property selling price change over 1 year (May 2011 to May 2012) – (£000s) BH21 (Wimborne and surrounding area)



	May 2011	May 2012	Change
Detached	£393,959	£365,809	-7%
Semi	£210,000	£264,429	+26%
Terraced	£178,500	£201,250	+13%
Flat	£162,000	£73,000	-55%
All	£330,818	£312,030	-6%

Source: Land Registry, via Home.co.uk

6.7 Figure 6.7 looks at the longer term picture. Over this time scale, prices have risen. Since April 2000, average prices for all property types have risen by 130% and 119% in the Christchurch and Wimborne areas respectively. Prices have recovered after the immediate impact of the 2008 credit crunch.

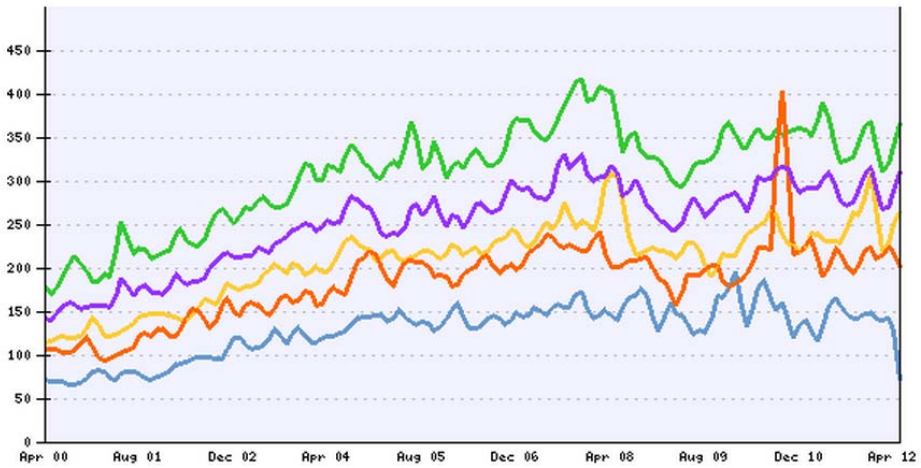
Figure 6.7 Postcode average property selling price change over 12 years (April 2000 to May 2012) – (£000s) BH23 (Christchurch and surrounding area)

3-month moving averages by property type in BH23

Due to the small amount of data available for this graph it may appear to be erratic. To gain a better picture of the Selling Prices in this area please see House Prices Report in Postal Area BH

	Apr 2000	May 2012	Change
Detached	£172,775	£369,550	+114%
Semi	£120,336	£246,071	+104%
Terraced	£113,889	£258,112	+127%
Flat	£75,947	£187,450	+147%
All	£128,913	£297,023	+130%

Figure 6.8 Postcode average property selling price change over 12 years (April 2000 to May 2012) – (£000s) BH21 (Wimborne and surrounding area)



	Apr 2000	May 2012	Change
Detached	£177,007	£365,809	+107%
Semi	£113,716	£264,429	+133%
Terraced	£106,540	£201,250	+89%
Flat	£71,592	£73,000	+2%
All	£142,432	£312,030	+119%

Source: Land Registry, via Home.co.uk

Charging zones

6.8 As we showed in Chapter 2 above, CIL Regulations (Regulation 13) allow the charging authority to introduce charge variations by geographical zone within its area, by intended use of buildings, or both. All differences in rates need to be justified by reference to the economic viability of development.

6.9 Setting up a CIL which levies different amounts on development in different places increases the complexity of the CIL, and is only worthwhile if the additional complexity generates significant additional revenues.

Principles

6.10 Identifying different charging zones for CIL has inherent difficulties. One reason for this is that house prices are an imperfect indicator; we are not necessarily comparing like with like. Even within a given type of dwelling, such as terraced houses, there will be variations in, say, quality or size which will impact on price.

6.11 Another problem is that even a split that is correct 'on average' may produce anomalies when applied to individual houses – especially around the zone boundaries. Even between areas with very different average prices, the prices of similar houses in different areas may considerably overlap.

6.12 A further problem with setting charging area boundaries is that they depend on how the boundaries are defined, as well as the reality of actual house prices. Boundaries drawn in a

different place might alter the average price of an area within the boundary, even with no change in individual house prices.

6.13 To avoid these statistical and boundary problems, it is our view that a robust set of differential charging zones should ideally meet two conditions:

i The zones should be separated by substantial and clear-cut price differences.

ii They should also be separated by substantial and clear-cut geographical boundaries – for example with zones defined as individual settlements or groups of settlements, as urban or rural parts of the authority. We avoid any charging boundaries which might bisect a strategic site or development area.

6.14 We have held to these principles in devising zone boundaries.

Method

6.15 Setting zones requires us to marshal the 'appropriate available evidence' from a range of sources in order to advise on the best way forward. We took the following steps.

- Our first step was to look at house prices. These are a good proxy for viability. We downloaded Land Registry data to do this. This was only a first step, and generated a range of options or hypotheses.
- Secondly, we talked to agents, developers and officers. Together with Land Registry data, this allowed us to generate a main hypothesis.
- Thirdly, we tested this main hypothesis through formal development appraisals.

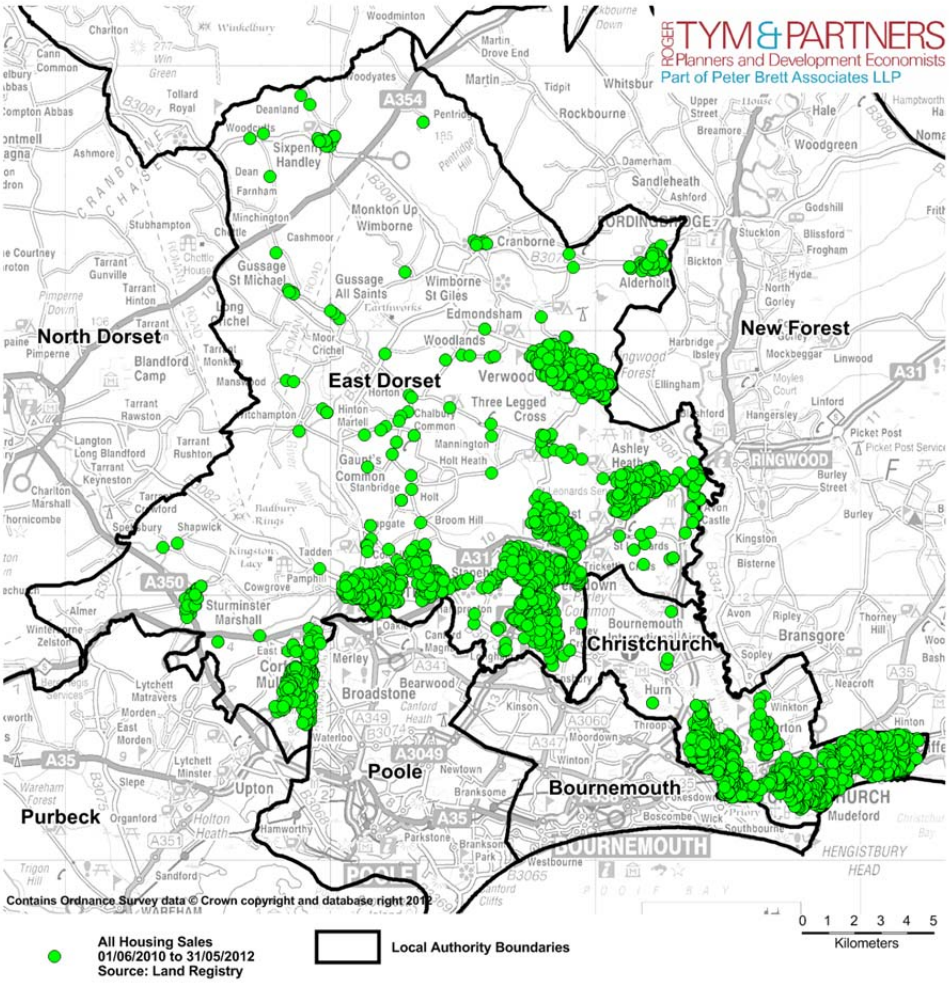
6.16 We explain this process below.

We looked at residential sales prices

6.17 In advising on charging zones, our first step was to look at residential sales prices. In Figure 6.10 below, we looked at the average sales prices of houses and flats over a two year period.[31] Maps were assembled from data which looked at each individual house sale in the area over the period (see Figure 6.9). The map shows that, obviously enough, most sales took place in the more urbanised areas. House sales in rural areas are more infrequent. This has important consequences, because it means that a small number of individual house sales can have a significant impact on the average prices in an area. We therefore need to approach data in rural areas with some caution.

[31] Land Registry data shows that there have been 2,167 terrace house sales over the period. 2,042 records have been mapped. The remaining 125 records did not have recognised postcodes. This is less than 5% of the sample.

Figure 6.9 House sales point data



Source: RTP, Land Registry

We mapped sales prices

6.18 This point data was mapped into averages. The results are shown in Figure 6.10. Average prices are shown for each Census Standard Table (ST) ward.[32] Aside from the highest and lowest bands (which are tailored to actual values), average prices are broken in eight equal bands of £32,000 each.

6.19 We have presented this data on a map because it allows us to understand the broad contours of residential prices in the area. Sales prices are a reasonable, though imperfect, proxy for development viability, so the map provides us with a broad idea of which areas would tend to have more viable housing developments, other things being equal.

6.20 We used data on both new and second hand homes because, firstly, datasets on sales values for new homes only would be very much smaller (and so more unstable), and secondly, because at this stage it is the differentials between areas that we are seeking to

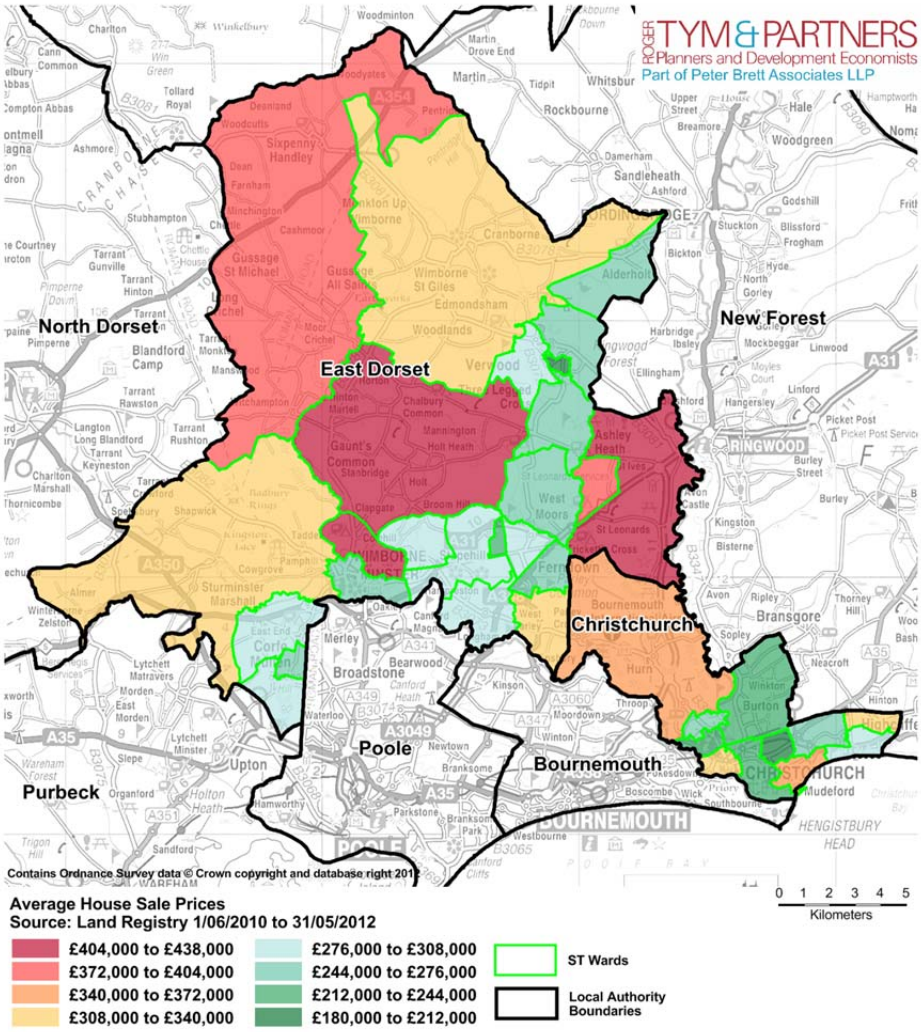
[32] ST wards are used because very precise boundary mapping exists which shows ward boundaries, and is not subject to the degree of change that electoral wards or postcode boundaries are subject to.

identify, not the absolute price levels[33]. There were therefore good reasons to look at both new and second hand data, and no compelling reasons to avoid it.

6.21 The map suggests that:

- values in Christchurch break very broadly into two parts: the northern more rural areas have higher prices, whilst there are lower prices in the more urban areas to the south. There are pockets of high value in the south.
- values in East Dorset are more geographically dispersed. It is difficult to see a consistent pattern from the historic price sales data, but there appeared to be a central ribbon of lower prices stretching from north to south.

Figure 6.10 Average sales price of homes (June 2010- June 2012)

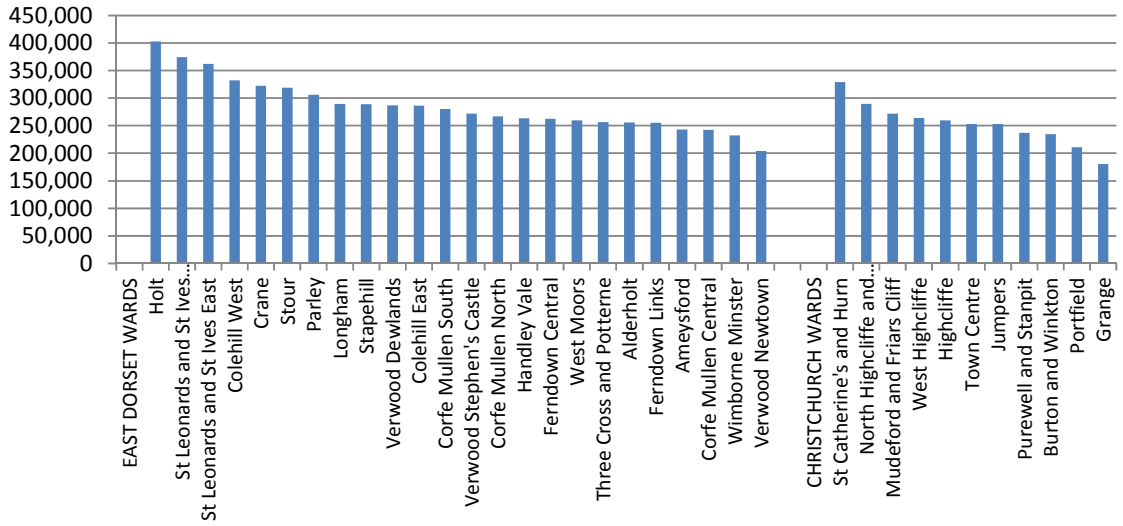


Source: Land Registry, RTP

[33] Note that the map we have produced here is sophisticated, in that it shows the results after eliminating the outlier values which skew the average. We have removed these outlier values using an accepted Interquartile Range test.

6.22 The chart below uses the same data as that found in Figure 6.10, except it is not averaged into eight bands.

Figure 6.11 Average home prices by ST ward



Source: RTP, Land Registry

We looked at the likely location of new development

6.23 Understanding the patterns of development is the next stage in our analysis. If we overlay a rough approximation of the likely housing development areas (see Figure 6.12) we can better understand whether it is worthwhile creating separate charging bands for residential development in different areas.

- In Christchurch, the fact that there is limited development in the north of the Borough means that there is little point identifying a separate charging zone. This suggests that creating a separate charging boundary would add complexity without increasing revenue.
- In East Dorset, the main development is expected to take place in the urban areas and the new neighbourhoods which are nearby existing settlements. These are concentrated in the "ribbon" of lower values that runs from the north east of East Dorset towards the south west. Again, this suggests that creating a separate charging boundary would add complexity without increasing revenue.

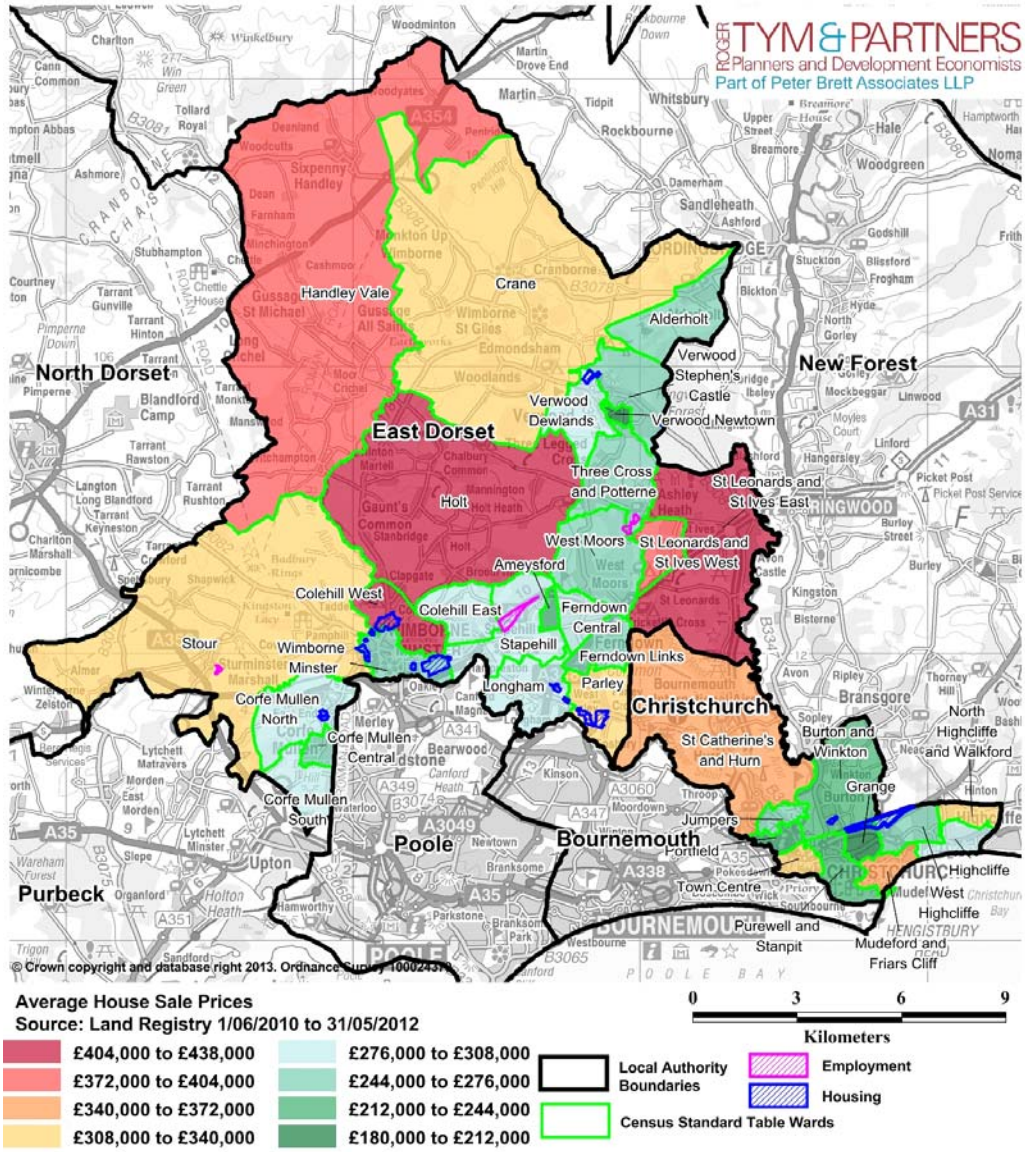
6.24 A very close examination of a number of the larger development sites and urban areas revealed that there could be problems with setting differential charging rates using these boundaries as justification.

- Some sites straddled ST ward boundaries between price zones. For example, strategic development sites in Wimborne straddled ST ward boundaries between a) Wimborne Minister and Stour, and b) Wimborne Minster and Colehill West, and were thus at risk of being charged at different rates in different charging bands.
- Some parts of the same urban area would fall into different potential charging bands, were these to be used. For example, part of the Wimborne urban area (in Colehill West ST ward) fell into the higher four value bands, and part (in Wimborne Minister ST ward)

fell into the lower four value bands. However, these areas would be seen on the ground as very much part of the same urban area, and the boundary between the two would not be particularly apparent.

6.25 Clearly, it would be undesirable to set different CIL charges for the same site, as it would be likely to lead to market distortions on land prices.

Figure 6.12 Strategic Development Areas (East Dorset and Christchurch



Source: RTP, East Dorset DC, Christchurch BC

The emerging working hypothesis: a simple single-band charging structure

6.26 At this stage, then, we had an initial emerging hypothesis on geographical charging bands. This hypothesis was that both Christchurch and East Dorset should have a single CIL charge set on the basis of the areas which were likely to see the bulk of development in future.

6.27 We then used findings from interviews with developers and agents to test this hypothesis, to see if their views broadly agreed. (We did not ask them to confirm the hypothesis

directly). We were particularly interested in using the interview process to understand the values of new development, and how these values might fit with the bands suggested in our emerging hypothesis.

Testing the hypothesis with agents and developers

6.28 We talked to a range of sources on residential markets, including local agents and local housebuilders active in the area. They were able to provide some guidance on comparables for land values, as well as sales price information. Comparable information was however limited. We also undertook a stakeholder seminar which provided the opportunity for further input.

6.29 Christchurch and East Dorset officers also have the benefit of a good understanding of the local market obtained from their local knowledge and their part in the Core Strategy process.

Christchurch

The geography of the housing market

6.30 Interviews confirmed that within Christchurch, values vary significantly depending upon the type of property and location.

6.31 The highest value areas are within the town centre and on the waterfront. Beyond the town centre, to the east of the borough values are also high; particularly in Friars cliff, Mudeford and Highcliffe. Whilst it will be very limited in volume terms, infill development in these areas is likely to have high sales values. Local agents cite that average values for 3-bed bungalows range in the order of £450,000-£550,000 and family homes in the order of £650,000. These locations are in close proximity to the beach and Christchurch Harbour which are key attractors.

6.32 Burton provides the second rung of the property ladder and comprises a mix of flats, semi-detached and detached properties.

New development sales prices

6.33 New developments are as follows.

- A development of two detached bungalows at The Grove (within Christchurch town itself) has been recently undertaken by local developer Fox Homes. One bungalow has been sold subject to contract and the other which extends to 139 sq m is currently being marketed for sale for £545,000.
- Within Christchurch, a new development has commenced on Bronte Avenue on the site of the former Avon View Care Home. The site was acquired from Dorset County Council in 2010. Development is due for completion in April 2013. The scheme will comprise 21 private, two, three and four bed new houses and affordable housing will comprise 17, two and three bed houses for shared ownership and rent. Miller Homes is working in partnership with Raglan Housing Association. Off plan marketing has commenced and two dwellings have been sold. Values with respect to a-2 bed property range from £217,000 to £245,000.
- An apartment scheme is also currently under construction within Christchurch by Caleb Developments comprising of ten, one and two bed apartments. The one bed

apartments range from £124,950 - £129,950. The available two bed apartments are currently being marketed for sale for £154,950 - £174,950. The development is due for completion in November 2012. We understand from discussions that marketing commenced last month and one unit has been sold to an investor.

- Highcliffe is situated to the east of the borough. Its centre has excellent shopping and walks to its beaches with views to the Isle of Wight. Highcliffe comprises a range of properties from clifftop apartments and retirement bungalows to large family houses. A new build 3 bed detached property is currently on the market for sale for £312,500 on Coltsfoot Way, Highcliffe. In addition, a new 4 bed detached house is being marketed at Firshill, Highcliffe for £625,000.

6.34 With respect to the proposed greenfield North Christchurch Urban Extension agents commented that development here is likely to be popular as new properties are sought after. Values are expected to be similar to those currently being commanded at the Miller scheme at Bronte Avenue, although it is also worth noting that modern detached 1970's 3-bed detached properties in this area have recently sold for in the region of £270,000. New build properties can expect something of a premium.

6.35 The schedule below summarises new apartment and housing developments currently being marketed within Christchurch.

Table 6.1 New developments in Christchurch

Christchurch	Description	Price Quoted
Bronte Avenue, Christchurch	4 bed detached house	£335,000
Bronte Avenue, Christchurch	3 bed end terrace	£249,950
Bronte Avenue, Christchurch	3 bed terrace	£244,950
Bronte Avenue, Christchurch	2 bed semi detached	£219,950
Bronte Avenue, Christchurch	2 bed semi detached	£219,950
Bronte Avenue, Christchurch	2 bed semi detached	£217,950
Somerford Road, Christchurch	3 bed terraced	£214,950
Somerford Road, Christchurch	3 double bed detached	£249,950
Somerford Road, Christchurch	3 double bed detached	£249,950
Somerford Road, Christchurch	3 bed terraced	£214,950
Somerford Road, Christchurch	3 bed terraced	£214,950
Walford Road, Christchurch	4 bed detached house	£395,000
Firshill Highcliffe	4 bed detached house	£625,000
Coltsfoot Way Highcliffe	3 bed detached	£312,500
East Cliff Way, Mudeford	4 bed detached house	£699,950
Gardner Road, Christchurch	2 bed flat	£174,950
Gardner Road, Christchurch	1 bed flat	£129,950
Gardner Road, Christchurch	1 bed flat	£124,950
Gardner Road, Christchurch	1 bed flat	£124,950
Gardner Road, Christchurch	2 bed flat	£174,950
Gardner Road, Christchurch	2 bed flat	£154,950
Gardner Road, Christchurch	2 bed flat	£154,950

Source: www.Zoopla.co.uk and agent websites

East Dorset

The geography of the housing market

- The higher end of the East Dorset market is predominantly rural in nature, with housing being located in small villages and hamlets.
  - Local agents highlight for example that settlements such as Colehill can command values ranging from £750,000 to £1.5m for older Victorian properties. There are also wide variations in values within villages for example, within Cranborne, property values can range from £300,000 - £2m depending upon the type of property. However, new development in these areas is expected to remain very constrained.
  - Ex-local authority or housing association houses within good locations such as the villages of Hinton Martell, Holt and Gussage All Saints, to the north of Wimborne, easily achieve values in excess of £300,000 up to £500,000.
  - Cranborne, Edmondsham and Wimborne St Giles, are also popular areas where values can range widely from £250,000 to £1m plus, depending on the type of property.
  - St Leonards and St Ives East house prices are largely influenced by Ringwood in neighbouring Hampshire. This area including St Ives, St Leonards and Ashley Heath has no recognisable centre. Ringwood town centre is the main centre serving the residents.
- Mid market areas are as follows.
  - Wimborne is a popular attractive market town. Relatively speaking, Wimborne is more expensive than Ferndown, with local agents suggesting in the region of 3-5% more expensive and 10% more expensive than Verwood. Family housing located within well performing school catchment areas is highly sought after. Local agents highlight that Wimborne has always been a popular area for schooling and this has not changed in recent years.
  - Elsewhere within the district areas such as Colehill, Canford Bottom, Hampreston and the nearby villages such as Furzehill and Broomhill, are popular as they feed into excellent First, Middle and Upper School catchment areas. General values range between £250,000 and £500,000.
- Lower priced areas of the market are as follows.
  - West Moors comprises a large proportion of bungalow stock and retired residents, many of whom have located here from the outer-London suburbs and offering slightly more affordable accommodation than Ferndown.
  - Areas such as Three Legged Cross and Verwood, are less desirable locations and provide relatively more affordable housing. Three Legged Cross comprises ex-social and social housing stock.

New development sales prices

6.36 East Dorset has witnessed very little new housing development in the past 12 months. There have been just a few individual developments.

- One new development has been undertaken by Mildren Homes. The development is located at Potters Place, Black Hill, Verwood and comprises a development of five,

luxury 3 and 4 bed detached properties. The scheme was launched at the end of 2011 and discussions with Mildren Homes confirm that one of the 4-bed properties, extending to 128 sq m has now sold achieving a sales value of £399,995. The 3-bed property of 102 sq m was being marketed at a quoted price of £347,995 and has recently been reduced to £336,995. The quoted prices with respect to the remaining 4-bed properties range from £434,995-£469,995. There is now a sales office on site which has served to generate interest in the development.

6.37 The table below summarises new build properties currently being marketed.

Table 6.2 New developments in East Dorset

East Dorset	Description	Price Quoted
Station Road, Wimborne	3-bed semi-detached	£299,950
Wareham Road, Corfe Mullen	3-bed semi-detached	£315,000
Wareham Road, Corfe Mullen	3-bed semi-detached	£295,000
Coopers Lane, Verwood	4 bed detached	£450,000
Black Hill, Verwood	3 bed detached	£347,995
Black Hill, Verwood	4 bed detached	£449,995
Black Hill, Verwood	4 bed detached	£469,995
Black Hill, Verwood	4 bed detached	£448,995
Black Hill, Verwood	4 bed detached	£399,995
Lake Road, Verwood	4 bed detached	£410,000
Lake Road, Verwood	4 bed detached	£495,000
Lake Road, Verwood	4 bed detached	£450,000
Lake Road, Verwood	4 bed detached	£465,000
Lake Road, Verwood	4 bed detached	£445,000
Crane Drive, Verwood	2 bed flat	£151,960
Crane Drive, Verwood	2 bed flat	£189,950
Crane Drive, Verwood	2 bed flat	£189,950
Station Road, Verwood	4 bed detached	£479,000
Daggons Road, Alderholt	3 bed detached	£285,000
Braeside Road, St Leonards	5 bed bungalow	£390,000

Source: www.Zoopla.co.uk and agent websites

The working hypothesis following consultation

6.38 Discussions with agents and developers helped us arrive at a 'firmed up' working hypothesis regarding geographical CIL charges in Christchurch and East Dorset.

The approach in Christchurch

6.39 In Christchurch, we have been mindful of the fact that the bulk of development is going to happen in the south of the borough. A separate CIL charge for the rural areas to the north would therefore add collection complexity but not capture significant extra CIL revenue. Having analysed the locations of likely future development, there did not appear to be a good case for charging different levies on different areas within Christchurch town itself:

this would have been unacceptably complex. Our hypothesis was therefore that Christchurch should have a single charge across the area.

6.40 We decided to deal with the Christchurch Urban Extension separately. We were aware of the additional costs in these areas which needed further examination.

The approach in East Dorset

6.41 Our approach in East Dorset was similar to that in Christchurch. We were very mindful of the potential distortions that might be created if we were to set a two or three band CIL on residential space in the area.

Viability analysis

6.42 We then tested this approach by undertaking a viability analysis. Development appraisals are necessary to set a CIL, because the data used so far is only a proxy for viability testing, rather than a viability test in itself. Only development appraisals can properly combine the receipts and costs of development to arrive at an overall picture of viability.

- First, development appraisals use recent sales prices as a basis, and relate to new dwellings specifically. To arrive at these prices we consulted with developers and agents who have been selling new housing over the last six months. (By contrast, Land Registry prices presented cover the last two years and include second-hand as well as new houses).
- Secondly, the results of the development appraisal (which shows the price that a developer can afford to pay for land) can be compared with prevailing benchmark land values (in effect, what the landowner will accept in order to sell the land). Benchmark values have an important bearing on the amount of CIL assumed to be available.

Residential scenarios tested

6.43 To assess the capacity of different types of development to pay CIL in Christchurch and East Dorset, we have produced indicative development appraisals of hypothetical schemes, comprising the following.

- 4 units (houses)
- 5 units (houses)
- 15 units (houses)
- 50 units (houses)
- 100 units (houses)
- 5 units (flats)
- 15 units (flats)
- 60 units (flats)

6.44 This mix of schemes was selected in discussion with the client group, making use of their local knowledge, to create a representative but focused profile of residential likely to come forward in the area for the foreseeable future.

- The smallest schemes we have modelled are 4 unit housing developments. We assumed that these schemes would make an off-site affordable housing contribution.
- We chose to model schemes of 4 houses and 5 houses to explore the impact of affordable housing policy prevalent at the time of testing.

- We chose to model schemes of 50 and 100 units because market conditions mean that developers struggle to finance individual scheme phases larger than this. The larger growth areas are likely to be delivered in sub-schemes of roughly this size.
- The Christchurch Urban Extension is fundamental to the delivery of the Christchurch and East Dorset Core Strategy. However, it has particular site conditions which mean that viability might be affected. We have therefore relied here on viability work carried out by Whiteleaf Consulting as part of the master planning for the Christchurch Urban Extension. This work is valuable because it took a particularly close look at the site abnormal and infrastructure costs. This can be found at paragraph 6.49, and a summary of the site development appraisal is available in Appendix 2.

6.45 We expect that some sites which come forward will have a mixture of houses and flats. We have not modelled these mixed schemes separately because we are attempting to understand the viable CIL rates payable on individual components of the schemes. If we were to model a mixed house and flat scheme, one housing type might cross subsidise another, and provide a misleading result about the level of CIL which could be viably afforded.

Findings

6.46 Table 6.3 summarises the residential development appraisals. Individual detailed appraisals are at Appendix 1 below.

6.47 Our objective in these summary tables is to show, for each notional development scenario, how much money might be theoretically available for a CIL charge. Reading Table 6.3 from left to right, successive columns are as follows:

a. Number and type of units

b. Net site area

c. Total Floor Space: this is the total floorspace create by the development, including both market and affordable housing.

d. Floorspace gross chargeable: the accommodation within the scheme liable to CIL, equal to the floorspace of market housing (affordable housing is not liable).

e. Residual value before policy contributions - £ per hectare, and £ per sq m: The residual value is produced by an indicative appraisal before S106, affordable housing, CIL and all other policy costs have been taken into account. The method and assumptions used in this appraisal to arrive at this number are described in the report. Briefly, the residual site value is the difference between the value of the completed development and the cost of that development, and developer's profit.

f. Benchmark land value per ha and per sq m: the estimated minimum a developer would typically need to pay to secure a site of this kind, expressed in £ per ha or divided by its chargeable floorspace.

g. Cost of S106: this is the cost of the S106 requirements (excluding affordable housing) expressed as a rate per ha and per square metre. This sum is assumed to pay for small scale site-specific S106 requirements.

h. Cost of affordable housing: this is the cost of affordable housing per ha and per sq m, at the stated rate of affordable housing requirement.

i. CIL surplus per ha and per sq m: this column identified the amount of money which is, in theory, available for CIL, after policy costs have been paid. It is expressed per ha and per sq m of chargeable development. Note that this sum is derived from the difference between the benchmark land value and the residual land value before policy contributions, once S106 and affordable housing costs have been taken into account. As noted earlier, this overage is an estimate of the CIL 'ceiling' – the maximum CIL that could be charged consistent with the development being financially viable, expressed per ha. Given the uncertainties surrounding viability appraisal, it is of course an approximate indicator, which should be used cautiously.

6.48 **The theoretical maximum CIL charge per square metre for each development is therefore shown in the far right column of the summary table below. As we explain below, though, we do not recommend that this theoretical maximum be directly translated into a CIL Charge.**

Table 6.3 Christchurch and East Dorset viability summary (assuming 30% affordable housing)

	No of dwellings	Net site area ha	Density	Total Floor Space per sq.m Floor Space	Chargeable Floor Space per sq.m Floor Space	Residual land value before policy contributions Per Ha	Per £psm	Benchmark Per Ha	Per £psm	Cost of S.106 Per Ha	Per £psm	Cost of Affordable Per Ha	Per £psm	CIL Surplus Per Ha	Per £psm
East Dorset															
Houses –	4	0.11	35	360	252	£3,484,406	£1,580	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£768,156	£514
Houses –	5	0.14	35	450	315	£3,464,731	£1,571	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£748,481	£505
Houses –	9	0.26	35	810	567	£3,416,183	£1,549	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£699,933	£483
Houses –	15	0.43	35	1,350	945	£3,494,299	£1,585	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£778,049	£518
Houses –	50	1.43	35	4,500	3,150	£3,406,582	£1,545	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£690,332	£479
Houses –	100	2.86	35	9,000	6,300	£3,294,119	£1,494	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£577,869	£428
Flats -	5	0.08	65	323	226	£4,146,044	£1,411	£1,500,000	£510	£65,000	£15	£1,889,550	£450	£691,494	£435
Flats -	15	0.23	65	969	678	£4,181,620	£1,423	£1,500,000	£510	£65,000	£15	£1,889,550	£450	£727,070	£447
Flats -	60	0.92	65	3,876	2,713	£4,053,104	£1,379	£1,500,000	£510	£65,000	£15	£1,889,550	£450	£598,554	£403
Christchurch															
Houses –	4	0.11	35	360	252	£3,484,406	£1,580	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£618,156	£446
Houses –	5	0.14	35	450	315	£3,464,731	£1,571	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£598,481	£437
Houses –	9	0.26	35	810	567	£3,416,183	£1,549	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£549,933	£415
Houses –	15	0.43	35	1,350	945	£3,494,299	£1,585	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£628,049	£450
Houses –	50	1.43	35	4,500	3,150	£3,406,582	£1,545	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£540,332	£411
Houses –	100	2.86	35	9,000	6,300	£3,294,119	£1,494	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£427,869	£360
Flats -	5	0.08	65	323	226	£4,146,044	£1,411	£1,650,000	£561	£65,000	£15	£1,889,550	£450	£541,494	£384
Flats -	15	0.23	65	969	678	£4,181,620	£1,423	£1,650,000	£561	£65,000	£15	£1,889,550	£450	£577,070	£396
Flats -	60	0.92	65	3,876	2,713	£4,053,104	£1,379	£1,650,000	£561	£65,000	£15	£1,889,550	£450	£448,554	£352

Source: RTP

A note on the Christchurch Urban Extension

6.49 The Christchurch Urban Extension (UE) is a key development site for the provision of housing in Christchurch. We have looked at the site separately because it is fundamental to the delivery of the Christchurch part of the plan. The evidence base needs to ensure that the site is deliverable in the context of the proposed CIL charge and affordable housing policies suggested in this report.

6.50 There have been concerns regarding the viability of development at the Christchurch UE. This is due to a number of site abnormal costs being present at the site, including high voltage power lines.

6.51 In the assessment carried out here, we have relied on a study by Whiteleaf Consulting.[34] This was commissioned by Christchurch specifically in order to look at the viability of the Urban Extension site. We have done no further testing of our own.

6.52 In order to investigate whether the site remained deliverable given policy costs imposed on development, we broke the deal structure into three component parts – that of the landowner, the infrastructure developer, and the residential developer. We did this because we wished to clarify the different stages in the development, and ensure that there are sufficient returns for each party at the different stages of the deal. In reality, these three parties might not be present, or they may share responsibilities. This is not material to our process here, which seeks only to investigate overall deliverability rather than go into the details of the deal.

6.53 The first stage in the process is that the landowner must sell the site for development. Landowners must have sufficient incentive to sell the site. The Whiteleaf report assumed that the landowner would be willing to dispose at a price of £308,000/ha. This is significantly in advance of the site's current use value which is predominantly agricultural. We have assumed that the counterparty in this deal is an infrastructure developer.

6.54 By this point, then, the landowner has sold the site to an infrastructure developer for £308,000/ha. The infrastructure developer will not build houses. Instead, his or her objective is to remediate and service the site in order to sell the site to a housebuilder for a profit. This project will generate a number of costs, including burying power lines and providing road connections. Our source for these costs has again been the Whiteleaf report. We have produced a high level site development appraisal in Appendix 1 which includes these costs. In line with the rest of our CIL report, we assume that the infrastructure developer will be able to sell the site to the next developer for £1,650,000/ha for residential, and £2,000,000/ha for commercial. (We have retained the label 'commercial' from the Whiteleaf report in order to retain read-across between the reports, but we anticipate that the commercial values mentioned here will be realised by small scale convenience/comparison retail development). Our development appraisal at Appendix 1 suggests that if these costs were incurred, and this site sales value was realised, then profit

[34] Whiteleaf Consulting (2012*) Brief Viability Report in respect of Final Master Plan for North Christchurch*

to the infrastructure developer would be circa £4.1m (13.25%). We believe that this represents an acceptable profit, given the risk profile of this stage in the process.

6.55 At this stage, then, the infrastructure developer has sold the site to a housebuilder. By now, the site is fully serviced and ready for the housebuilder to begin to build houses for sale to the public. As we have seen, the housebuilder has bought the site for £1,650,000/ha, and so is in a similar position in this regard to other developers in the area. The conclusions from the CIL viability testing and affordable housing testing carried out in this study for other sites can now be used. As discussed in the main stream of this report, our work suggests that with this land purchase cost, policy costs (including CIL at the stated rate, and affordable housing at the stated percentage) can be borne in the area, whilst retaining an acceptable profit that will motivate housebuilders to deliver.

6.56 We have therefore no reason to presume that the UE cannot be delivered. The evidence we have suggests that there are competitive returns for landowners and developers at each stage in the process. Equally, the abnormal costs of developing the site have been appropriately reflected in land values, meaning that the common purse has not found itself in the position of inappropriately supporting unrealistic hope values.

The recommended CIL charge

6.57 Although the analysis suggests that in some development scenarios a high theoretical CIL charge might be levied, we strongly recommend that the charge be set well under this viability ceiling. The principal reasons for this are that:

- Costs and values are likely to fluctuate over time and vary between different sites, which could make the charge unsustainable without a contingency margin.
- Site-specific issues will adversely affect costs or values in some cases. In particular, some sites developments may involve significant abnormal costs.
- Development appraisals of this nature invariably involve a margin of error.

6.58 We suggest the following charges be adopted.

Table 6.4 Christchurch proposed CIL Charging Rates (assuming 30% affordable housing)

Development type	CIL charge per sq m
Residential development	£100

Source: RTP

Table 6.5 East Dorset proposed CIL Charging Rates (assuming 30% affordable housing)

Development type	CIL charge per sq m
Residential development	£100

Source: RTP

7 HOTELS

Planning context

7.1 There is a currently unimplemented permission in Christchurch for a Travelodge and for a hotel in Ferndown on the Dormy site. The draft Core Strategy sets out aspirations to see hotel provision at Bournemouth Airport.

Market overview

7.2 Until relatively recently, hotel development outside of Central London has come from budget operators delivering new projects through traditional leasehold arrangements with institutional investors. The market for higher standard hotels remains difficult outside of central London with the lack of access to finance curtailing development opportunities.

7.3 Hospitality consulting firm TRI suggest that the market will become two tier, as follows.

- The high end hotel product is focussed on the prime central London areas. We have set this to one side.
- Midmarket development will continue to focus on other parts of the country. Note, though, that some of the major budget hotel operators, Travelodge amongst them, are highly indebted and may struggle to finance new development.[35]

Viability analysis

Scenario tested

7.4 Our viability analysis is based on a mid-market three-star hotel scheme (typically Holiday Inn Express type development) of circa 65 rooms. We have chosen to model this type of hotel because we expect that it will be typical of the bulk of hotel floorspace created in Christchurch and East Dorset, were it to come forward.

Findings

7.5 Table 7.1 shows the results of our viability appraisal.

7.6 Please refer to paragraph 6.47 for an explanation of how to interpret the summary table below.

Table 7.1 Viability summary

Zone	Site area	Floorspace	Residual land value		Benchmark land value		Overage (CIL Ceiling)	
	Ha	Sq m	Per ha	Per sq m	Per ha	Per sq m	Per ha	Per sq m
65 Bed Hotel	0.50	2,787	£2,104,539	£378	£2,000,000	£359	£104,539	£19

The recommended CIL charge

7.7 Whilst the viability appraisal suggests that there could be a small surplus on this type of development, there is not sufficient for us to be confident in setting a CIL charge.

[35] Pratley, P, *Trouble comes to stay at Travelodge* Guardian 20 February 2012

8 CARE HOMES

Planning context

8.1 Christchurch and East Dorset have seen a steady flow of applications for care homes, and have asked us to investigate the viability of this development.

Defining the sector

8.2 We have defined this sector as follows.[36]

- Residential care homes (now generally referred to simply as care homes) are residential settings where a number of older people live, usually in single rooms, and have access to on-site care services. A home registered simply as a care home will provide personal care only - help with washing, dressing and giving medication. Some care homes are registered to meet a specific care need, for example dementia or terminal illness.
- What used to be called nursing homes are now called care homes with nursing. These settings will provide the same personal care but also have a qualified nurse on duty twenty-four hours a day to carry out nursing tasks. These homes are for people who are physically or mentally frail or people who need regular attention from a nurse.[37] Homes registered for nursing care may accept people who just have personal care needs but who may need nursing care in the future.

8.3 These uses fall under the C2 (residential institutions) use class.

8.4 We are carefully distinguishing this type of provision from retirement flats and quasi-retirement accommodation sometimes known as assisted living apartments. The term assisted living or 'extra care housing' is used to describe developments that comprise self-contained homes with design features and support services available to enable self- care and independent living. These types of development are included in the C3 category and are chargeable under the residential rate.

Market review

National marketplace

8.5 Research by Colliers in Autumn 2011 found that 'The last half year has seen very few large investment deals, with the impact and publicity surrounding the demise of Southern Cross, certainly having an adverse effect on the market'. The report shows the difficulties being experienced by operators 'in terms of lower occupancy rates, lower average fees and lower referrals from local authorities putting pressure on profit margins and an increasing cost

[36] Definition derived from the Elderly Accommodation Counsel http://www.housingcare.org/jargon-residential-care-homes.aspx

[37] http://www.firststopcareadvice.org.uk/jargon-care-home.aspx

base.' The same research found that 'development finance is generally absent from the market.'[38]

8.6 However, the report found 'positive notes within the general gloom… where quality propositions come to market they attract healthy interest…we also see an appetite for new development, with operators adopting innovative methods to process schemes, often involving partnerships with developers'.

8.7 In summary, then, the market is in flux. There appears to be appetite for development in some instances in particularly prosperous local markets, but this would be dependent on individual circumstances and deal structures.

Viability appraisal

Scenarios modelled

8.8 We have modelled a 60 bedroom 3,000 sq m (gross) care home development for the private market.

Findings of viability testing

8.9 Table 8.1 shows the results of our viability appraisal. Please refer to paragraph 6.47 for an explanation of how to interpret the summary table below.

Table 8.1 Viability summary

Site area	Floorspace	Residual land value		Benchmark land value		Overage	
Ha	Sq m	Per ha	Per sq m	Per ha	Per sq m	Per ha	Per sq m
0.40	3,000	£2,018,000	£269	£1,400,000	£187	£618,000	£82

The recommended CIL charge

8.10 We suggest that a CIL charge for care homes could be set at £40 sq m. This should be levied across both Christchurch and East Dorset.

[38] Colliers International *Care Homes Review (7)* http://healthcare.colliers-uk.com/documents/Care_Homes_Review_Autumn_2011.pdf

9 OFFICES

Planning context

9.1 There is an aspiration to see some further office development at Bournemouth Airport. Some offices have already been delivered at this site.

Market overview

9.2 The office markets within Christchurch and East Dorset are predominantly reliant on local companies. We understand that there have been few major office developments in either area with the exception of the Airport business park site.

9.3 With respect to both East Dorset and Christchurch the market is almost exclusively from local businesses, typically seeking small units.

Christchurch

9.4 Office markets nationally have deteriorated over the past 5 years. Discussions with agents in the area indicate that there is a lack of demand from office occupiers throughout the size range. Property owners' duty to pay business rates on empty property has driven down values on existing stock. Business rates are also a significant factor deterring occupiers from taking larger units, as they seek to keep costs to a minimum and take advantage of business rates relief.

9.5 With respect to the office accommodation located at Bournemouth Airport (which is in Christchurch), the lack of accessibility by public transport, congestion issues and lack of amenities are considered to make this a less attractive location for employees who prefer a town centre location. Even so, this has been the main location for office development in recent years.

9.6 Agents report that the office markets are characterised by second hand accommodation, some of which is located over shops and not Disability Discrimination Act compliant. In addition, much of the accommodation available does not conform with modern business requirements. Demand for this type of accommodation is limited, and consequently, some owners of office accommodation situated over shops are now looking to submit planning applications for change of use to residential.

9.7 Rents within Christchurch for second hand accommodation are typically £9.00 - £11.00 psf which is considered to be broadly comparable with locations such as Verwood and Ferndown within East Dorset. Bournemouth is a favoured location to Christchurch although, one agent noted that Christchurch offers the advantage of cheaper parking.

9.8 3 units are currently available (46 sq m, 77 sq m, 99 sq m) at Parley Court Barn, a Grade II Listed barn conversion on Parley Lane in Hurn, Christchurch. These are currently available on Full Repairing and Insuring Leases at a quoting rental of c. £131.75, £130.46 and £130.78 per sq m (roughly £12.24, £12.12 and £12.15 per sq ft), respectively.

East Dorset

9.9 Within East Dorset, accessibility to the A31 Trunk Road is a key driver for many occupiers. Consequently locations in close proximity e.g. Verwood, Ferndown and Wimborne are the

most popular locations. Carr & Neave are currently marketing a 64 sq m, 1st floor office suite at The Old Pottery in Verwood. This modern development was built in 2008/9 and has been fully let until recently. The quoted rent is £140.36 sq m.

9.10 With respect to lease terms and incentives, partly as a result of the continuing difficult economic climate, prospective tenants are now seeking short term leases. Typically 3 year leases now offered with 12/24 month break clauses.

9.11 The general consensus from agents and developers is that new development is unlikely to prove viable with no speculative development taking place due to weak demand; the incentives needed to be offered and demand being predominantly for small units. Funding for development remains a key constraint on new developments with no significant pre-lets.

Viability analysis

Scenarios tested

9.12 We have produced indicative development appraisals of hypothetical development, comprising a 929 sq m scheme, typical 2-3 storey business park style scheme.

Findings

9.13 We have produced an outline development appraisal based on current values, yields and development costs and concluded that the speculative office development produces a negative land value. The development therefore does not generate an overage that could be captured by CIL.

9.14 We have included a detailed appraisal as an appendix.

Table 9.1 Viability summary

Site area	Floorspace sq m		Residual land value		Benchmark land value		Overage (CIL Ceiling)	
Ha	Gross (GIA)	Net (NIA)	Per ha	Per sq m	Per ha	Per sq m (GIA)	Per ha	Per sq m
0.40	929	929	-£2,074,883	-£893	£1,750,000	£753	-£3,824,883	-£382

The charging schedule

9.15 We conclude that, based on our research, office development is not viable. We therefore recommend that a CIL Charge should not be set for office floorspace.

9.16 We believe that some development may occur on traditional employment sites but this will be linked to specific user requirements, or through mixed use developments which incorporate office accommodation alongside other more viable uses such as residential or retail.

9.17 We have included a detailed appraisal as an appendix.

10 LIGHT INDUSTRIAL/WAREHOUSING SPACE

Planning context

10.1 The Core Strategy Pre-Submission Document states that employment land supply located in Christchurch and East Dorset will contribute in part to meeting the wider strategic requirement across the Bournemouth and Poole Strategically Significant City and Town as identified in the 2012 Bournemouth, Dorset and Poole Workspace Study.

10.2 80 hectares of land will be identified to meet the requirements of existing and new businesses (Policy KS5). There is 30ha of employment land at Ferndown, 30ha at the airport and an amount at Woolsbridge and Bailie Gate.

Market Overview

10.3 With respect to the industrial/warehousing sector, Jones Lang Lasalle report that occupier activity eased in Q1 2012 driven by increasing caution amid continuing economic uncertainties[39]. Nevertheless, choice remains restricted due to limited speculative development.

Christchurch

10.4 Although the industrial market is still struggling, Christchurch has benefited from a recent new development of 22 industrial/warehouse units by developer, Terrace Hill, which is currently being marketed at Christchurch Business Park in Dorset. The park is located on a site formerly occupied by BAe Systems, approximately 2.5 miles from Christchurch town centre and adjacent to the established Priory Industrial Park.

10.5 This is a phased development with units offered for sale/to rent, ranging from 102 sq m to 1,282 sq m. The scheme comprises 22 units of which 18 have already been completed. Of these, 15 have been sold freehold and.one is currently under offer. Of all the units developed, only three have been sold to investors with the remainder to owner occupiers. We understand one of the 102 sq m units has recently been let at an annual rental of £11,250 per annum which equates to an achieved rental of £110.11 per sq m.

10.6 In terms of freehold values, a 568 sq m unit at the business park was sold in January 2012. The price quoted was £753,000 and the price achieved £663,956. Also, in April 2012 a 251 sq m unit was sold to a confidential purchaser at an agreed price of £315,000.

10.7 Phase 1 comprised of the development of a 5,574 sq m unit which was pre-sold. The remaining small starter units c. 102 sq m were built as Phase 2 on a speculative basis.

10.8 There is also strong interest with respect to phase 3 of the business park development which comprises 1.2 hectares from a prospective occupier seeking a 4,645 sq m unit on a design and build basis.

[39] EMEA Corporate Industrial Occupier Conditions June 2012.

10.9 This scheme remains the exception rather than the rule as development finance remains an issue for most developers. The industrial market sector is struggling in line with the national trends.

10.10 In general, demand in Christchurch is predominantly local in nature and for smaller units up to c. 279 sq m Enquiries for slightly larger units occasionally come from local companies seeking larger accommodation that are seeking to remain within the town as opposed to move out of the area.

10.11 Christchurch experiences competition with larger conurbations such as Poole and to a lesser degree East Dorset. Established estates within East Dorset at Ferndown Industrial Estate for example, provide good communications with Motorway access via the A31, which gives it an advantage over Christchurch which has limited access. Although, Ferndown Industrial Estate comprises 1960'/70's properties, location is a driver of demand.

10.12 Tenants are seeking shorter leases and usually no longer than 4 years with a four month rent free incentive. The majority of available accommodation is under 929 sq m.

East Dorset

10.13 Within East Dorset, Ferndown Industrial Estate has always performed relatively well due to its location and proximity to the A31. In general, rental levels achieved can be £69.97 per sq m although there are variations depending upon location, size and quality. For instance, at Woolsbridge Industrial Estate, located at Three Legged Cross units 52-54 are currently available providing 104 sq m at a quoted rental of £69.97 per sq m. A large industrial warehouse providing 2,926 sq m of accommodation is currently being marketed at Woolsbridge Industrial Estate at a quoting rental of £61.57 per sq m.

10.14 Elsewhere, at Stirling Business Park at Ferndown a 96 sq m unit is available at a quoting rent of £80.73 per sq m.

10.15 Rent free inducements of 1 month for each year of the lease are common, although a larger incentive was recently offered at the Priory Business Park (next to Christchurch Business Park) with an 18 month rent free incentive on a 3 year lease which is highly unusual. New units under 186 sq m would expect to achieve rental levels in the order of £7.50-£8.00 sq ft.

10.16 With respect to stand alone small units, yields are in the order of 10%.

Scenarios tested

Employment scenarios tested

10.17 We have tested an indicative scheme of 3,500 sq m which could be potentially either let as a single unit or subdivided into smaller units.

Viability analysis

10.18 Using the same approach as for housing, in this section we assess the viability of development. We calculate the surplus land values, or overages, from which the levy may be paid.

10.19 We do not differentiate between different parts of the study area, because there is no evidence of significant differences in viability.

10.20 Our appraisal (summarised below in Table 7.1) indicates that the scheme is not viable. Please refer to paragraph 6.47 for an explanation of how to interpret the summary table below.

Table 10.1 Viability summary

Nº of units	Site area	Floorspace	Residual land value		Benchmark land value		Overage (CIL Ceiling)	
	Ha	Total GIA sq m	Per ha	Per sq m	Per ha	Per sq m	Per ha	Per sq m
3.0	1	3,500	£693,708	£595	£1,235,000	£176	-£541,292	-£54

Source: RTP

The recommended CIL charge

10.21 We concluded that industrial/warehouse development in Christchurch and East Dorset is generally not viable. There is therefore no potential for sustaining a CIL charge.

11 RETAIL

Planning context

11.1 Floorspace projections are based on Christchurch and East Dorset Councils Retail and Town Centre Uses Study (2012).

Retail in Christchurch

11.2 In Christchurch there is a projected requirement for in the region of 8,100 sq m net additional comparison floorspace for the period to 2031 and 2,300 square metres net additional convenience floorspace.

Retail in East Dorset

11.3 In East Dorset there is a projected requirement for in the region of 5,200 sq m net additional comparison floorspace and 4,000 sq m net additional convenience floorspace to 2031.

Defining retail categories

11.4 As shown above at paragraph 2.14 onwards, the Regulations allow charge distinctions to be made by use of buildings where there are distinct uses which can be clearly defined on the charging schedule.

11.5 In this analysis of retail viability, we are setting out the distinct retail building use categories we have used in this analysis: these are, firstly, convenience uses, and secondly, comparison uses.

11.6 These distinctions between convenience and comparison uses are based on the definitions provided at Annex B of PPS4[40], which we have slightly reworded to fit the present context (the Annex B definition discussion applies to goods, but we wish to define the sales units in which those goods are sold).

- A *convenience unit* is a shop or store selling mainly everyday essential items, including food, drinks, newspapers/magazines and confectionery.
- A *comparison unit* is a shop or store selling mainly goods which are not everyday essential items. Such items include clothing, footwear, household and recreational goods.

11.7 In March 2012, PPS 4 was superseded by the National Planning Policy Framework (NPPF). The NPPF does not define different categories of retail goods. This does not cause difficulties for this study, because the definitions provided below do not rely on PPS4. We do not rely on PPS4 to support a particular policy stance, or use it to justify a particular definition. Instead, we use PPS4 as analytical support to help us clearly distinguish between particular types of retailing commonly observable in the marketplace, and to provide reassurance that these distinctions are not ours alone.

[40] DCLG (2009) *Planning Policy Statement 4: Planning for Sustainable Economic Growth*

11.8 Some stores sell a mixture of convenience and comparison goods. In those instances, a store should be categorised as having convenience or comparison status according to its main use (our definition above defines convenience and comparison units as shops or stores selling *mainly* these types of items). We have used this phrasing carefully, and in this have taken the lead from the way that PPS4 defines superstores.[41]

11.9 Additional precision on the types of goods sold in convenience and comparison stores can be taken from Appendix A of the PPS4 companion document *Practice guidance on need, impact and the sequential approach*.[42] It is worth noting that this document remains in use following the March 2012 introduction of the NPPF.

Market overview

Comparison retailing

11.10 Work by Deloitte on the future for retailing is pessimistic, suggesting that 'reductions in store numbers of 30-40% are foreseeable over the next 3-5 years.'[43] The effects are seen to be increased vacancy rates, decreasing prime rents, and increasingly flexible rental terms, including shorter rental terms, lease free periods, shorter break clauses and monthly, as opposed to quarterly, rents. [44] Other reports describe a similar picture. [45]

11.11 Town centre (high street) comparison retailing in the UK is in a period of transition. The majority of comparison retail-led regeneration schemes have stalled due to a combination of weak consumer demand, constraints on investment capital and poor retail occupier performance. There have been a number of insolvencies, and the traditional high-street operators are frequently struggling, particularly in more secondary retail locations. Colliers retail market report (Autumn 2011) states that 'Secondary retail locations will continue to suffer as a result of the growing consumer trend of fewer shopping trips and the focus on the large retail destinations and online. Furthermore, daily/weekly shopping that would once have taken place in the local town centre is increasingly shifting to supermarkets, which now provide a wide range of comparison goods and services alongside the traditional convenience offer'.

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[41] DCLG (2009) *Planning Policy Statement 4: Planning for Sustainable Economic Growth* (27) Annex B provides the following definition. 'Superstores: Self-service stores selling **mainly** food, or food and non-food goods...'

[42] DCLG (2009) *Practice guidance on need, impact and the sequential approach.* Appendix A lists Convenience goods as follows: food and non-alcoholic beverages, Tobacco, Alcoholic beverages (off-trade), newspapers and periodicals, non-durable household goods. Appendix A lists Comparison goods as follows: Clothing materials & garments, Shoes & other footwear, Materials for maintenance & repair of dwellings, Furniture & furnishings; carpets & other floor coverings, Household textiles, Major household appliances, whether electric or not, Small electric household appliances, Tools & miscellaneous accessories, Glassware, tableware & household utensils, Medical goods & other pharmaceutical products, Therapeutic appliances & equipment, Bicycles, Recording media, Games, toys & hobbies; sport & camping equipment; musical instruments, Gardens, plants & flowers, Pets & related products, Books & stationery, Audio-visual, photographic and information processing equipment, Appliances for personal care, Jewellery, watches & clocks, Other personal effects.

[43] Deloitte (2012) *The changing face of retail: The store of the future* (2) see *https://www.deloitte.com/view/en_GB/uk/industries/consumer-business/28098047f3685310VgnVCM3000001c56f00aRCRD.htm*

[44] Ibid (9)

[45] Financial Times December 29 2011 *UK retail insolvencies expected to soar*

Convenience retail

11.12 The convenience retail sector continues to perform well, with operators seeking to continually expand market share by the development of new store formats and the securing of prime locations both in town and out of town. IGD (international food and grocery analysts) state that the UK convenience sector is projected to increase sales by 5.8% per year to £42.6bn in 2015.[46] Local Data Company analysis shows that Tesco, Morrisons and Waitrose are all opening, or planning to open, new stores. Morrisons in particular has announced plans to open 300 'M Local' convenience stores across the UK by 2015.[47] These levels of activity nationally suggest that there may be applications for permission for this type of retail in future.

11.13 Within convenience retail, viability is remarkably insensitive to precise location. Data from CBRE shows that grocery viability is similar in locations throughout the UK with a premium being paid for schemes in London. There is very little investment adjustment (around 1% on yield) between major supermarket developments based on the transactional evidence for leases of similar length and terms

11.14 Leases to the main supermarket operators (often with fixed uplifts) command premiums with investment institutions.

Viability analysis

Retail scenarios tested

11.15 We have produced indicative development appraisals of hypothetical schemes which are relevant to the Christchurch and East Dorset context. We have modelled the following scenarios.

11.16 We have produced indicative development appraisals of hypothetical schemes, comprising:

- Comparison retailing:
  - A 465 sq m in-town high street scheme
- Convenience retailing:
  - a larger out of town centre grocery store of 4,000 sq m gross;
  - an in-town Metro-style grocery store of 465 sq m scheme gross.

11.17 The tables below summarise the development appraisals for each scenario. The appraisals themselves are at Appendix 1 below.

Comparison retailing

Modelling the comparison retail schemes

11.18 It is difficult to model the viability of town centre comparison retail development, as values are usually much more sensitive to location, footfall patterns and sizes of unit than office or

[46] http://www.globalcstorefocus.com/cgi-bin/newsletter.pl?edition=201101&this_page=5

[47] Local Data Company newsletter 'A Week On The High Street' Monday 6th February - Friday 10th February 2012

residential development. These patterns can lead to large variations in values – even on the same street.

11.19 Our response is therefore to adopt a rental value for Christchurch town centre with an assumed rental value of £290 per sq m. As the leading retail centre in either Christchurch or East Dorset, if a scheme is not viable in Christchurch town centre, it is highly unlikely to be viable in other town centres in either area.

11.20 The results of our viability assessment are summarised in the table below. The theoretical maximum CIL charge is shown on the far right column of the table.

11.21 Please refer to paragraph 6.47 for an explanation of how to interpret the summary tables below.

Table 11.1 Viability summary, comparison retail development (465 sq m sample town centre - Christchurch)

Site area	Floorspace	Residual land value		Benchmark land value		Overage (CIL Ceiling)	
Ha	Sq m	Per ha	Per sq m	Per ha	Per sq m	Per ha	Per sq m
0.08	465	£2,426,325	£417	£2,600,000	£447	-£173,675	-£30

Source: RTP

Convenience retailing

11.22 We have undertaken viability testing on convenience retailing. In both scenarios tested, we have concluded that convenience retailing is viable.

11.23 The tables below summarise our appraisals. The theoretical maximum CIL charge is shown on the far right column of the tables below.

Table 11.2 Viability summary, convenience retail development (out of town centre grocery store of 4,000 sq m gross)

Zone	Site area	Floorspace	Residual land value		Benchmark land value		Overage (CIL Ceiling)	
	Ha	Sq m	Per ha	Per sq m	Per ha	Per sq m	Per ha	Per sq m
Christchurch and East Dorset Larger Supermarket	0.80	4,000	£3,356,494	£671	£2,600,000	£520	£756,494	£151

Source: RTP

Table 11.3 Viability summary, convenience retail development (in-town Metro-style grocery store of 465 sq m scheme gross)

Zone	Site area	Floorspace	Residual land value		Benchmark land value		Overage (CIL Ceiling)	
	Ha	Sq m	Per ha	Per sq m	Per ha	Per sq m	Per ha	Per sq m
Christchurch & East Dorset In town Metro style	0.10	465	£3,176,302	£683	£2,600,000	£559	£576,302	£124

Source: RTP

11.24 The viability testing indicates that convenience retail viability is strong, either for the metro-type development or for a larger superstore. Market sentiment is equally robust. This finding applies to both Christchurch and East Dorset.

The recommended CIL charge

11.25 Given the evidence above, we have therefore recommended the following rates for convenience and comparison retailing.

Table 11.4 Recommended retail charging rates

Development type	Christchurch CIL charge per sq m	East Dorset CIL charge per sq m
Convenience retail (all areas)	£110	£110
Comparison retail	£0	£0

Source: RTP

12 PUBLIC SERVICE AND COMMUNITY FACILITIES

Public service and community facilities

12.1 The Core Strategy states that the Councils want to ensure that the provision of schools, pre-schools and other education and training facilities are sufficient in quality and quantity to meet the needs of residents, therefore the Council may identify new sites for educational uses if the need arises.

Defining this category

12.2 We see this category as including, but not necessarily being limited to:

- Schools, including free schools
- Medical facilities
- Emergency services facilities
- Community halls, community arts centres and libraries.

Approach

12.3 A number of these facilities may be delivered in the Borough over the plan period. They fall into three broad categories, which may overlap:

- Some, like independent schools, will be provided by organisations which have charitable status. They would be exempt from CIL in any case.
- Others, probably the largest category, will be developed, commissioned or subsidised by the public sector. These projects by definition do not deliver a financial return; rather, they make a loss, which is paid for by the public purse. In general they will not produce a commercial land value either, because the land they use will be in public ownership at the outset. Therefore in most cases that there will not be an overage, or betterment, on which CIL can be charged. In those instances where land for public facilities is purchased by the public sector provider in the open market, an overage may be generated; but we have no evidence on which to estimate this and we do not believe it to be significant.
- Thirdly, some facilities will be provided on a commercial basis. The main instance of this is primary care premises occupied by GPs. There is a commercial market for properties of this sort. We have analysed the price paid for completed investments across the country by specialist investors. We have found that the sites used are usually sourced on a preferential basis and the surplus land values they generate are not significant in most cases. It is possible that privately-funded BUPA-type health provision might be developed, but this is likely to be de minimis.

12.4 We conclude that the development of public service and community facilities should not be subject to CIL, because generally speaking they are not commercially ‘viable’ in the normal sense.

13 THE STANDARD CHARGE

13.1 In the chapters above, we have outlined the key development types that will be central to the delivery of the Core Strategy. Where relevant, we have then undertaken viability testing of the principal types of development that will come forward in future, and have shown that CIL charges at the stated levels will not render the main components of growth unviable. We have therefore undertaken the tests required by the CIL Regulations.

13.2 The question now is how to use this analysis to help us to set a charge for development that is *not* central to the delivery of the Core Strategy. These peripheral types of development might be as diverse as laundrettes, youth hostels, cinemas, and so on.

13.3 We have not undertaken individual viability testing of this range of possible uses, for the following reasons.

i These uses are not critical to the delivery of the Core Strategy, and historical evidence suggests that they have not been particularly important in the past.

ii Because limited amounts of net new floorspace will be delivered in these categories, they would generate relatively little revenue if CIL were charged on them.

iii These uses will often move into second-hand rather than new build premises, so they would not be liable to CIL anyway.

iv A robust viability assessment of these uses would be complex, partly because there are many possible combinations of type of development (building) and type of use and these combinations are impossible to predict. This kind of assessment would need specialist valuation, involving disproportionate cost and effort, and the results would be inconclusive.

13.4 The CIL Regulations require us to use 'appropriate available evidence' in suggesting charges.

Recommendations

13.5 While we have not undertaken individual viability testing for these peripheral uses, we can use the work carried out in this report on the principal development types to indicate the level of values which might be achievable by sui generis uses and other development not specifically covered in our research.

13.6 Of the sui generis uses, for example,

- Laundrettes, nightclubs, taxi businesses and amusement centres are likely to be in the same type of premises as small comparison uses and covering similar purchase or rental costs. (We note that these types of development are not particularly prevalent in Christchurch and East Dorset now, nor are likely to be in the future, but we mention them here in order to cover unforeseen future scenarios). Mindful that the lowest of the recommended charges for comparison retail is zero, a precautionary approach here would suggest that a zero charging rate is appropriate.
- Scrapyards and the selling and/or displaying of motor vehicles are likely to occupy the same sorts of premises and locations as many B2 uses. Our work on light industrial

therefore provides a guide to a sensible level of CIL charge which would suggest no charge is appropriate.

13.7 Based on the scale of charges assessed for the various peripheral uses we have looked at, and the general tone of value in the area, we recommend that zero CIL is charged on building uses not specifically dealt with on the charging schedule.

14 RECOMMENDATIONS

14.1 We recommend the following CIL charging rates. As recommended by guidance, these rates reflect viability at the present time. If viability improves, a new CIL charge could be set, or higher levels of affordable housing could be negotiated.

Christchurch recommended draft charging schedule

Table 14.1 Christchurch Proposed CIL charging rates (assuming 30% affordable housing)

Development type	Christchurch CIL charge per sq m
Residential development (assuming 30% affordable housing)	£100
Hotels	£0
Care homes	£40
Offices	£0
Light industrial /warehousing space	£0
Convenience retail	£110
Comparison retail	£0
Public Service and Community Facilities	£0
Standard charge (all other uses not covered)	£0

14.2 This may be simplified as follows.

Table 14.2 Christchurch Proposed CIL charging rates (assuming 30% affordable housing)

Development type	Christchurch CIL charge per sq m
Residential development	£100
Care homes	£40
Convenience retail	£110
Standard charge (all other uses not covered)	£0

East Dorset recommended draft charging schedule

Table 14.3 East Dorset Proposed CIL charging rates (assuming 30% affordable housing)

Development type	East Dorset CIL charge per sq m
Residential development	£100
Hotels	£0
Care homes	£40
Offices	£0
Light industrial /warehousing space	£0
Convenience retail	£110
Comparison retail	£0
Public Service and Community Facilities	£0
Standard charge (all other uses not covered)	£0

14.3 This may be simplified as follows.

Table 14.4 East Dorset Proposed CIL charging rates (assuming 30% affordable housing)

Development type	East Dorset CIL charge per sq m
Residential development (assuming 30% affordable housing)	£100
Care homes	£40
Convenience retail	£110
Standard charge (all other uses not covered)	£0

14.4 Each charge covers all of both Christchurch and East Dorset, so no separate maps showing charging boundaries is necessary.

APPENDIX 1

Viability appraisals

Houses –	**4.0**	**Christchurch**						
Net Site Area	0.11							
			Private	**Affordable**				
Yield	4.00		**2.80**	**1.20**				
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	2.80	90	252	£2,800	£705,600	
			2.80		252			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	1.20	90	108	£1,550	£167,400	
			1.20		108			
			4.00		**360**		**£873,000**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£308,688	
				Less Purchaser Costs			4.75%	
							294,025	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	0.00	0	£992		£0.00	
		Houses	2.80	252	£837		£210,924.00	
			2.80					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	0.00	0	£992		£0.00	
		Houses	1.20	108	£837		£90,396.00	
			1.20					
			4.00				**£301,320**	
2.4	**Construction Costs**							
2.4.1	Plot external		10%				£30,132	
2.4.2	Energy		£3,000	per unit			£12,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£42,132	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£26,516	
							£26,516	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£15,066	
							£15,066	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£4,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£4,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£2,000	
2.8.2	Sales agents fee -			1.25%			£10,913	
2.8.3	Marketing cost -			£1,000	per unit		£2,800	
							£15,713	
	TOTAL DEVELOPMENT COSTS						**£698,772**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£139,754	
							£139,754	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£838,526**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£34,474	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£34,474	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£873,000	

Houses –	**5.0**	**Christchurch**						
Net Site Area	0.14							
			Private	**Affordable**				
Yield	5.00		**3.50**	**1.50**				
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	3.50	90	315	£2,800	£882,000	
			3.50		315			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	1.50	90	135	£1,550	£209,250	
			1.50		135			
			5.00		**450**		**£1,091,250**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£383,674	
				Less Purchaser Costs			4.75%	
							365,449	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	0.00	0	£992		£0.00	
		Houses	3.50	315	£837		£263,655.00	
			3.50					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	0.00	0	£992		£0.00	
		Houses	1.50	135	£837		£112,995.00	
			1.50					
			5.00				**£376,650**	
2.4	**Construction**							
2.4.1	Plot external		10%				£37,665	
2.4.2	Energy		£3,000	per unit			£15,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£52,665	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£33,145	
							£33,145	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£18,833	
							£18,833	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£5,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£5,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£2,500	
2.8.2	Sales agents fee -			1.25%			£13,641	
2.8.3	Marketing cost -			£1,000	per unit		£3,500	
							£19,641	
	TOTAL DEVELOPMENT COSTS						**£871,383**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£174,277	
							£174,277	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£1,045,659**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£45,591	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£45,591	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£1,091,250	

Houses –	**9.0**	**Christchurch**						
Net Site Area	0.26							
			Private	**Affordable**				
Yield	9.00		**6.30**	**2.70**				
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	6.30	90	567	£2,800	£1,587,600	
			6.30		567			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	2.70	90	243	£1,550	£376,650	
			2.70		243			
			9.00		**810**		**£1,964,250**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£688,126	
				Less Purchaser Costs			5.75%	
							648,559	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	0.00	0	£992		£0.00	
		Houses	6.30	567	£837		£474,579.00	
			6.30					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	0.00	0	£992		£0.00	
		Houses	2.70	243	£837		£203,391.00	
			2.70					
			9.00				**£677,970**	
2.4	**Construction cost**							
2.4.1	Plot external		10%				£67,797	
2.4.2	Energy		£3,000	per unit			£27,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£94,797	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£59,661	
							£59,661	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£33,899	
							£33,899	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£9,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£9,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£4,500	
2.8.2	Sales agents fee -			1.25%			£24,553	
2.8.3	Marketing cost -			£1,000	per unit		£6,300	
							£35,353	
	TOTAL DEVELOPMENT COSTS						**£1,559,239**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£311,848	
							£311,848	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£1,871,087**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£93,163	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£93,163	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£1,964,250	

Houses –	**15**	**Christchurch**						
Net Site Area	0.43							
			Private	**Affordable**				
Yield	15.00		**10.50**	**4.50**				
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	10.50	90	945	£2,800	£2,646,000	
			10.50		945			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	4.50	90	405	£1,550	£627,750	
			4.50		405			
			15.00		**1350**		**£3,273,750**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£1,185,777	
				Less Purchaser Costs			6.75%	
							1,105,737	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	0.00	0	£992		£0.00	
		Houses	10.50	945	£837		£790,965.00	
			10.50					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	0.00	0	£992		£0.00	
		Houses	4.50	405	£837		£338,985.00	
			4.50					
			15.00				**£1,129,950**	
2.4	**Construction cost**							
2.4.1	Plot external		10%				£112,995	
2.4.2	Energy		£3,000	per unit			£45,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£157,995	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£99,436	
							£99,436	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£56,498	
							£56,498	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£15,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£15,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£7,500	
2.8.2	Sales agents fee -			1.25%			£40,922	
2.8.3	Marketing cost -			£1,000	per unit		£10,500	
							£58,922	
	TOTAL DEVELOPMENT COSTS						**£2,623,537**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£524,707	
							£524,707	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£3,148,244**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£125,506	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£125,506	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£3,273,750	

Houses –	**50**	**Christchurch**						
Net Site Area	1.43							
			Private	**Affordable**				
Yield	50.00		**35.00**	**15.00**				
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	35.00	90	3,150	£2,800	£8,820,000	
			35.00		3150			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	15.00	90	1,350	£1,550	£2,092,500	
			15.00		1350			
			50.00		**4500**		**£10,912,500**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£3,853,021	
				Less Purchaser Costs			6.75%	
							3,592,942	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	0.00	0	£992		£0.00	
		Houses	35.00	3150	£837		£2,636,550.00	
			35.00					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	0.00	0	£992		£0.00	
		Houses	15.00	1350	£837		£1,129,950.00	
			15.00					
			50.00				**£3,766,500**	
2.4	**Construction cost**							
2.4.1	Plot external		10%				£376,650	
2.4.2	Energy		£3,000	per unit			£150,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£526,650	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£331,452	
							£331,452	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£188,325	
							£188,325	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£50,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£50,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£25,000	
2.8.2	Sales agents fee -			1.25%			£136,406	
2.8.3	Marketing cost -			£1,000	per unit		£35,000	
							£196,406	
	TOTAL DEVELOPMENT COSTS						**£8,652,276**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£1,730,455	
							£1,730,455	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£10,382,731**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£529,769	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£529,769	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£10,912,500	

Houses –	**100**	**Christchurch**						
Net Site Area	2.86							
			Private	**Affordable**				
Yield	100.00		**70.00**	**30.00**				
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	70.00	90	6,300	£2,800	£17,640,000	
			70.00		6300			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	30.00	90	2,700	£1,550	£4,185,000	
			30.00		2700			
			100.00		**9000**		**£21,825,000**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£7,450,728	
				Less Purchaser Costs			6.75%	
							6,947,804	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	0.00	0	£992		£0.00	
		Houses	70.00	6300	£837		£5,273,100.00	
			70.00					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	0.00	0	£992		£0.00	
		Houses	30.00	2700	£837		£2,259,900.00	
			30.00					
			100.00				**£7,533,000**	
2.4	**Construction cost**							
2.4.1	Plot external		10%				£753,300	
2.4.2	Energy		£3,000	per unit			£300,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£1,053,300	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£662,904	
							£662,904	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£376,650	
							£376,650	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£100,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£100,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£50,000	
2.8.2	Sales agents fee -			1.25%			£272,813	
2.8.3	Marketing cost -			£1,000	per unit		£70,000	
							£392,813	
	TOTAL DEVELOPMENT COSTS						**£17,066,470**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£3,413,294	
							£3,413,294	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£20,479,764**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£1,345,236	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£1,345,236	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£21,825,000	

Flats -	**5**	**Christchurch**						
Net Site Area	0.08							
			Private	**Affordable**				
Yield	5.00		**3.50**	**1.50**				
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	3.50	65	226	£3,200	£723,520	
		Houses –	0.00	90	0	£2,800	£0	
			3.50		226			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	1.50	65	97	£1,700	£164,730	
		Houses –	0.00	90	0	£1,550	£0	
			1.50		97			
			5.00		**323**		**£888,250**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£213,439	
				Less Purchaser Costs			2.75%	
							207,570	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	3.50	76	£992		£263,872.00	
		Houses	0.00	0	£837		£0.00	
			3.50					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	1.50	76	£992		£113,088.00	
		Houses	0.00	0	£837		£0.00	
			1.50					
			5.00				**£376,960**	
2.4	**Construction cost**							
2.4.1	Plot external		10%				£37,696	
2.4.2	Energy		£3,000	per unit			£15,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£52,696	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£33,172	
							£33,172	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£18,848	
							£18,848	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£5,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£5,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£2,500	
2.8.2	Sales agents fee -			1.25%			£11,103	
2.8.3	Marketing cost -			£1,000	per unit		£3,500	
							£17,103	
	TOTAL DEVELOPMENT COSTS						**£711,349**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£142,270	
							£142,270	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£853,619**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£34,631	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£34,631	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£888,250	

Flats -	**15**	**Christchurch**					
Net Site Area	0.23						
			Private	**Affordable**			
Yield	15.00		**10.50**	**4.50**			
1.0	**Development Value**						
Value Zone	**3**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	10.50	65	678	£3,200	£2,170,560
		Houses –	0.00	90	0	£2,800	£0
			10.50		678		
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –	4.50	65	291	£1,700	£494,190
		Houses –	0.00	90	0	£1,550	£0
			4.50		291		
			15.00		**969**		**£2,664,750**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£666,416
				Less Purchaser Costs			5.75%
							628,097
2.3	**Build Costs**						
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment	10.50	76	£992		£791,616.00
		Houses	0.00	0	£837		£0.00
			10.50				
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet	4.50	76	£992		£339,264.00
		Houses	0.00	0	£837		£0.00
			4.50				
			15.00				**£1,130,880**
2.4	**Construction cost**						
2.4.1	Plot external		10%				£113,088
2.4.2	Energy		£3,000	per unit			£45,000
2.4.3	Lifetime homes		£0	per unit			£0
							£158,088
2.5	**Professional Fees**						
2.5.1	as percentage of build costs			8%			£99,517
							£99,517
2.6	**Contingency**						
2.6.1	Based upon percentage of construction costs			5%			£56,544
							£56,544
2.7	**Developer contributions**						
2.7.1	SANGS				£0	per unit	£0
2.7.2	S.106				£1,000	per unit	£15,000
2.7.3	CIL				£0	per sq.m	£0
2.7.4	Landscape management				£0	per uni	£0
							£15,000
2.8	**Sale cost**						
2.8.1	Legals -			£500			£7,500
2.8.2	Sales agents fee -			1.25%			£33,309
2.8.3	Marketing cost -			£1,000	per unit		£10,500
							£51,309
	TOTAL DEVELOPMENT COSTS						**£2,139,435**
3.0	**Developers' Profit**						
3.1	Based upon percentage of construction costs			Rate			
				20%			£427,887
							£427,887
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,567,323**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£97,427
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£97,427
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£2,664,750

Flats -	**60**	**Christchurch**						
Net Site Area	0.92							
			Private	**Affordable**				
Yield	60.00		**42.00**	**18.00**				
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	42.00	65	2,713	£3,200	£8,682,240	
		Houses –	0.00	90	0	£2,800	£0	
			42.00		2713			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	18.00	65	1,163	£1,700	£1,976,760	
		Houses –	0.00	90	0	£1,550	£0	
			18.00		1163			
			60.00		**3876**		**£10,659,000**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£2,610,768	
				Less Purchaser Costs			6.75%	
							2,434,541	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	42.00	76	£992		£3,166,464.00	
		Houses	0.00	0	£837		£0.00	
			42.00					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	18.00	76	£992		£1,357,056.00	
		Houses	0.00	0	£837		£0.00	
			18.00					
			60.00				**£4,523,520**	
2.4	**Construction cost**							
2.4.1	Plot external		10%				£452,352	
2.4.2	Energy		£3,000	per unit			£180,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£632,352	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£398,070	
							£398,070	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£226,176	
							£226,176	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£60,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£60,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£30,000	
2.8.2	Sales agents fee -			1.25%			£133,238	
2.8.3	Marketing cost -			£1,000	per unit		£42,000	
							£205,238	
	TOTAL DEVELOPMENT COSTS						**£8,479,896**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£1,695,979	
							£1,695,979	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£10,175,876**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£483,124	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£483,124	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£10,659,000	

Houses –	4.0	East Dorset						
ITEM								
Net Site Area	0.11							
			Private	Affordable				
Yield	4.00		2.80	1.20				
1.0	Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	2.80	90	252	£2,800	£705,600	
			2.80		252			
1.2	Affordable unit		No. of units	Size sq.m		£psm	Total Value	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	1.20	90	108	£1,550	£167,400	
			1.20		108			
			4.00		360		£873,000	
2.0	Development Cost							
2.1	Site Acquisition							
2.1.1	Site Value						£308,688	
				Less Purchaser Costs			4.75%	
							294,025	
2.3	Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Cost per sq.m		Total Costs	
		Apartment	0.00	0	£992		£0.00	
		Houses	2.80	252	£837		£210,924.00	
			2.80					
2.3.2	Affordable unit		No. of units	Size sq.m	Cost per sq.m		Total Costs	
		Apartmet	0.00	0	£992		£0.00	
		Houses	1.20	108	£837		£90,396.00	
			1.20					
			4.00				£301,320	
2.4	Construction Costs							
2.4.1	Plot external		10%				£30,132	
2.4.3	Energy		£3,000	per unit			£12,000	
2.4.4	Lifetime homes		£0	per unit			£0	
							£42,132	
2.5	Professional Fees							
2.5.1	as percentage of build costs			8%			£26,516	
							£26,516	
2.6	Contingency							
2.6.1	Based upon percentage of construction costs			5%			£15,066	
							£15,066	
2.7	Developer contributions							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£4,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£4,000	
2.8	Sale cost							
2.8.1	Legals -			£500			£2,000	
2.8.2	Sales agents fee -			1.25%			£10,913	
2.8.3	Marketing cost -			£1,000	per unit		£2,800	
							£15,713	
	TOTAL DEVELOPMENT COSTS						£698,772	
3.0	Developers' Profit							
3.1	Based upon percentage of construction costs			Rate				
				20%			£139,754	
							£139,754	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£838,526	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£34,474	
4.00	Finance Costs			APR		PCM		
				7.00%		0.565%	-£34,474	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£873,000	

Houses –	**5.0**	**East Dorset**						
ITEM								
Net Site Area	0.14							
			Private	**Affordable**				
Yield	5.00		**3.50**	**1.50**				
1.0	**Development Value**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	3.50	90	315	£2,800	£882,000	
			3.50		315			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	1.50	90	135	£1,550	£209,250	
			1.50		135			
			5.00		**450**		**£1,091,250**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£383,674	
				Less Purchaser Costs			4.75%	
							365,449	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	0.00	0	£992		£0.00	
		Houses	3.50	315	£837		£263,655.00	
			3.50					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	0.00	0	£992		£0.00	
		Houses	1.50	135	£837		£112,995.00	
			1.50					
			5.00				**£376,650**	
2.4	**Construction Costs**							
2.4.1	Plot external		10%				£37,665	
2.4.2	Energy		£3,000	per unit			£15,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£52,665	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£33,145	
							£33,145	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£18,833	
							£18,833	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£5,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£5,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£2,500	
2.8.2	Sales agents fee -			1.25%			£13,641	
2.8.3	Marketing cost -			£1,000	per unit		£3,500	
							£19,641	
	TOTAL DEVELOPMENT COSTS						**£871,383**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£174,277	
							£174,277	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£1,045,659**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£45,591	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£45,591	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£1,091,250	

Houses –	**9**	**East Dorset**						
ITEM								
Net Site Area	0.26							
			Private	**Affordable**				
Yield	9.00		**6.30**	**2.70**				
1.0	**Development Value**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	6.30	90	567	£2,800	£1,587,600	
			6.30		567			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	2.70	90	243	£1,550	£376,650	
			9.00		**810**		**£1,964,250**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£688,126	
				Less Purchaser Costs			5.75%	
							648,559	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	0.00	0	£992		£0.00	
		Houses	6.30	567	£837		£474,579.00	
			6.30					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	0.00	0	£992		£0.00	
		Houses	2.70	243	£837		£203,391.00	
			2.70					
			9.00				**£677,970**	
2.4	**Construction cost**							
2.4.1	Plot external		10%				£67,797	
2.4.2	Energy		£3,000	per unit			£27,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£94,797	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£59,661	
							£59,661	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£33,899	
							£33,899	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£9,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£9,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£4,500	
2.8.2	Sales agents fee -			1.25%			£24,553	
2.8.3	Marketing cost -			£1,000	per unit		£6,300	
							£35,353	
	TOTAL DEVELOPMENT COSTS						**£1,559,239**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£311,848	
							£311,848	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£1,871,087**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£93,163	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£93,163	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£1,964,250	

Houses –	15	East Dorset						
ITEM								
Net Site Area	0.43							
			Private	Affordable				
Yield	15.00		10.50	4.50				
1.0	Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	10.50	90	945	£2,800	£2,646,000	
			10.50		945			
1.2	Affordable unit		No. of units	Size sq.m		£psm	Total Value	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	4.50	90	405	£1,550	£627,750	
			4.50		405			
			15.00		1350		£3,273,750	
2.0	Development Cost							
2.1	Site Acquisition							
2.1.1	Site Value						£1,185,777	
				Less Purchaser Costs			6.75%	
							1,105,737	
2.3	Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Cost per sq.m		Total Costs	
		Apartment	0.00	0	£992		£0.00	
		Houses	10.50	945	£837		£790,965.00	
			10.50					
2.3.2	Affordable unit		No. of units	Size sq.m	Cost per sq.m		Total Costs	
		Apartmet	0.00	0	£992		£0.00	
		Houses	4.50	405	£837		£338,985.00	
			4.50					
			15.00				£1,129,950	
2.4	Construction cost							
2.4.1	Plot external		10%				£112,995	
2.4.2	Energy		£3,000	per unit			£45,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£157,995	
2.5	Professional Fees							
2.5.1	as percentage of build costs			8%			£99,436	
							£99,436	
2.6	Contingency							
2.6.1	Based upon percentage of construction costs			5%			£56,498	
							£56,498	
2.7	Developer contributions							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£15,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£15,000	
2.8	Sale cost							
2.8.1	Legals -			£500			£7,500	
2.8.2	Sales agents fee -			1.25%			£40,922	
2.8.3	Marketing cost -			£1,000	per unit		£10,500	
							£58,922	
	TOTAL DEVELOPMENT COSTS						£2,623,537	
3.0	Developers' Profit							
3.1	Based upon percentage of construction costs			Rate				
				20%			£524,707	
							£524,707	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£3,148,244	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£125,506	
4.00	Finance Costs			APR		PCM		
				7.00%		0.565%	-£125,506	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£3,273,750	

Houses –	**50**	**East Dorset**						
ITEM								
Net Site Area	1.43							
			Private	**Affordable**				
Yield	50.00		**35.00**	**15.00**				
1.0	**Development Value**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	35.00	90	3,150	£2,800	£8,820,000	
			35.00		3150			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	15.00	90	1,350	£1,550	£2,092,500	
			15.00		1350			
			50.00		**4500**		**£10,912,500**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£3,853,021	
				Less Purchaser Costs			6.75%	
							3,592,942	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	0.00	0	£992		£0.00	
		Houses	35.00	3150	£837		£2,636,550.00	
			35.00					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	0.00	0	£992		£0.00	
		Houses	15.00	1350	£837		£1,129,950.00	
			15.00					
			50.00				**£3,766,500**	
2.4	**Construction cost**							
2.4.1	Plot external		10%				£376,650	
2.4.2	Energy		£3,000	per unit			£150,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£526,650	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£331,452	
							£331,452	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£188,325	
							£188,325	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£50,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£50,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£25,000	
2.8.2	Sales agents fee -			1.25%			£136,406	
2.8.3	Marketing cost -			£1,000	per unit		£35,000	
							£196,406	
	TOTAL DEVELOPMENT COSTS						**£8,652,276**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£1,730,455	
							£1,730,455	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£10,382,731**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£529,769	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£529,769	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£10,912,500	

Houses –	**100**	**East Dorset**						
ITEM								
Net Site Area	2.86							
			Private	**Affordable**				
Yield	100.00		**70.00**	**30.00**				
1.0	**Development Value**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	65	0	£3,200	£0	
		Houses –	70.00	90	6,300	£2,800	£17,640,000	
			70.00		6300			
1.2	**Affordable unit**		**No. of units**	**Size sq.m**		**£psm**	**Total Value**	
		Flats –	0.00	67	0	£1,700	£0	
		Houses –	30.00	90	2,700	£1,550	£4,185,000	
			30.00		2700			
			100.00		**9000**		**£21,825,000**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£7,450,728	
				Less Purchaser Costs			6.75%	
							6,947,804	
2.3	**Build Costs**							
2.3.1	**Private units**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartment	0.00	0	£992		£0.00	
		Houses	70.00	6300	£837		£5,273,100.00	
			70.00					
2.3.2	**Affordable unit**		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**	
		Apartmet	0.00	0	£992		£0.00	
		Houses	30.00	2700	£837		£2,259,900.00	
			30.00					
			100.00				**£7,533,000**	
2.4	**Construction cost**							
2.4.1	Plot external		10%				£753,300	
2.4.2	Energy		£3,000	per unit			£300,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£1,053,300	
2.5	**Professional Fees**							
2.5.1	as percentage of build costs			8%			£662,904	
							£662,904	
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs			5%			£376,650	
							£376,650	
2.7	**Developer contributions**							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£100,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£100,000	
2.8	**Sale cost**							
2.8.1	Legals -			£500			£50,000	
2.8.2	Sales agents fee -			1.25%			£272,813	
2.8.3	Marketing cost -			£1,000	per unit		£70,000	
							£392,813	
	TOTAL DEVELOPMENT COSTS						**£17,066,470**	
3.0	**Developers' Profit**							
3.1	Based upon percentage of construction costs			Rate				
				20%			£3,413,294	
							£3,413,294	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£20,479,764**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£1,345,236	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£1,345,236	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£21,825,000	

Flats -	5	East Dorset						
ITEM								
Net Site Area	0.08							
			Private	Affordable				
Yield	5.00		3.50	1.50				
1.0	Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
		Flats –	3.50	65	226	£3,200	£723,520	
		Houses –	0.00	90	0	£2,800	£0	
			3.50		226			
1.2	Affordable unit		No. of units	Size sq.m		£psm	Total Value	
		Flats –	1.50	65	97	£1,700	£164,730	
		Houses –	0.00	90	0	£1,550	£0	
			1.50		97			
			5.00		323		£888,250	
2.0	Development Cost							
2.1	Site Acquisition							
2.1.1	Site Value						£213,439	
				Less Purchaser Costs			2.75%	
							207,570	
2.3	Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Cost per sq.m		Total Costs	
		Apartment	3.50	76	£992		£263,872.00	
		Houses	0.00	0	£837		£0.00	
			3.50					
2.3.2	Affordable unit		No. of units	Size sq.m	Cost per sq.m		Total Costs	
		Apartmet	1.50	76	£992		£113,088.00	
		Houses	0.00	0	£837		£0.00	
			1.50					
			5.00				£376,960	
2.4	Construction cost							
2.4.1	Plot external		10%				£37,696	
2.4.2	Energy		£3,000	per unit			£15,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£52,696	
2.5	Professional Fees							
2.5.1	as percentage of build costs			8%			£33,172	
							£33,172	
2.6	Contingency							
2.6.1	Based upon percentage of construction costs			5%			£18,848	
							£18,848	
2.7	Developer contributions							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£5,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£5,000	
2.8	Sale cost							
2.8.1	Legals -			£500			£2,500	
2.8.2	Sales agents fee -			1.25%			£11,103	
2.8.3	Marketing cost -			£1,000	per unit		£3,500	
							£17,103	
	TOTAL DEVELOPMENT COSTS						£711,349	
3.0	Developers' Profit							
3.1	Based upon percentage of construction costs			Rate				
				20%			£142,270	
							£142,270	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£853,619	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£34,631	
4.00	Finance Costs			APR		PCM		
				7.00%		0.565%	-£34,631	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£888,250	

Flats -	15	East Dorset						
ITEM								
Net Site Area	0.23							
			Private	Affordable				
Yield	15.00		10.50	4.50				
1.0	Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
		Flats –	10.50	65	678	£3,200	£2,170,560	
		Houses –	0.00	90	0	£2,800	£0	
			10.50		678			
1.2	Affordable unit		No. of units	Size sq.m		£psm	Total Value	
		Flats –	4.50	65	291	£1,700	£494,190	
		Houses –	0.00	90	0	£1,550	£0	
			4.50		291			
			15.00		969		£2,664,750	
2.0	Development Cost							
2.1	Site Acquisition							
2.1.1	Site Value						£666,416	
				Less Purchaser Costs			5.75%	
							628,097	
2.3	Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Cost per sq.m		Total Costs	
		Apartment	10.50	76	£992		£791,616.00	
		Houses	0.00	0	£837		£0.00	
			10.50					
2.3.2	Affordable unit		No. of units	Size sq.m	Cost per sq.m		Total Costs	
		Apartmet	4.50	76	£992		£339,264.00	
		Houses	0.00	0	£837		£0.00	
			4.50					
			15.00				£1,130,880	
2.4	Construction cost							
2.4.1	Plot external		10%				£113,088	
2.4.2	Energy		£3,000	per unit			£45,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£158,088	
2.5	Professional Fees							
2.5.1	as percentage of build costs			8%			£99,517	
							£99,517	
2.6	Contingency							
2.6.1	Based upon percentage of construction costs			5%			£56,544	
							£56,544	
2.7	Developer contributions							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£15,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£15,000	
2.8	Sale cost							
2.8.1	Legals -			£500			£7,500	
2.8.2	Sales agents fee -			1.25%			£33,309	
2.8.3	Marketing cost -			£1,000	per unit		£10,500	
							£51,309	
	TOTAL DEVELOPMENT COSTS						£2,139,435	
3.0	Developers' Profit							
3.1	Based upon percentage of construction costs			Rate				
				20%			£427,887	
							£427,887	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£2,567,323	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£97,427	
4.00	Finance Costs			APR		PCM		
				7.00%		0.565%	-£97,427	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£2,664,750	

Flats -	60	East Dorset						
ITEM								
Net Site Area	0.92							
			Private	Affordable				
Yield	60.00		42.00	18.00				
1.0	Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
		Flats –	42.00	65	2,713	£3,200	£8,682,240	
		Houses –	0.00	90	0	£2,800	£0	
			42.00		2713			
1.2	Affordable unit		No. of units	Size sq.m		£psm	Total Value	
		Flats –	18.00	65	1,163	£1,700	£1,976,760	
		Houses –	0.00	90	0	£1,550	£0	
			18.00		1163			
			60.00		3876		£10,659,000	
2.0	Development Cost							
2.1	Site Acquisition							
2.1.1	Site Value						£2,610,768	
				Less Purchaser Costs			6.75%	
							2,434,541	
2.3	Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Cost per sq.m		Total Costs	
		Apartment	42.00	76	£992		£3,166,464.00	
		Houses	0.00	0	£837		£0.00	
			42.00					
2.3.2	Affordable unit		No. of units	Size sq.m	Cost per sq.m		Total Costs	
		Apartmet	18.00	76	£992		£1,357,056.00	
		Houses	0.00	0	£837		£0.00	
			18.00					
			60.00				£4,523,520	
2.4	Construction cost							
2.4.1	Plot external		10%				£452,352	
2.4.2	Energy		£3,000	per unit			£180,000	
2.4.3	Lifetime homes		£0	per unit			£0	
							£632,352	
2.5	Professional Fees							
2.5.1	as percentage of build costs			8%			£398,070	
							£398,070	
2.6	Contingency							
2.6.1	Based upon percentage of construction costs			5%			£226,176	
							£226,176	
2.7	Developer contributions							
2.7.1	SANGS				£0	per unit	£0	
2.7.2	S.106				£1,000	per unit	£60,000	
2.7.3	CIL				£0	per sq.m	£0	
2.7.4	Landscape management				£0	per uni	£0	
							£60,000	
2.8	Sale cost							
2.8.1	Legals -			£500			£30,000	
2.8.2	Sales agents fee -			1.25%			£133,238	
2.8.3	Marketing cost -			£1,000	per unit		£42,000	
							£205,238	
	TOTAL DEVELOPMENT COSTS						£8,479,896	
3.0	Developers' Profit							
3.1	Based upon percentage of construction costs			Rate				
				20%			£1,695,979	
							£1,695,979	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£10,175,876	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£483,124	
4.00	Finance Costs			APR		PCM		
				7.00%		0.565%	-£483,124	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						£10,659,000	

Christchurch Urban Extension

Value

20.69 Hectares Residential Land		
@ £1,650,000 per Hectare	£34,138,500	
0.37 Hectares Commercial Land		
@ £2,000,000 per Hectare	£962,000	
Total		**£35,100,500**

Costs

Site		
32.88 Hectares at 308,750 per Hectare	£10,151,700	
Stamp Duty @7%	£710,619	
Agents Fee @ 1%	£101,517	
Legal fee on acquisition	£50,000	
Sub-total		**£11,014,836**
Servicing Costs		
Abnormal costs	£12,219,088	
Transport contributions	£3,481,030	
Non Highway Costs	£1,394,925	
Fees @5%	£854,752	
Finance @7%	£2,027,254	
Total Development Costs		**£30,991,085**
Profit @13.25%		**£4,109,415**

Notes

- **Site values based on fully serviced land values within main CIL report**
- **Site areas based on Whiteleaf Consulting Report (January 2012)**
- **Site Costs based on Whiteleaf Consulting report (January 2012) which estimates benchmark land value at £308,750 per Ha (£125,000 per acre) as sufficient incentive for landowners to dispose of site to a developer**
- **Abnormal Development Costs, Transport Contributions and Non Highway Costs are from Whiteleaf Consulting Report (January 2012)**
- **Non Highway Costs exclude SANGS and Education Provision which will be met by the proposed CIL charge**
- **The profit element is exclusive of the 20% return on residential development once the site is fully serviced**

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Development Appraisal

Christchurch and East Dorset

Report Date: 11 January 2013

Summary Appraisal for Phase 1

REVENUE					
Investment Valuation					
Hotel					
Manual Value					6,150,000
GROSS DEVELOPMENT VALUE				6,150,000	
Purchaser's Costs		5.75%	(353,625)		
NET DEVELOPMENT VALUE				5,796,375	
NET REALISATION				**5,796,375**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (0.50 Ha £2,104,538.66 pHect)			1,052,269		
Stamp Duty		5.00%	52,613		
				1,104,883	
CONSTRUCTION COSTS					
Construction	**m²**	**Rate m²**	**Cost**		
Hotel	2,787.09	£1,080.00	3,010,057	**3,010,057**	
Contingency		5.00%	150,503		
Demolition			25,000		
				175,503	
PROFESSIONAL FEES					
Architect		9.00%	270,905		
				270,905	
DISPOSAL FEES					
Sales Agent Fee		1.20%	69,557		
Sales Legal Fee		0.50%	28,982		
				98,538	
FINANCE					

Debit Rate 7.000% Credit Rate 1.000% (Nominal)			
Land		72,606	
Construction		97,820	
Total Finance Cost			170,426
TOTAL COSTS			**4,830,312**
PROFIT			**966,063**
Performance Measures			
Profit on Cost%	20.00%		
Profit on GDV%	15.71%		
Profit on NDV%	16.67%		
IRR	42.98%		
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths		

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Development Appraisal

East Dorset Convenience Retail - 465 sq m

Report Date: 21 December 2012

APPRAISAL SUMMARY

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East Dorset Convenience Retail - 465 sq m

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary	**Units**	**m²**	**Rate m²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Convenience Retail	1	465.00	£185.00	£86,025	86,025	86,025
Investment Valuation						
Convenience Retail						
Market Rent	86,025	YP @	7.5000%	13.3333		
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	7.5000%	0.9645	1,106,265	
GROSS DEVELOPMENT VALUE				1,106,265		
Purchaser's Costs		5.75%	(63,610)			
NET DEVELOPMENT VALUE				1,042,655		
NET REALISATION				**1,042,655**		
OUTLAY						
ACQUISITION COSTS						
Residualised Price (0.10 Ha £3,176,301.50 pHect)			317,630			
Stamp Duty		5.00%	15,882			
Agent Fee		1.00%	3,176			
Legal Fee		0.50%	1,588			
				338,276		
CONSTRUCTION COSTS						
Construction	**m²**	**Rate m²**	**Cost**			
Convenience Retail	465.00	£800.00	372,000	**372,000**		
Contingency		5.00%	18,600			
				18,600		
Other Construction						

East Dorset Convenience Retail - 465 sq m

Other Construction	10.00%	37,200	
section 106		5,000	
			42,200
PROFESSIONAL FEES			
Professional Fees	8.00%	32,736	
			32,736
MARKETING & LETTING			
Letting Agent Fee	10.00%	8,603	
Letting Legal Fee	5.00%	4,301	
			12,904
DISPOSAL FEES			
Sales Agent Fee	1.00%	10,427	
Sales Legal Fee	0.50%	5,213	
			15,640
FINANCE			
Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land		22,229	
Construction		14,294	
Total Finance Cost			36,523
TOTAL COSTS			**868,879**
PROFIT			
			173,776

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	15.71%
Profit on NDV%	16.67%
Development Yield% (on Rent)	9.90%
Equivalent Yield% (Nominal)	7.50%
Equivalent Yield% (True)	7.87%
IRR	37.24%

East Dorset Convenience Retail - 465 sq m

Rent Cover	2 yrs
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

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Development Appraisal

East Dorset Convenience Retail - 4,000 sq m

Report Date: 21 December 2012

APPRAISAL SUMMARY

LICENSED COPY

East Dorset Convenience Retail - 4,000 sq m

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary	**Units**	**m²**	**Rate m²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Convenience Retail	1	4,000.00	£170.00	£680,000	680,000	680,000
Investment Valuation						
Convenience Retail						
Market Rent	680,000	YP @	7.0000%	14.2857		
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	7.0000%	0.9667	9,391,154	
GROSS DEVELOPMENT VALUE				9,391,154		
Purchaser's Costs		5.75%	(539,991)			
NET DEVELOPMENT VALUE				8,851,163		
NET REALISATION				**8,851,163**		
OUTLAY						
ACQUISITION COSTS						
Residualised Price (0.80 Ha £3,356,494.33 pHect)			2,685,195			
Stamp Duty		5.00%	134,260			
Agent Fee		1.00%	26,852			
Legal Fee		0.50%	13,426			
				2,859,733		
CONSTRUCTION COSTS						
Construction	**m²**	**Rate m²**	**Cost**			
Convenience Retail	4,000.00	£800.00	3,200,000	**3,200,000**		
Contingency		5.00%	160,000			
				160,000		
Other Construction						

East Dorset Convenience Retail - 4,000 sq m

Other Construction	10.00%	320,000	
section 106		10,000	
			330,000
PROFESSIONAL FEES			
Professional Fees	8.00%	281,600	
			281,600
MARKETING & LETTING			
Letting Agent Fee	10.00%	68,000	
Letting Legal Fee	5.00%	34,000	
			102,000
DISPOSAL FEES			
Sales Agent Fee	1.00%	88,512	
Sales Legal Fee	0.50%	44,256	
			132,767
FINANCE			
Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land		187,925	
Construction		121,943	
Total Finance Cost			309,868
TOTAL COSTS			**7,375,968**
PROFIT			
			1,475,195

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	15.71%
Profit on NDV%	16.67%
Development Yield% (on Rent)	9.22%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
IRR	37.26%

East Dorset Convenience Retail - 4,000 sq m

Rent Cover	2 yrs 2 mths
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

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Development Appraisal

East Dorset and Christchurch Industrial - 3,500 sq m

Report Date: 04 October 2012

APPRAISAL SUMMARY LICENSED COPY

East Dorset and Christchurch Industrial - 3,500 sq m

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary

	Units	m²	Rate m²
Industrial	1	3,500.03	£110.00

Investment Valuation

Industrial			
Market Rent	385,003	YP @	8.5000%
(0yrs 5mths Unexpired Rent Free)		PV 0yrs 5mths @	8.5000%
GROSS DEVELOPMENT VALUE			
Purchaser's Costs		5.75%	(251,739)
NET DEVELOPMENT VALUE			

NET REALISATION

OUTLAY

ACQUISITION COSTS			
Residualised Price (0.70 Ha £693,708.09 pHect)			485,596
Stamp Duty		4.00%	19,424
Agent Fee		1.00%	4,856
Legal Fee		0.50%	2,428
CONSTRUCTION COSTS			
Construction	**m²**	**Rate m²**	**Cost**
Industrial	3,500.03	£599.98	2,099,948
Contingency		5.00%	104,997
Other Construction			
Other Construction		5.00%	104,997
PROFESSIONAL FEES			
Architect		8.00%	176,396
MARKETING & LETTING			
Marketing			15,000
Letting Agent Fee		10.00%	38,500
Letting Legal Fee		5.00%	19,250
DISPOSAL FEES			
Sales Agent Fee		1.00%	41,263
Sales Legal Fee			5,000
FINANCE			
Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land			24,275
Construction			55,168
Letting Void			222,174
Other			19,339
Total Finance Cost			

East Dorset and Christchurch Industrial - 3,500 sq m

TOTAL COSTS

PROFIT

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	15.71%
Profit on NDV%	16.67%
Development Yield% (on Rent)	11.20%
Equivalent Yield% (Nominal)	8.50%
Equivalent Yield% (True)	8.97%
IRR	20.57%
Rent Cover	1 yr 9 mths
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

East Dorset and Christchurch Industrial - 3,500 sq m

	Initial MRV/Unit	Net Rent at Sale	Initial MRV
	£385,003	385,003	385,003
	11.7647		
	0.9666	4,378,074	
	4,378,074		
	4,126,335		
	4,126,335		
	512,303		
	2,099,948		
	104,997		
	104,997		
	176,396		
	72,750		
	46,263		
	320,956		

East Dorset and Christchurch Industrial - 3,500 sq m

3,438,612

687,723

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Development Appraisal

East Dorset and Christchurch Offices - 929 sq m

Report Date: 04 October 2012

East Dorset and Christchurch Offices - 929 sq m

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary

	Units	m²	Rate m²
Office space	1	789.68	£155.00

Investment Valuation

Office space			
Market Rent	122,400	YP @	8.0000%
(0yrs 9mths Rent Free)		PV 0yrs 9mths @	8.0000%
GROSS DEVELOPMENT VALUE			
Purchaser's Costs		5.75%	(83,041)
NET DEVELOPMENT VALUE			

NEGATIVE LAND ALLOWANCE

Residualised Price			574,275

NET REALISATION

OUTLAY

ACQUISITION COSTS

Negative Land Allowance			(574,275)

CONSTRUCTION COSTS

Construction	**m²**	**Rate m²**	**Cost**
Office space	929.03	£1,344.95	1,249,499
Contingency		5.00%	62,475
Other Construction			
Other Construction		5.00%	62,475

PROFESSIONAL FEES

Professional Fees		8.00%	104,958

MARKETING & LETTING

Marketing			10,000
Letting Agent Fee		10.00%	12,240
Letting Legal Fee		5.00%	6,120

DISPOSAL FEES

Sales Agent Fee		1.00%	13,612
Sales Legal Fee		0.50%	6,806

Additional Costs

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land			(27,723)
Construction			45,423
Letting Void			66,971

East Dorset and Christchurch Offices - 929 sq m

Total Finance Cost

TOTAL COSTS

PROFIT

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	22.34%
Profit on NDV%	23.70%
Development Yield% (on Rent)	7.59%
Equivalent Yield% (Nominal)	8.00%
Equivalent Yield% (True)	8.42%
IRR	36.54%
Rent Cover	2 yrs 8 mths
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

East Dorset and Christchurch Offices - 929 sq m

	Initial MRV/Unit	Net Rent at Sale	Initial MRV
	£122,400	122,400	122,400
	12.5000		
	0.9439	1,444,192	
	1,444,192		
	1,361,151		
	574,275		
	1,935,426		
	1,249,499		
	62,475		
	62,475		
	104,958		
	28,360		
	20,417		

East Dorset and Christchurch Offices - 929 sq m

84,671

1,612,855

322,571

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Development Appraisal

Retail Park Scheme

East Dorset and Christchurch

Report Date: 04 October 2012

APPRAISAL SUMMARY — LICENSED COPY

Retail Park Scheme
East Dorset and Christchurch

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary	**Units**	**m²**	**Rate m²**	**Initial MRV/Unit**
Retail	1	929.00	£230.00	£213,670
Investment Valuation				
Retail				
Current Rent	213,670	YP @	9.0000%	11.1111
GROSS DEVELOPMENT VALUE				2,374,111
Purchaser's Costs		5.75%	(136,511)	
NET DEVELOPMENT VALUE				2,237,600
NET REALISATION				**2,237,600**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (0.20 Ha £2,795,819.02 pHect)			559,164	
Agent Fee		1.00%	5,592	
Legal Fee		0.50%	2,796	
				567,551
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
Retail	929.00	£925.05	859,371	**859,371**
Contingency		5.00%	42,969	
				42,969
Other Construction				
Other Construction		5.00%	42,969	
				42,969
PROFESSIONAL FEES				
Professional Fees		8.00%	72,187	
				72,187
MARKETING & LETTING				
Marketing			25,000	
Letting Agent Fee		10.00%	21,367	
Letting Legal Fee		5.00%	10,684	
				57,051
DISPOSAL FEES				
Sales Agent Fee		1.00%	22,376	
Sales Legal Fee		0.50%	11,188	
				33,564
FINANCE				
Debit Rate 7.000% Credit Rate 0.000% (Nominal)				
Land			37,296	
Construction			31,241	
Letting Void			120,468	
Total Finance Cost				189,005
TOTAL COSTS				**1,864,666**

Retail Park Scheme
East Dorset and Christchurch

PROFIT **372,933**

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	15.71%
Profit on NDV%	16.67%
Development Yield% (on Rent)	11.46%
Equivalent Yield% (Nominal)	9.00%
Equivalent Yield% (True)	9.53%
IRR	19.41%
Rent Cover	1 yr 9 mths
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

Retail Park Scheme
East Dorset and Christchurch

Net Rent at Sale	Initial MRV
213,670	213,670

2,374,111

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Development Appraisal

Town Centre High Street

Christchurch - Town Centre Comparison Retail - 465 sqm

Report Date: 04 October 2012

APPRAISAL SUMMARY — LICENSED COPY

Town Centre High Street
Christchurch - Town Centre Comparison Retail - 465 sqm

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary	**Units**	**m²**	**Rate m²**	**Initial MRV/Unit**
Retail	1	371.98	£260.00	£96,716
Investment Valuation				
Retail				
Current Rent	96,716	YP @	9.0000%	11.1111
GROSS DEVELOPMENT VALUE				1,074,620
Purchaser's Costs		5.75%	(61,791)	
NET DEVELOPMENT VALUE				1,012,830
NET REALISATION				**1,012,830**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (0.08 Ha £2,426,324.97 pHect)			194,106	
Agent Fee		1.00%	1,941	
Legal Fee		0.50%	971	
				197,018
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
Retail	464.98	£925.05	430,130	**430,130**
Contingency		5.00%	21,506	
				21,506
Other Construction				
Other Construction		5.00%	21,506	
				21,506
PROFESSIONAL FEES				
Professional Fees		8.00%	36,131	
				36,131
MARKETING & LETTING				
Marketing			25,000	
Letting Agent Fee		10.00%	9,672	
Letting Legal Fee		5.00%	4,836	
				39,507
DISPOSAL FEES				
Sales Agent Fee		1.00%	10,128	
Sales Legal Fee		0.50%	5,064	
				15,192
FINANCE				
Debit Rate 7.000% Credit Rate 0.000% (Nominal)				
Land			12,947	
Construction			15,637	
Letting Void			54,450	
Total Finance Cost				83,034
TOTAL COSTS				**844,025**

APPRAISAL SUMMARY LICENSED COPY

Town Centre High Street
Christchurch - Town Centre Comparison Retail - 465 sqm

PROFIT **168,805**

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	15.71%
Profit on NDV%	16.67%
Development Yield% (on Rent)	11.46%
Equivalent Yield% (Nominal)	9.00%
Equivalent Yield% (True)	9.53%
IRR	19.80%
Rent Cover	1 yr 9 mths
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

Town Centre High Street
Christchurch - Town Centre Comparison Retail - 465 sqm

Net Rent at Sale	Initial MRV
96,716	96,716

1,074,620

APPENDIX 2

Offsite affordable housing section 106 contributions

1 INTRODUCTION

1.1 East Dorset District Council and Christchurch Borough Councils have appointed Peter Brett Associates LLP (incorporating Roger Tym & Partners) to develop a mechanism to calculate off-site financial contributions in lieu of onsite affordable housing.

1.2 **This study must be read alongside the main body of the Community Infrastructure Levy (CIL) evidence base work. It shares a viability methodology and development appraisal assumptions. It is reliant on the same market evidence base. The reader should refer to this companion document for more detail in these areas.**

2 POLICY CONTEXT

Introduction

2.1 In this section, we put this advice on off-site contributions in context.

Emerging affordable housing policy in Christchurch and East Dorset

Required proportion of affordable housing

2.2 The Christchurch and East Dorset Consultation on the Schedule of Proposed Changes to the Core Strategy Pre-Submission document states that the Councils have set an overall target of 35% provision for all housing delivered over the plan period. Affordable housing policy requires up to 50% provision on new neighbourhood sites (excluding Roeshot Hill, Christchurch) and up to 40% elsewhere, subject to negotiation.

Criteria for contributions for off-site provision

2.3 Commuted sums are required for affordable housing contribution where on-site provision is not possible. The NPPF allows local authorities to determine policies which set out requirements for provision of on-site affordable housing and setting criteria based on locally agreed minimum thresholds for different sub area or settlements. No other guidance or criteria are included in the NPPF on how any threshold or commuted sum should be set. It is left to the local authority to come to a considered approach based on their local circumstances.

The changing policy context

The effects of policy changes on viability

2.4 There have been recent alterations to national affordable housing policy which have significant implications for the delivery of affordable housing. The principal alterations are as follows.

- Before recent changes, social rents were fixed by central Government. When affordable housing was provided through S106 agreements, the developer would transfer the ownership of units to a Registered Provider at a discount to the market value of the unit. Typically, this discount would reflect the availability of grant and capitalised rental values.
- Historically, much of the affordable housing programme benefited from grant assistance from the Housing Corporation and subsequently the Homes and Communities Agency.
- From April 2010, S106 schemes are no longer eligible for grant. To compensate in part for the removal of grant, the newly introduced Affordable Rent model does not use rents that are set centrally by Government. Instead, the Affordable Rent model sets rents at a percentage of local market rents. These rents are higher than those prevailing under the social rent policy. Because rents are higher, the units produced as part of new housing schemes are more valuable. When units are transferred from

the developer to the Registered Provider, transfer rates are raised, compared to a no-grant scenario.

- However in the absence of grant funding the financial burden of affordable housing subsidy on S106 schemes now falls almost entirely on the private sector (landowners and developers). And despite the benefits offered by the Affordable Rent product, the wider financial burden on the Registered Provider and the private sector has resulted in a general fall in financial transfer rates from the private to the public sector for such products and introduced significantly increased risks for RPs.

2.5 This policy change has significant implications to the development process, particularly in high value, high rent locations such as Christchurch and East Dorset. The policy shift from social rents to affordable rents is double edged.

- On the one hand, the policy shift improves the viability of developments. Developers receive a higher proportion of the open market value of their units compared to a social rent scenario. Their receipts are therefore higher (though perhaps not enough to offset the loss of grant). Compared to a social rent scenario, this means that developers of a given scheme will be able to produce more affordable units (because they receive higher receipts for the units produced); but
- On the other hand, occupiers will have to pay more rent for the housing they use. In areas with high market rents, the discount from market rents that tenants receive may create increased dependency upon Housing Benefit.

The effects of HCA design standards

2.6 The Homes and Communities Agency sets minimum design standards for schemes to qualify for grant funding and for approval as Affordable Rent units. These standards include a minimum gross internal floor area requirement depending on the number of persons (measured by reference to Housing Quality Indicators) and Code for Sustainable Homes standards.

2.7 The Councils will need to consider whether they wish to include a planning policy specifying that all S106 rented dwellings must comply with the HCA minimum standards thereby enabling the Registered Provider to charge affordable rents (despite there being no grant going into the dwellings). The Council may need to be mindful of the need to require HCA standards (particularly on any future large scale development) if a Registered Provider is to be able to offer affordable rented dwellings.

3 VIABILITY ANALYSIS APPROACH AND METHOD

Approach

3.1 The policy set out here attempts to streamline the calculation of financial contributions to off-site affordable housing.

3.2 We have adopted the general approach taken by the Community Infrastructure Levy policy, in that we suggest a contribution to off-site affordable housing based on the floorspace of private housing produced.

3.3 The approach taken here is intended to dovetail with the Community Infrastructure Levy financial viability calculations undertaken.

3.4 Our objectives are to:

- Reduce the market distortion of land values which can result from a policy "cliff edge". This can arise when certain developments pay no affordable housing contribution, whilst fractionally larger developments have a greater burden.
- Remove the financial incentive to developers to provide fewer units on site. This can arise when developers try to keep the number of units on a site underneath an affordable housing policy threshold.
- Ensure that Christchurch and East Dorset are able to obtain contributions towards affordable housing on all, rather than some, of their sites wherever viable.
- Ensure that any affordable housing offsite contributions do not threaten the viability of the development described in the Local Plan. As explained in the main CIL viability report, we have attempted to ensure that development remains deliverable after affordable housing, CIL, and other policy costs have been taken into account.

Method

3.5 The method used in this study is very closely related to the method used in the main Community Infrastructure Levy (CIL) evidence base work. It shares a viability methodology and development appraisal assumptions, and is reliant on the same market evidence base. It is therefore not useful to reiterate this method here.

3.6 The reader should refer to main CIL evidence base work for more detail on methods used. Below, we have confined ourselves to discussing the most assumptions made.

Residential scenarios tested

3.7 To assess the capacity of different types of development to pay an affordable housing contribution in Christchurch and East Dorset, we have produced indicative development appraisals of hypothetical schemes. The hypothetical schemes used are set out below in Table 3.1 and Table 3.2.

3.8 This mix of development scenarios was selected in discussion with the client group, making use of their local knowledge, to create a representative but focused profile of residential likely to come forward in the area for the foreseeable future.

3.9 Note that we have provided more detail on a small site (in this case, a 4 unit scheme), because it is likely that small schemes will generate the greatest need for off-site financial contributions.

3.10 We have also looked at larger schemes for completeness.

Table 3.1 Viability testing scenarios (4 unit scenarios)

Development type	Number of units in each scenario	Size (per unit)
1 bed flat	4 units	47 sq m -NIA
2 bed flat	4 units	67 sq m -NIA
2 bed semi detached	4 units	72 sq m -GIA
3 bed semi detached	4 units	92 sq m -GIA
3 bed detached	4 units	100 sq m - GIA
4 bed detached	4 units	120 sq m -GIA

Table 3.2 Viability testing scenarios (volume residential development scenarios)

Development type	Number of units in each scenario	Size (per unit)
5 houses (volume residential development)	5	90 sq m - GIA
15 houses (volume residential development)	15	90 sq m - GIA
50 houses (volume residential development)	50	90 sq m - GIA
100 houses (volume residential development)	100	90 sq m - GIA
5 flats (volume residential development)	5	67 sq m - NIA
15 flats (volume residential development)	15	67 sq m - NIA
60 flats (volume residential development)	60	67 sq m - NIA

Affordable housing proportion assumed

3.11 The affordable housing analysis has been tested at a rate of 30% contribution. This is because:

- We wished to keep the off-site contribution consistent with the on-site affordable housing percentages assumed in the main body of the CIL evidence base.
- This rate of affordable housing contribution was chosen because CIL testing demonstrated that higher rates of affordable housing requirements were only marginally viable in current market conditions. Certain sites may be able to pay for higher levels of affordable housing, but we remain concerned to look at the area as a whole, and ensure

that the plan is deliverable overall. We have focussed on average schemes rather than exceptions.

3.12 Market conditions constantly change. This report has been based on costs and values during the third quarter of 2012.

The cost of off-site affordable housing provision

3.13 The scale of the contribution that developers should make for off-site affordable housing is derived from the projected opportunity cost of affordable housing provision to the developer. The opportunity cost will equate to the cost of reprovision of affordable housing off-site.

3.14 The details are as follows:

- We begin with the open market sales value of a house/flat. The sales values we use here align with the sales values assumed in the main body of the CIL evidence base report.
- We then calculate the open market sales value of the development scenario considered.
- Using the open market sales value as a basis, we then calculate the Supportable Transfer Value (STV) of an affordable housing unit. This sum represents what a Housing Association (HA) or Registered Provider (RP), can be realistically expected to pay for such units if transferred from the development at the stated affordable housing proportion. On the current market evidence we have available, units are transferred from private developers to Registered Providers at 50-55% of open market values.
- This opportunity cost is expressed as a rate per square metre of the gross floorspace provided in the development.

Size and quality of affordable housing provision

3.15 In our viability appraisals, we have examined a broad range of schemes which could be provided by the private sector. We have assumed that the affordable housing produced will be of a similar size and standard to that produced for private sale.

3.16 Generally speaking, then, there is no need for developers to attempt to produce smaller or cheaper provision than that provided to the market generally in order to hit the 30% affordable housing proportion assumed here.

CIL rate assumed

3.17 We assumed a CIL rate of £100 sq m on chargeable floorspace.

3.18 This is in line with the assumptions made in the main body of the CIL evidence base report.

4 VIABILITY ANALYSIS FINDINGS

Presentation of findings

4.1 Table 4.1 summarises the residential development appraisals. Individual detailed appraisals are at Appendix 4 below.

4.2 Our objective in these summary tables is to investigate each notional development scenario. We are seeking to ensure that the cumulative policy costs of CIL, S106 and an offsite affordable housing contribution at a given rate retain development viability.

4.3 Given the uncertainties surrounding viability appraisal, it is of course an approximate number, surrounded by a wide margin of uncertainty. We take account of this uncertainty in our recommendations.

4.4 Reading the tables from left to right, successive columns are as follows:

a. Number and type of units: self-explanatory.

b. Net site area (ha): self-explanatory.

c. Density: this is the density in dwellings per ha of the development as a whole. This includes both market and affordable housing.

d. Total and Chargeable floorspace: total floorspace shows the total private and affordable housing space created. Chargeable floorspace shows the floorspace within the scheme liable for a CIL charge (this is the private housing only; affordable housing is not liable for CIL).

e. Residual value before policy contributions - £ per hectare, and £ per sq m: The residual value is produced by an indicative appraisal before S106, affordable housing, CIL and all other policy costs have been taken into account. The method and assumptions used in this appraisal to arrive at this number are described in the report. Briefly, the residual site value is the difference between the value of the completed development and the cost of that development, and developer's profit.

f. Benchmark land value per ha and per sq m: the estimated minimum a developer would typically need to pay to secure a site of this kind, expressed in £ per ha or divided by its chargeable floorspace. *Note that the difference between e) and f) represents the amount of money which is available to pay for policy requirements.*

g. Cost of S106: this is the cost of the S106 requirements (excluding affordable housing) expressed as a rate per ha and per square metre. This sum is assumed to pay for small scale site-specific infrastructure requirements.

h. Cost of affordable housing: this is the cost of affordable housing per ha and per sq m, at the stated rate of affordable housing requirement.

i. CIL: this is the amount of money which the tested rate of CIL requires to be paid, per ha and per sq m.

j. Buffer: as we explain in the main CIL evidence base report, the lack of precision in all development appraisals, and individual site variances, mean that it is important not to

extract all theoretically conceivable development value from these indicative schemes to pay for policy costs. This point is reiterated in Government guidance. This column indicates the size of that 'buffer'. This column has a further valuable application, in that it would indicate when a site was unviable. In these instances, a minus number would be recorded.

Interpreting the summary table

4.5 Our calculations shown in Table 4.1 and Table 4.2 below show the cost of off-site provision of affordable housing at 30%, assuming CIL at £100 sq m and S106 payments for small-scale local infrastructure.

4.6 Using these assumptions, we can see from the table that all developments are viable, because each scheme has a 'buffer' sum which can be used by developers to cope with the margin of error, which is inevitably required in these types of calculations. This margin of error might be created by abnormal site conditions, adverse market movements, and unaccounted for contingencies.

4.7 Other baseline tests of higher affordable housing requirements (not shown here) either render sites straightforwardly unviable, or bring a number of viable development scenarios close to unviability.

Table 4.1 Christchurch and East Dorset financial summary volume housebuilding scenarios (assuming off-site contributions equivalent to 30% affordable housing and CIL at £100 sq m)

	No of dwellings	Net site area ha	Density	Total Floor Space per sq.m	CIL Chargeable Floor Space per sq.m	Residual land value before policy contributions		Benchmark		Cost of S.106		Cost of Affordable		CIL		Buffer	
				Floor Space	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
East Dorset																	
Houses	4	0.11	35	360	252	£3,484,406	£1,580	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£220,500	£100	£547,656	£414
Houses	5	0.14	35	450	315	£3,464,731	£1,571	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£220,500	£100	£527,981	£405
Houses	9	0.26	35	810	567	£3,416,183	£1,549	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£220,500	£100	£479,433	£383
Houses	15	0.43	35	1,350	945	£3,494,299	£1,585	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£220,500	£100	£557,549	£418
Houses	50	1.43	35	4,500	3,150	£3,406,582	£1,545	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£220,500	£100	£469,832	£379
Houses	100	2.86	35	9,000	6,300	£3,294,119	£1,494	£1,500,000	£680	£35,000	£11	£1,181,250	£375	£220,500	£100	£357,369	£328
Flats -	5	0.08	65	336	235	£4,323,419	£1,415	£1,500,000	£491	£65,000	£15	£1,964,138	£450	£305,533	£100	£488,749	£359
Flats -	15	0.23	65	1,007	705	£4,360,494	£1,427	£1,500,000	£491	£65,000	£15	£1,964,138	£450	£305,533	£100	£525,824	£371
Flats -	60	0.92	65	4,029	2,820	£4,226,564	£1,383	£1,500,000	£491	£65,000	£15	£1,964,138	£450	£305,533	£100	£391,894	£328
Christchurch																	
Houses	4	0.11	35	360	252	£3,484,406	£1,580	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£220,500	£100	£397,656	£346
Houses	5	0.14	35	450	315	£3,464,731	£1,571	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£220,500	£100	£377,981	£337
Houses	9	0.26	35	810	567	£3,416,183	£1,549	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£220,500	£100	£329,433	£315
Houses	15	0.43	35	1,350	945	£3,494,299	£1,585	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£220,500	£100	£407,549	£350
Houses	50	1.43	35	4,500	3,150	£3,406,582	£1,545	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£220,500	£100	£319,832	£311
Houses	100	2.86	35	9,000	6,300	£3,294,119	£1,494	£1,650,000	£748	£35,000	£11	£1,181,250	£375	£220,500	£100	£207,369	£260
Flats -	5	0.08	65	336	235	£4,323,419	£1,415	£1,650,000	£540	£65,000	£15	£1,964,138	£450	£305,533	£100	£338,749	£310
Flats -	15	0.23	65	1,007	705	£4,360,494	£1,427	£1,650,000	£540	£65,000	£15	£1,964,138	£450	£305,533	£100	£375,824	£322
Flats -	60	0.92	65	4,029	2,820	£4,226,564	£1,383	£1,650,000	£540	£65,000	£15	£1,964,138	£450	£305,533	£100	£241,894	£278

Source: RTP

Table 4.2 Christchurch and East Dorset financial summary smaller development housebuilding scenarios (assuming off-site contributions equivalent to 30% affordable housing and CIL at £100 sq m)

	No of dwellings	Net site area ha	Density	Gross Floor space sq.m Floor space	Chargeable Floor Space per sq.m Floor Space	Total dev contrib - Policy Off Per Ha	Total dev contrib - Policy Off Per £psm	Benchmark Per Ha	Benchmark Per £psm	Cost of S.106 Per Ha	Cost of S.106 Per £psm	Cost of Affordable Per Ha	Cost of Affordable Per £psm	CIL Overage Per Ha	CIL Overage Per £psm	Buffer Per Ha	Buffer Per £psm
East Dorset																	
2 bed semi	4	0.11	35	320	224	£3,214,412	£1,640	£1,500,000	£536	£35,000	£13	**£1,050,000**	**£375**	£196,000	£100	£433,412	£617
3 bed semi	4	0.11	35	340	238	£3,418,432	£1,642	£1,500,000	£504	£35,000	£12	**£1,115,625**	**£375**	£208,250	£100	£559,557	£651
3 bed detached	4	0.11	35	400	280	£4,030,491	£1,645	£1,500,000	£429	£35,000	£10	**£1,312,500**	**£375**	£245,000	£100	£937,991	£732
4 bed detached	4	0.11	35	440	308	£4,438,530	£1,647	£1,500,000	£390	£35,000	£9	**£1,443,750**	**£375**	£269,500	£100	£1,190,280	£773
1 bed flat	4	0.05	85	204	143	£3,961,105	£1,664	£1,500,000	£441	£66,667	£20	**1,530,000**	**£450**	£238,000	£100	£626,439	£654
2 bed flat	4	0.06	65	238	167	£4,692,889	£1,408	£1,500,000	£315	£80,000	£17	**2,142,000**	**£450**	£333,200	£100	£637,689	£526
Christchurch																	
2 bed semi	4	0.11	35	320	224	£3,076,366	£1,570	£1,650,000	£589	£35,000	£13	**£1,050,000**	**£375**	£196,000	£100	£145,366	£493
3 bed semi	4	0.11	35	340	238	£3,280,386	£1,575	£1,650,000	£555	£35,000	£12	**£1,115,625**	**£375**	£208,250	£100	£271,511	£534
3 bed detached	4	0.11	35	400	280	£3,892,445	£1,589	£1,650,000	£471	£35,000	£10	**£1,312,500**	**£375**	£245,000	£100	£649,945	£632
4 bed detached	4	0.11	35	440	308	£4,300,485	£1,596	£1,650,000	£429	£35,000	£9	**£1,443,750**	**£375**	£269,500	£100	£902,235	£683
1 bed flat	4	0.05	85	204	143	£3,961,105	£1,664	£1,650,000	£485	£66,667	£20	**1,530,000**	**£450**	£238,000	£100	£476,439	£609
2 bed flat	4	0.06	65	238	167	£4,692,889	£1,408	£1,650,000	£347	£80,000	£17	**2,142,000**	**£450**	£333,200	£100	£487,689	£495

5 RECOMMENDING A CHARGE

5.1 We suggest that the Council adopts a charge of between £350 and £400 per sq m on the gross floorspace provided for offsite affordable housing contributions. Broadly speaking, this will create funding sufficient to 'buy' affordable housing at the stated rate. We cannot be *certain* that this will be the case, because much depends on factors such as affordable housing policy, transfer rates, sales values and land values.

5.2 Our recommendations do not precisely mirror the findings in the 'Cost of Affordable' column in table 4.1 and 4.2. This is because these rates are based on broad approximations of the cost of the re-provision of affordable housing, based on private market sales data and affordable housing transfer rates in mid-late 2012. Individual schemes will always have variations, and it is important to allow a margin of error that can cope with these market uncertainties. We have also allowed for a 'buffer' sum that also helps developers deal with these market uncertainties.

5.3 Our calculations suggest that a charge at the recommended rate will

- Support the provision of off-site affordable housing at a rate equivalent to that of 30% housing onsite;
- Allow the payment of CIL and other policy costs;
- Retain the overall deliverability and viability of development in the Christchurch and East Dorset area; and
- Allow for sufficient 'buffer' to cope with short term adverse changes in housing markets, site specific circumstances, and unaccounted for contingencies.

5.4 The local authorities may choose to demand higher offsite contributions for affordable housing. Other things being equal, higher demands will tend to erode the 'buffer' value which is intended to cover the margin of error inherent in calculations of this type, and provide the security that the plan as a whole is deliverable. However, if market conditions recover, then this option is certainly available to the local authorities. Higher charges would be in line with emerging policy, which sets a 35% affordable housing target overall.

5.5 The introduction of a standard offsite contribution for affordable housing across both Christchurch and East Dorset will create a straightforward and transparent charge. This approach will complement the CIL charging schedule which is proposed to be adopted by April 2014 at the latest.

5.6 We note that all affordable housing contributions remain negotiable. However, we understand that the local authorities in Christchurch and East Dorset take their responsibility to obtain affordable housing seriously.

APPENDIX 3

Off-site affordable housing contributions – viability appraisals

2 bed semi detached	**Christchurch**							
ITEM								
Net Site Area	0.11							
Mix	1							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –		0.00	51	0	£3,200	£0
		Houses –		2.80	80	224	£2,800	£627,200
				2.80		224		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –		0.00	51	0	£1,700	£0
		Houses –		1.20	80	96	£1,550	£148,800
				1.20		96		
				4.00		**320**		**£776,000**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£272,017
					Less Purchaser Costs			4.75%
								259,096
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment		0.00	0	£992		£0.00
		Houses		2.80	224	£837		£187,488.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet		0.00	0	£992		£0.00
		Houses		1.20	96	£837		£80,352.00
				1.20				
				4.00				**£267,840**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£26,784
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£38,784
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£23,570
								£23,570
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£13,392
								£13,392
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£9,700
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£14,500
	TOTAL DEVELOPMENT COSTS							**£621,182**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£124,236
								£124,236
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£745,418**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£30,582
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£30,582
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£776,000

2 bed semi detached	East Dorset							
ITEM								
Net Site Area	0.11							
Mix	1							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**2**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –		0.00	51	0	£3,200	£0
		Houses –		2.80	80	224	£2,800	£627,200
				2.80		224		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –		0.00	51	0	£1,700	£0
		Houses –		1.20	80	96	£1,550	£148,800
				1.20		96		
				4.00		**320**		**£776,000**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£272,017
						Less Purchaser Costs		4.75%
								259,096
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment		0.00	0	£992		£0.00
		Houses		2.80	224	£837		£187,488.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet		0.00	0	£992		£0.00
		Houses		1.20	96	£837		£80,352.00
				1.20				
				4.00				**£267,840**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£26,784
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£38,784
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£23,570
								£23,570
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£13,392
								£13,392
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£9,700
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£14,500
	TOTAL DEVELOPMENT COSTS							**£621,182**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£124,236
								£124,236
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£745,418**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£30,582
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£30,582
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£776,000

1 bed flat	East Dorset							
ITEM								
Net Site Area	0.06							
Mix	2							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**2**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –		2.80	51	143	£3,200	£456,960
		Houses –		0.00	80	0	£2,800	£0
				2.80		143		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –		1.20	51	61	£1,700	£104,040
		Houses –		0.00	80	0	£1,550	£0
				1.20		61		
				4.00		**204**		**£561,000**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£131,177
					Less Purchaser Costs			2.75%
								127,569
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment		2.80	60	£992		£166,656.00
		Houses		0.00	0	£837		£0.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet		1.20	60	£992		£71,424.00
		Houses		0.00	0	£837		£0.00
				1.20				
				4.00				**£238,080**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£23,808
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£35,808
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£20,951
								£20,951
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£11,904
								£11,904
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£7,013
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£11,813
	TOTAL DEVELOPMENT COSTS							**£450,125**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£90,025
								£90,025
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£540,150**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£20,850
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£20,850
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£561,000

1 bed flat	Christchurch							
ITEM								
Net Site Area	0.06							
Mix	2							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –		2.80	51	143	£3,200	£456,960
		Houses –		0.00	80	0	£2,800	£0
				2.80		143		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –		1.20	51	61	£1,700	£104,040
		Houses –		0.00	80	0	£1,550	£0
				1.20		61		
				4.00		**204**		**£561,000**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£131,177
					Less Purchaser Costs			2.75%
								127,569
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment		2.80	60	£992		£166,656.00
		Houses		0.00	0	£837		£0.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet		1.20	60	£992		£71,424.00
		Houses		0.00	0	£837		£0.00
				1.20				
				4.00				**£238,080**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£23,808
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£35,808
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£20,951
								£20,951
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£11,904
								£11,904
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£7,013
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£11,813
	TOTAL DEVELOPMENT COSTS							**£450,125**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£90,025
								£90,025
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£540,150**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£20,850
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£20,850
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£561,000

3 bed detached	**Christchurch**							
ITEM								
Net Site Area	0.11							
Mix	1							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –		0.00	60	0	£3,200	£0
		Houses –		2.80	100	280	£2,800	£784,000
				2.80		280		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –		0.00	60	0	£1,700	£0
		Houses –		1.20	100	120	£1,550	£186,000
				1.20		120		
				4.00		**400**		**£970,000**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£345,359
							Less Purchaser Costs	4.75%
								328,955
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment		0.00	0	£992		£0.00
		Houses		2.80	280	£837		£234,360.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet		0.00	0	£992		£0.00
		Houses		1.20	120	£837		£100,440.00
				1.20				
				4.00				**£334,800**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£33,480
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£45,480
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£29,462
								£29,462
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£16,740
								£16,740
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£12,125
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£16,925
	TOTAL DEVELOPMENT COSTS							**£776,362**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£155,272
								£155,272
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£931,635**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£38,365
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£38,365
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£970,000

3 bed detached	East Dorset							
ITEM								
Net Site Area	0.11							
Mix	1							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**2**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –		0.00	60	0	£3,200	£0
		Houses –		2.80	100	280	£2,800	£784,000
				2.80		280		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –		0.00	60	0	£1,700	£0
		Houses –		1.20	100	120	£1,550	£186,000
				1.20		120		
				4.00		**400**		**£970,000**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£345,359
						Less Purchaser Costs		4.75%
								328,955
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment		0.00	0	£992		£0.00
		Houses		2.80	280	£837		£234,360.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet		0.00	0	£992		£0.00
		Houses		1.20	120	£837		£100,440.00
				1.20				
				4.00				**£334,800**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£33,480
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£45,480
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£29,462
								£29,462
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£16,740
								£16,740
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£12,125
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£16,925
	TOTAL DEVELOPMENT COSTS							**£776,362**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£155,272
								£155,272
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£931,635**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£38,365
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£38,365
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£970,000

3 bed semi detached	Christchurch							
ITEM								
Net Site Area	0.11							
Mix	1							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –		0.00	60	0	£3,200	£0
		Houses –		2.80	85	238	£2,800	£666,400
				2.80		238		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –		0.00	60	0	£1,700	£0
		Houses –		1.20	85	102	£1,550	£158,100
				1.20		102		
				4.00		**340**		**£824,500**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£290,352
					Less Purchaser Costs			4.75%
								276,561
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment		0.00	0	£992		£0.00
		Houses		2.80	238	£837		£199,206.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet		0.00	0	£992		£0.00
		Houses		1.20	102	£837		£85,374.00
				1.20				
				4.00				**£284,580**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£28,458
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£40,458
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£25,043
								£25,043
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£14,229
								£14,229
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£10,306
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£15,106
	TOTAL DEVELOPMENT COSTS							**£659,977**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£131,995
								£131,995
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£791,972**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£32,528
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£32,528
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£824,500

3 bed semi detached	East Dorset							
ITEM								
Net Site Area	0.11							
Mix	1							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**2**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –		0.00	60	0	£3,200	£0
		Houses –		2.80	85	238	£2,800	£666,400
				2.80		238		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –		0.00	60	0	£1,700	£0
		Houses –		1.20	85	102	£1,550	£158,100
				1.20		102		
				4.00		**340**		**£824,500**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£290,352
						Less Purchaser Costs		4.75%
								276,561
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment		0.00	0	£992		£0.00
		Houses		2.80	238	£837		£199,206.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet		0.00	0	£992		£0.00
		Houses		1.20	102	£837		£85,374.00
				1.20				
				4.00				**£284,580**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£28,458
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£40,458
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£25,043
								£25,043
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£14,229
								£14,229
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£10,306
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£15,106
	TOTAL DEVELOPMENT COSTS							**£659,977**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£131,995
								£131,995
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£791,972**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£32,528
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£32,528
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£824,500

2 bed flat	East Dorset							
ITEM								
Net Site Area	0.05							
Mix	2							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**2**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –		2.80	60	167	£3,200	£533,120
		Houses –		0.00	85	0	£2,800	£0
				2.80		167		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –		1.20	60	71	£1,700	£121,380
		Houses –		0.00	85	0	£1,550	£0
				1.20		71		
				4.00		**238**		**£654,500**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£156,525
						Less Purchaser Costs		2.75%
								152,221
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment		2.80	70	£992		£194,432.00
		Houses		0.00	0	£837		£0.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet		1.20	70	£992		£83,328.00
		Houses		0.00	0	£837		£0.00
				1.20				
				4.00				**£277,760**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£27,776
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£39,776
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£24,443
								£24,443
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£13,888
								£13,888
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£8,181
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£12,981
	TOTAL DEVELOPMENT COSTS							**£525,069**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£105,014
								£105,014
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£630,083**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£24,417
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£24,417
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£654,500

2 bed flat	**Christchurch**							
ITEM								
Net Site Area	0.05							
Mix	2							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats –			2.80	60	167	£3,200	£533,120
	Houses –			0.00	85	0	£2,800	£0
				2.80		167		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats –			1.20	60	71	£1,700	£121,380
	Houses –			0.00	85	0	£1,550	£0
				1.20		71		
				4.00		**238**		**£654,500**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£156,525
					Less Purchaser Costs			2.75%
								152,221
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Apartment			2.80	70	£992		£194,432.00
	Houses			0.00	0	£837		£0.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Apartmet			1.20	70	£992		£83,328.00
	Houses			0.00	0	£837		£0.00
				1.20				
				4.00				**£277,760**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£27,776
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£39,776
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£24,443
								£24,443
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£13,888
								£13,888
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£8,181
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£12,981
	TOTAL DEVELOPMENT COSTS							**£525,069**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£105,014
								£105,014
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£630,083**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£24,417
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£24,417
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£654,500

4 bed detached	**Christchurch**							
ITEM								
Net Site Area	0.11							
Mix	1							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**3**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –		0.00	60	0	£3,200	£0
		Houses –		2.80	110	308	£2,800	£862,400
				2.80		308		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –		0.00	60	0	£1,700	£0
		Houses –		1.20	110	132	£1,550	£204,600
				1.20		132		
				4.00		**440**		**£1,067,000**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£382,031
						Less Purchaser Costs		4.75%
								363,884
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment		0.00	0	£992		£0.00
		Houses		2.80	308	£837		£257,796.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet		0.00	0	£992		£0.00
		Houses		1.20	132	£837		£110,484.00
				1.20				
				4.00				**£368,280**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£36,828
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£48,828
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£32,409
								£32,409
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£18,414
								£18,414
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£13,338
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£18,138
								£18,138
	TOTAL DEVELOPMENT COSTS							**£853,952**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£170,790
								£170,790
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£1,024,743**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£42,257
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£42,257
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£1,067,000

4 bed detached	East Dorset							
ITEM								
Net Site Area	0.11							
Mix	1							
		Private	**Affordable**					
Yield	4	**2.80**	**1.20**					
1.0	**Development Value**							
Value Zone	**2**							
1.1	**Private Units**			**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –		0.00	60	0	£3,200	£0
		Houses –		2.80	110	308	£2,800	£862,400
				2.80		308		
1.2	**Affordable unit**			**No. of units**	**Size sq.m**		**£psm**	**Total Value**
		Flats –		0.00	60	0	£1,700	£0
		Houses –		1.20	110	132	£1,550	£204,600
				1.20		132		
				4.00		**440**		**£1,067,000**
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value							£382,031
						Less Purchaser Costs		4.75%
								363,884
2.3	**Build Costs**							
2.3.1	**Private units**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartment		0.00	0	£992		£0.00
		Houses		2.80	308	£837		£257,796.00
				2.80				
2.3.2	**Affordable unit**			**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
		Apartmet		0.00	0	£992		£0.00
		Houses		1.20	132	£837		£110,484.00
				1.20				
				4.00				**£368,280**
2.4	**Construction Costs**							
2.4.1	Plot external			10%				£36,828
2.4.2	Energy			£3,000	per unit			£12,000
2.4.3	Lifetime homes			£0	per unit			£0
								£48,828
2.5	**Professional Fees**							
2.5.1	as percentage of build costs				8%			£32,409
								£32,409
2.6	**Contingency**							
2.6.1	Based upon percentage of construction costs				5%			£18,414
								£18,414
2.7	**Developer contributions**							
2.7.1	SANGS					£0	per unit	£0
2.7.2	S.106					£1,000	per unit	£4,000
2.7.3	CIL					£0	per sq.m	£0
2.7.4	Landscape management					£0	per uni	£0
								£4,000
2.8	**Sale cost**							
2.8.1	Legals -				£500			£2,000
2.8.2	Sales agents fee -				1.25%			£13,338
2.8.3	Marketing cost -				£1,000	per unit		£2,800
								£18,138
	TOTAL DEVELOPMENT COSTS							**£853,952**
3.0	**Developers' Pofit**							
3.1	Based upon percentage of construction costs				Rate			
					20%			£170,790
								£170,790
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]							**£1,024,743**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£42,257
4.00	**Finance Costs**				APR		PCM	
					7.00%		0.565%	-£42,257
	TOTAL PROJECT COSTS [INCLUDING INTEREST]							£1,067,000

APPENDIX 4

Consultees

Consultees were as follows.

Residential

Gleeson

Battens Estate Agents

Cosgrove Estate Agents

Connells Estate Agents

Slades Estate Agency

Pentengells

Industrial Agents

Jones Lang Lasalle

Goadsby

JM Watts

Nettleship Sawyer

Sibbetts Gregory

Office Agents

Ellis & Partners

Carr & Neave

Nettleship Sawyer

The team contacted twelve other consultees. However, these consultees did not choose to provide information to this study.

Separately, we held a well-attended stakeholder workshop to discuss the emerging CIL.