

**For: Dorset Council (Purbeck)  
Community Infrastructure Levy (CIL)**

**Examination Stage  
Extra Care Viability Addendum**

June 2020  
DSP19677

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# 1. Introduction

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- 1.1.1. Purbeck District Council (PDC) now Dorset Council (DC) is continuing its progression towards reviewing the Community Infrastructure Levy (CIL) charging schedule in place for that part of rural Dorset that comprises the previous Purbeck administrative district area. For ease of reference we will refer to the area covered by this (and previous viability assessments) as the 'Purbeck Area'. Reference to 'the Council' in this case means Dorset Council. Dorset Council are now the charging authority for the previous Purbeck DC area.
- 1.1.2. DSP have been providing viability evidence to support the Local Plan process and potential CIL review for a number of years culminating in the Local Plan examination in 2019 and the CIL examination to be heard later in 2020 for the Purbeck area. This addendum adds to the 2016 (base work), 2017 (Sensitivity Testing Addendum) and 2018 '*Updated Viability Study to Support Purbeck District Council's Draft Local Plan and Revised Community Infrastructure Levy*' studies undertaken by Dixon Searle Partnership (DSP) for the former Purbeck District Council.
- 1.1.3. As requested by the Council, this brief addendum report has been commissioned to specifically look at the viability of extra care development falling within the C3 use class in the Purbeck area context. This is in response to discussions on whether a separate CIL charge would be appropriate for extra care development compared to wider C3 residential development. This addendum does not deal with the wider issue of whether extra care development should fall into the C3 or C2 use class; it is provided purely to inform the Council on whether a CIL could be viably charged should the development in question prove to be C3. In the Council's view, extra care development in C3 use class are akin to market-led older persons housing of the type provided by parties such as McCarthy and Stone, Churchill, Renaissance and others. It would typically come with additional care packages (primarily for older people) but remains self-contained residential accommodation and where the occupants have agreements to cover the on-site care and support 24 hours a day. Typically, these types of development include a larger proportion of non-saleable floor space than general needs or retirement living dwellings.
- 1.1.4. In undertaking further review and carrying out an additional appraisal of an extra care scheme typology, Dixon Searle Partnership (DSP) has used the same principles and methodology as those used in preparing the previous viability assessments referred to above.
- 1.1.5. This addendum report should not be read in isolation – the methodological explanations and their context will not be repeated here. Only the further assessment and review scope aspects which have been added or adjusted will be noted here. A proportional approach is continued here – once again, it is not practical or necessary to consider every potential eventuality.

- 1.1.6. The work and now this addendum have been carried out applying the principles relating to the nature of the CIL and the appropriate, proportionate evidence needed to inform and support the charging rates setting. It is important to note that a CIL charge does not typically represent a new cost to development, but in most cases a different way of collecting infrastructure contributions, with the use of s.106 usually significantly scaled-back.
- 1.1.7. This report provides additional information to further inform the Council's view of CIL charging rates (specifically related to extra care development) from a viability perspective whilst continuing to take into account adopted local and national policies that may impact on development viability.
- 1.1.8. In presenting the additional information on the extra care typology, we continue to use the well-recognised residual valuation approach, combined with appropriate assumptions for the purpose; with review and judgment offered by consultants highly experienced in the preparation of strategic viability assessments for local authority policy development including whole plan viability, affordable housing and CIL economic viability as well as providing site-specific viability reviews and advice. Necessarily we note again that in order to carry out this type of assessment inevitably a large number of assumptions are required, as part of considering of a range of information which rarely fits all eventualities.
- 1.1.9. Small changes in assumptions can have a significant individual or cumulative effect on the residual land value (RLV) or other surplus / deficit output generated – the indicative surpluses (or other outcomes) generated by the development appraisals for this review will not necessarily reflect site specific circumstances. Therefore, this assessment (as with similar studies of its type) is not intended to prescribe land values or other assumptions or otherwise substitute for the usual considerations and discussions that will continue to be needed as particular developments with varying characteristics come forward. Nevertheless, again the assumptions used here again in our considered view reasonably reflect the likely nature of such development, bearing in mind that will vary in practice of course, together with the policy requirements and strategy of the Council.
- 1.1.10. In this area wide context, a strategic overview is needed to inform the Council's approach to its CIL. This is in order to provide clarity on the level of developer contributions and therefore needs to be as simple as possible whilst reflecting the nature of the area and above all enabling the Council to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact upon the viability of development.
- 1.1.11. As the guidance<sup>1</sup> sets out: *'The levy is expected to have a positive economic effect on development across a local plan area. When deciding the levy rates, an appropriate balance*

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<sup>1</sup> Planning Practice Guidance Community Infrastructure Levy section – para. 009 (last revised 15/03/2019)

*must be struck between additional investment to support development and the potential effect on the viability of development. This balance is at the centre of the charge-setting process. In meeting the regulatory requirements (see regulation 14(1), as amended by the 2014 Regulations), charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area. In doing so, charging authorities should use evidence in accordance with planning practice guidance and take account of national planning policy on development contributions.'*

- 1.1.12. The Council's and this assessment approach is considered to remain consistent with the CIL guidance, as was referred to in our previous work.
- 1.1.13. There can be no definite viability cut off points owing to the variation in site specific circumstances.
- 1.1.14. The CIL guidance discusses a practical, proportionate approach, using the principles of 'appropriate available evidence' to inform the draft charging schedule. It is recognised that this means taking an area-based approach, involving a broad test of viability, and that the available data is unlikely to be fully comprehensive. This is essentially about considering the strength of the relationship between development values and costs, and how this may vary in different circumstances – viewed through development typologies.
- 1.1.15. The following report section 2 outlines the additional elements of review undertaken at the Council's request.

## 2. Additional review, findings & conclusions summary

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### 2.1 Review of extra care development – additional typology test

2.1.1 The following briefly sets out the further review and assessment work completed, in the context set out in section 1 above, intended to inform and support the Council in setting out an appropriate CIL as it relates to extra care development.

2.1.2 Extra-care' or 'Assisted Living' types of accommodation for older people may fall between the fully care-led provision, and market led housing for older persons which clearly falls within Use Class C3 in the form of fully self-contained retirement/sheltered apartments. This form of accommodation may be available on a purchase or rental basis but may involve a range of care needs to establish eligibility to buy or lease a property.

2.2.2 As an example, residents could be required to purchase a 'minimum care package' as a condition of initial occupation, to include say at least 2 hours of domiciliary care per week focused on the health and social care needs of the residents.

2.2.3 As with other development types, of course extra care schemes vary by site and local area characteristics – are all different in some way, and in our experience even when brought forward by the same developer, let alone looking across a range of different planning applicants', developers' and operators' approaches both to the schemes themselves, and to the details used when considering viability.

2.2.6 However, this is consistent with continuing to look to overview this and ensure that the CIL setting is not a site-specific response or one that is effectively "personal" to a particular party or development/planning stage approach.

2.2.7 In order to test the potential viability of a 'typical' extra care development we have appraised an additional scheme typology using the following assumptions:

- i. A 60 no. units (apartments) extra-care/ assisted living scheme.
- ii. Comprised of a 3:2 ratio of 1-bed to 2-bed units (36 no. 1-bed; 24 no. 2-bed). 30% affordable housing assuming PDL development and mix representative of overall mix. For the purposes of this exercise assumes affordable housing revenue assumed at 50% of market revenue on the basis of Council lead tenure mix.

- iii. 1-beds @ GIA 65 sq. m; 2-beds @ 80 sq. m (GIAs here meaning of the apartments themselves, i.e. excluding communal areas).
- iv. 65:35 gross:net floor area ratio (i.e. comprising 65% saleable floor space; 35% communal, non-directly saleable, which in our experience is at the upper end of the range of 25% - 35% non-saleable areas that we have seen in recent review cases).
- v. Envisaging a 3-5 storey development, assuming a density of c. 200 dph, on a site of c. 0.35Ha. It is considered that in practice an extra care development could conceivably be located in a variety of contexts across the Council area – with form and density potentially varying.
- vi. BCIS median costs for Supported Housing assumed on that basis (rebased using a Purbeck location factor).
- vii. External works @ additional 7.5% build costs.
- viii. Professional fees @ 10% build costs; contingency @ 5%.
- ix. Sales values at £5,240/sq. m. based on assumptions provided by the Retirement Housing Group (RHG)<sup>2</sup>. In this case there are few if any direct comparables on which to base sales values within the Purbeck area. We have therefore based the above on a wider search of retirement properties and the basis of the RHG report that indicates that a) sheltered 1-bed flats are considered to be equivalent in value to 75% of a 3-bed semi-detached property; b) a 2-bed retirement property is considered to be equivalent in value to 100% of the value of a 3-bed semi-detached property and c) that extra care flats command values that are around 25% higher than sheltered housing. This means 1-bed apartments in this case are assumed @ £328,125; 2-beds @ £437,500 each, average/overall.
- x. Ground rents included at £400/unit p.a. 1-bed; £500/unit 2-bed. Capitalised at 5%. We have also allowed for usual costs of an investment income sale in respect of this.
- xi. Marketing and sale costs allowed for at 4%.

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<sup>2</sup> "COMMUNITY INFRASTRUCTURE LEVY AND SHELTERED HOUSING/EXTRA CARE DEVELOPMENTS A BRIEFING NOTE ON VIABILITY PREPARED FOR RETIREMENT HOUSING GROUP BY THREE DRAGONS MAY 2013 AMENDED FEBRUARY 2016".

- xii. Legal costs on sale @ £750/unit.
- xiii. Assumed cashflow timings: Construction over a 15 month period (after lead-in), sales then over 2 years.
- xiv. Empty Property Costs (cost of unsold units while services are set up and running) @ £5,000/unit.
- xvi. Profit at 20% GDV for market apartments; 6% on GDV for the affordable apartments (which equates to a blended return of 15.5% of GDV)
- xvii. CIL included at three trial levels; £100/m<sup>2</sup>, £50/m<sup>2</sup> and £25/m<sup>2</sup>.

2.2.8 This trial appraisals (v1a – c) – summaries included as Appendix I to this report) produce a land value (residual) of between c. £689,000/Ha with £100/m<sup>2</sup> CIL; £1.29m/ha with £50/m<sup>2</sup> CIL and £1.59m/Ha with £25/m<sup>2</sup>. The tables below show the residual land value results expressed in absolute terms and on a per hectare basis with sensitivity testing carried out for an increase and decrease in both values and base build costs. Table 1 shows the results from the £100/m<sup>2</sup> trial in absolute residual terms; Table 1b shows the result in £/ha. Tables 2a and b and 3 a and c follow the same theme. The core / base appraisal result is shown in bold in each case.



**Table 1a Land Cost (£) - £100/m<sup>2</sup> CIL**

Sales: Rate /m <sup>2</sup>											
Construction: Rate /m <sup>2</sup>	-12.500%	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	2.500%	5.000%	7.500%	10.000%	12.500%
-12.500%	-160,579	-475,237	-789,895	-1,104,552	-1,419,210	-1,733,868	-2,048,526	-2,363,183	-2,677,841	-2,992,499	-3,307,157
-10.000%	145,681	-176,702	-491,360	-806,018	-1,120,675	-1,435,333	-1,749,991	-2,064,649	-2,379,306	-2,693,964	-3,008,622
-7.500%	461,628	128,655	-192,825	-507,483	-822,141	-1,136,799	-1,451,456	-1,766,114	-2,080,772	-2,395,430	-2,710,087
-5.000%	778,627	444,484	111,629	-208,948	-523,606	-838,264	-1,152,922	-1,467,579	-1,782,237	-2,096,895	-2,411,553
-2.500%	1,097,182	761,410	427,340	94,603	-225,071	-539,729	-854,387	-1,169,045	-1,483,702	-1,798,360	-2,113,018
0.000%	1,415,737	1,079,858	744,266	410,197	77,577	<b>-241,194</b>	-555,852	-870,510	-1,185,168	-1,499,825	-1,814,483
2.500%	1,735,545	1,398,413	1,062,534	727,122	393,053	60,551	-257,317	-571,975	-886,633	-1,201,291	-1,515,948
5.000%	2,055,631	1,717,952	1,381,089	1,045,210	709,978	375,905	43,525	-273,441	-588,098	-902,756	-1,217,414
7.500%	2,375,716	2,038,038	1,700,359	1,363,765	1,027,887	692,835	358,778	26,499	-289,564	-604,221	-918,879
10.000%	2,696,651	2,358,124	2,020,445	1,682,766	1,346,441	1,010,563	675,691	341,753	9,474	-305,687	-620,344
12.500%	3,018,170	2,678,671	2,340,531	2,002,852	1,665,173	1,329,118	993,239	658,547	324,727	-7,152	-321,810

**Table 1b Land Cost (£/ha) - £100/m<sup>2</sup> CIL**

Construction: Rate /m <sup>2</sup>	Sales: Rate /m <sup>2</sup>										
	-12.500%	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	2.500%	5.000%	7.500%	10.000%	12.500%
-12.500%	-458,798	-1,357,820	-2,256,842	-3,155,864	-4,054,886	-4,953,908	-5,852,930	-6,751,953	-7,650,975	-8,549,997	-9,449,019
-10.000%	416,232	-504,863	-1,403,886	-2,302,908	-3,201,930	-4,100,952	-4,999,974	-5,898,996	-6,798,018	-7,697,041	-8,596,063
-7.500%	1,318,937	367,587	-550,929	-1,449,951	-2,348,974	-3,247,996	-4,147,018	-5,046,040	-5,945,062	-6,844,084	-7,743,107
-5.000%	2,224,649	1,269,955	318,941	-596,995	-1,496,017	-2,395,039	-3,294,062	-4,193,084	-5,092,106	-5,991,128	-6,890,150
-2.500%	3,134,806	2,175,456	1,220,973	270,295	-643,061	-1,542,083	-2,441,105	-3,340,127	-4,239,150	-5,138,172	-6,037,194
0.000%	4,044,962	3,085,309	2,126,474	1,171,991	221,650	<b>-689,127</b>	-1,588,149	-2,487,171	-3,386,193	-4,285,215	-5,184,238
2.500%	4,958,699	3,995,466	3,035,812	2,077,492	1,123,008	173,004	-735,193	-1,634,215	-2,533,237	-3,432,259	-4,331,281
5.000%	5,873,230	4,908,434	3,945,969	2,986,316	2,028,509	1,074,014	124,358	-781,259	-1,680,281	-2,579,303	-3,478,325
7.500%	6,787,761	5,822,965	4,858,169	3,896,472	2,936,819	1,979,527	1,025,081	75,713	-827,324	-1,726,347	-2,625,369
10.000%	7,704,718	6,737,496	5,772,700	4,807,904	3,846,976	2,887,322	1,930,545	976,436	27,067	-873,390	-1,772,412
12.500%	8,623,343	7,653,346	6,687,231	5,722,435	4,757,638	3,797,479	2,837,826	1,881,563	927,790	-20,434	-919,456

**Table 2a Land Cost (£) - £50/m<sup>2</sup> CIL**

Construction: Rate /m <sup>2</sup>	Sales: Rate /m <sup>2</sup>										
	-12.500%	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	2.500%	5.000%	7.500%	10.000%	12.500%
-12.500%	-371,556	-686,214	-1,000,872	-1,315,530	-1,630,187	-1,944,845	-2,259,503	-2,574,161	-2,888,818	-3,203,476	-3,518,134
-10.000%	-73,022	-387,679	-702,337	-1,016,995	-1,331,653	-1,646,310	-1,960,968	-2,275,626	-2,590,284	-2,904,942	-3,219,599
-7.500%	238,142	-89,145	-403,803	-718,460	-1,033,118	-1,347,776	-1,662,434	-1,977,091	-2,291,749	-2,606,407	-2,921,065
-5.000%	554,973	221,116	-105,268	-419,926	-734,583	-1,049,241	-1,363,899	-1,678,557	-1,993,214	-2,307,872	-2,622,530
-2.500%	872,805	537,829	204,090	-121,391	-436,049	-750,706	-1,065,364	-1,380,022	-1,694,680	-2,009,337	-2,323,995
0.000%	1,191,360	855,481	520,686	187,064	-137,514	<b>-452,172</b>	-766,829	-1,081,487	-1,396,145	-1,710,803	-2,025,460
2.500%	1,510,376	1,174,036	838,158	503,542	170,038	-153,637	-468,295	-782,952	-1,097,610	-1,412,268	-1,726,926
5.000%	1,830,462	1,492,783	1,156,712	820,834	486,398	153,012	-169,760	-484,418	-799,076	-1,113,733	-1,428,391
7.500%	2,150,547	1,812,869	1,475,267	1,139,389	803,510	469,254	135,986	-185,883	-500,541	-815,199	-1,129,856
10.000%	2,470,682	2,132,955	1,795,276	1,457,943	1,122,065	786,180	452,111	118,960	-202,006	-516,664	-831,322
12.500%	2,792,200	2,453,040	2,115,362	1,777,683	1,440,620	1,104,741	769,036	434,967	101,934	-218,129	-532,787

**Table 2b Land Cost (£/ha) - @50/m<sup>2</sup> CIL**

Construction: Rate /m <sup>2</sup>	Sales: Rate /m <sup>2</sup>										
	-0.125%	-0.100%	-0.075%	-0.050%	-0.025%	0.000%	0.025%	0.050%	0.075%	0.100%	0.125%
-0.125%	-1,061,590	-1,960,612	-2,859,634	-3,758,656	-4,657,678	-5,556,701	-6,455,723	-7,354,745	-8,253,767	-9,152,789	-10,051,811
-0.100%	-208,634	-1,107,656	-2,006,678	-2,905,700	-3,804,722	-4,703,744	-5,602,766	-6,501,789	-7,400,811	-8,299,833	-9,198,855
-0.075%	680,406	-254,699	-1,153,722	-2,052,744	-2,951,766	-3,850,788	-4,749,810	-5,648,832	-6,547,854	-7,446,877	-8,345,899
-0.050%	1,585,638	631,760	-300,765	-1,199,787	-2,098,810	-2,997,832	-3,896,854	-4,795,876	-5,694,898	-6,593,920	-7,492,942
-0.025%	2,493,729	1,536,655	583,114	-346,831	-1,245,853	-2,144,875	-3,043,898	-3,942,920	-4,841,942	-5,740,964	-6,639,986
0.000%	3,403,886	2,444,233	1,487,673	534,469	-392,897	<b>-1,291,919</b>	-2,190,941	-3,089,963	-3,988,986	-4,888,008	-5,787,030
0.025%	4,315,359	3,354,389	2,394,736	1,438,691	485,823	-438,963	-1,337,985	-2,237,007	-3,136,029	-4,035,051	-4,934,074
0.050%	5,229,890	4,265,093	3,304,893	2,345,239	1,389,709	437,178	-485,029	-1,384,051	-2,283,073	-3,182,095	-4,081,117
0.075%	6,144,421	5,179,625	4,215,049	3,255,396	2,295,742	1,340,727	388,532	-531,095	-1,430,117	-2,329,139	-3,228,161
0.100%	7,059,091	6,094,156	5,129,360	4,165,553	3,205,899	2,246,228	1,291,744	339,886	-577,160	-1,476,183	-2,375,205
0.125%	7,977,715	7,008,686	6,043,891	5,079,095	4,116,056	3,156,402	2,197,245	1,242,762	291,241	-623,226	-1,522,248

**Table 3a Land Cost (£) - £25/m<sup>2</sup> CIL**

Sales: Rate /m <sup>2</sup>												
Construction: Rate /m <sup>2</sup>	-12.500%	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	2.500%	5.000%	7.500%	10.000%	12.500%	
-12.500%	-477,045	-791,703	-1,106,361	-1,421,018	-1,735,676	-2,050,334	-2,364,992	-2,679,649	-2,994,307	-3,308,965	-3,623,623	
-10.000%	-178,510	-493,168	-807,826	-1,122,484	-1,437,141	-1,751,799	-2,066,457	-2,381,115	-2,695,772	-3,010,430	-3,325,088	
-7.500%	126,746	-194,633	-509,291	-823,949	-1,138,607	-1,453,264	-1,767,922	-2,082,580	-2,397,238	-2,711,895	-3,026,553	
-5.000%	443,183	109,720	-210,756	-525,414	-840,072	-1,154,730	-1,469,387	-1,784,045	-2,098,703	-2,413,361	-2,728,019	
-2.500%	760,617	426,039	92,694	-226,880	-541,537	-856,195	-1,170,853	-1,485,511	-1,800,168	-2,114,826	-2,429,484	
0.000%	1,079,172	743,293	408,895	75,668	-243,003	<b>-557,660</b>	-872,318	-1,186,976	-1,501,634	-1,816,291	-2,130,949	
2.500%	1,397,791	1,061,848	725,969	391,752	58,642	-259,126	-573,783	-888,441	-1,203,099	-1,517,757	-1,832,414	
5.000%	1,717,877	1,380,403	1,044,524	708,677	374,608	41,616	-275,249	-589,906	-904,564	-1,219,222	-1,533,880	
7.500%	2,037,963	1,700,284	1,363,079	1,027,200	691,533	357,464	24,590	-291,372	-606,029	-920,687	-1,235,345	
10.000%	2,358,049	2,020,370	1,682,692	1,345,755	1,009,876	674,390	340,320	7,564	-307,495	-622,153	-936,810	
12.500%	2,679,215	2,340,456	2,002,777	1,665,099	1,328,431	992,552	657,246	323,177	-8,960	-323,618	-638,276	

**Table 3b Land Cost (£/ha) - £25/m<sup>2</sup> CIL**

Sales: Rate /m <sup>2</sup>											
Construction: Rate /m <sup>2</sup>	-0.125%	-0.100%	-0.075%	-0.050%	-0.025%	0.000%	0.025%	0.050%	0.075%	0.100%	0.125%
-0.125%	-1,362,986	-2,262,008	-3,161,030	-4,060,052	-4,959,075	-5,858,097	-6,757,119	-7,656,141	-8,555,163	-9,454,185	-10,353,207
-0.100%	-510,030	-1,409,052	-2,308,074	-3,207,096	-4,106,118	-5,005,140	-5,904,163	-6,803,185	-7,702,207	-8,601,229	-9,500,251
-0.075%	362,131	-556,095	-1,455,118	-2,354,140	-3,253,162	-4,152,184	-5,051,206	-5,950,228	-6,849,251	-7,748,273	-8,647,295
-0.050%	1,266,237	313,485	-602,161	-1,501,184	-2,400,206	-3,299,228	-4,198,250	-5,097,272	-5,996,294	-6,895,316	-7,794,339
-0.025%	2,173,191	1,217,255	264,840	-648,227	-1,547,249	-2,446,272	-3,345,294	-4,244,316	-5,143,338	-6,042,360	-6,941,382
0.000%	3,083,348	2,123,694	1,168,273	216,194	-694,293	<b>-1,593,315</b>	-2,492,337	-3,391,360	-4,290,382	-5,189,404	-6,088,426
0.025%	3,993,689	3,033,851	2,074,198	1,119,291	167,549	-740,359	-1,639,381	-2,538,403	-3,437,425	-4,336,448	-5,235,470
0.050%	4,908,220	3,944,008	2,984,354	2,024,792	1,070,308	118,903	-786,425	-1,685,447	-2,584,469	-3,483,491	-4,382,513
0.075%	5,822,751	4,857,955	3,894,511	2,934,858	1,975,809	1,021,326	70,257	-832,491	-1,731,513	-2,630,535	-3,529,557
0.100%	6,737,282	5,772,486	4,807,690	3,845,014	2,885,361	1,926,827	972,344	21,612	-878,557	-1,777,579	-2,676,601
0.125%	7,654,900	6,687,017	5,722,221	4,757,425	3,795,518	2,835,864	1,877,845	923,362	-25,600	-924,622	-1,823,645

- 2.2.9 The results of the £100/m<sup>2</sup> CIL base appraisal indicate residual land values below those for equivalent market housing schemes and at a level that may be considered insufficient for PDL or existing residential land across the Purbeck area primarily owing to the higher build costs. Viability improves as the CIL level is halved to £50/m<sup>2</sup> but again is probably on the margins of viability. If we were to allow a buffer of, say 50%, this would indicate a CIL rate in the region of £25/m<sup>2</sup>. At £25/m<sup>2</sup> we see viability improve to the point that it exceeds the highest benchmark land value used within the previous study (£1.5m/ha). If we were to allow a buffer of, say 50%, this would indicate a CIL rate in the region of £12.50/m<sup>2</sup>; a relatively nominal rate.
- 2.2.10 The CIL Guidance is clear that *“A charging authority’s proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence. For example, this might not be appropriate if the evidence pointed to setting a charge right at the margins of viability.”* Given the finely balanced nature of the results of the modelling described above, we are of the opinion that a nil or very low rate could be justified for extra care development in the local Purbeck area context.

### 3. Notes and limitations

- 3.1.1 This has been a further continuation of the desk-top exercise based on information provided by Dorset Council, supplemented with information gathered and assumptions made by DSP from our experience. The further review scope, building on the previous work stages, is appropriate to this additional stage of our comprehensive assessment, undertaken through working closely with and to now further inform the final stages of the Council's preparation of a Community Infrastructure Levy (CIL) Charging Schedule for the Purbeck area.
- 3.1.2 We reiterate that the review of development viability is not an exact science. There will always be variations in the available information and differences in opinions and expectations.
- 3.1.3 It should be noted that every scheme is different and no review of this nature can reflect the variances seen in site specific cases. Specific assumptions and values applied for our schemes are unlikely to be appropriate for all developments and a degree of professional judgment is required. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and further informing the Council's progression of its CIL.
- 3.1.4 This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of Dixon Searle Partnership Ltd; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.
- 3.1.5 To the extent that the document is based on information supplied by others, Dixon Searle Partnership Ltd accepts no liability for any loss or damage suffered by the client or others who choose to rely on it.
- 3.1.6 In no way does this study provide formal valuation advice; it provides an overview not intended for other purposes nor to over-ride particular site considerations as the Council's policies continue to be applied practically from case to case.

**Addendum Ends.**

**June 2020**

**Appendix I follows – Extra Care Typology Appraisal Summaries**



## Appendix I – Development Appraisal Summaries



Dorset Council Extra Care Development  
Additional Typology Review  
Supplementary work pre-CIL examination hearing  
19677 - DSPv1a

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£100/m<sup>2</sup> CIL

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Development Appraisal  
Prepared by DSP  
Dixon Searle Partnership  
12 June 2020

**Dorset Council Extra Care Development  
Additional Typology Review  
Supplementary work pre-CIL examination hearing**

**Appraisal Summary for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Sales Rate m <sup>2</sup>	Unit Price	Gross Sales
1-bed apartments	25	1,625.00	5,048.08	328,125	8,203,125
2-bed apartments	17	1,360.00	5,468.75	437,500	7,437,500
1-bed apartments - AH	11	715.00	2,524.05	164,063	1,804,693
2-bed apartments - AH	<u>7</u>	<u>560.00</u>	2,734.38	218,750	<u>1,531,250</u>
<b>Totals</b>	<b>60</b>	<b>4,260.00</b>			<b>18,976,568</b>

**Rental Area Summary**

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rents	42	440	18,480	18,480

**Investment Valuation**

Ground Rents					
Current Rent	18,480	YP @	5.0000%	20.0000	369,600

**GROSS DEVELOPMENT VALUE**

**19,346,168**

Purchaser's Costs	5.8%	-21,252	
Effective Purchaser's Costs Rate	5.8%		-21,252

**NET DEVELOPMENT VALUE**

**19,324,916**

**NET REALISATION**

**19,324,916**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price (0.4 Ha @ 689,126.88 /Hect)		241,194		241,194
Agent Fee	1.5%	3,618		
Legal Fee	0.8%	1,809		
				5,427

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost
1-bed apartments	2,500.00	1,619.00	4,047,500
2-bed apartments	2,092.31	1,619.00	3,387,446
1-bed apartments - AH	1,100.00	1,619.00	1,780,900
2-bed apartments - AH	<u>861.54</u>	1,619.00	<u>1,394,831</u>
<b>Totals</b>	<b>6,553.85 m<sup>2</sup></b>		<b>10,610,677</b>

**This appraisal report does not constitute a formal valuation.**

**Dorset Council Extra Care Development  
Additional Typology Review**

**Supplementary work pre-CIL examination hearing**

Contingency		5.0%	570,324	
CIL	4,592.31 m <sup>2</sup>	100.0	459,231	11,640,232
<b>Other Construction</b>				
External Works		7.5%	795,801	
Empty Property Costs	42.00 un	5,000.0 /un	210,000	1,005,801
<b>PROFESSIONAL FEES</b>				
Professional Fees		10.0%	1,140,648	1,140,648
<b>DISPOSAL FEES</b>				
Sales Agent Fee		4.0%	773,847	
Sales Legal Fee	60.00 un	750.0 /un	45,000	818,847
<b>MISCELLANEOUS FEES</b>				
Market Profit		20.0%	3,202,045	
AH Profit		6.0%	200,157	3,402,202
<b>FINANCE</b>				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				1,070,566
<b>TOTAL COSTS</b>				<b>19,324,916</b>
<b>PROFIT</b>				<b>0</b>

**Performance Measures**

Land Cost pHect 689,127

**This appraisal report does not constitute a formal valuation.**



Dorset Council Extra Care Development  
Additional Typology Review  
Supplementary work pre-CIL examination hearing  
19677 - DSPv1b

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£50/m2 CIL

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Development Appraisal  
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Dixon Searle Partnership  
12 June 2020

**Dorset Council Extra Care Development  
Additional Typology Review  
Supplementary work pre-CIL examination hearing**

Appraisal Summary for Phase 1

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Sales Rate m <sup>2</sup>	Unit Price	Gross Sales
1-bed apartments	25	1,625.00	5,048.08	328,125	8,203,125
2-bed apartments	17	1,360.00	5,468.75	437,500	7,437,500
1-bed apartments - AH	11	715.00	2,524.05	164,063	1,804,693
2-bed apartments - AH	<u>7</u>	<u>560.00</u>	2,734.38	218,750	<u>1,531,250</u>
<b>Totals</b>	<b>60</b>	<b>4,260.00</b>			<b>18,976,568</b>

**Rental Area Summary**

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rents	42	440	18,480	18,480

**Investment Valuation**

Ground Rents					
Current Rent	18,480	YP @	5.0000%	20.0000	369,600

**GROSS DEVELOPMENT VALUE**

**19,346,168**

Purchaser's Costs	5.8%	-21,252	
Effective Purchaser's Costs Rate	5.8%		-21,252

**NET DEVELOPMENT VALUE**

**19,324,916**

**NET REALISATION**

**19,324,916**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price (0.4 Ha @ 1,291,919.12 /Hect)		452,172		452,172
Agent Fee	1.5%	6,783		
Legal Fee	0.8%	3,391		
				10,174

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost
1-bed apartments	2,500.00	1,619.00	4,047,500
2-bed apartments	2,092.31	1,619.00	3,387,446
1-bed apartments - AH	1,100.00	1,619.00	1,780,900
2-bed apartments - AH	<u>861.54</u>	1,619.00	<u>1,394,831</u>
<b>Totals</b>	<b>6,553.85 m<sup>2</sup></b>		<b>10,610,677</b>

This appraisal report does not constitute a formal valuation.

**Dorset Council Extra Care Development  
Additional Typology Review**

**Supplementary work pre-CIL examination hearing**

Contingency		5.0%	570,324	
CIL	4,592.31 m <sup>2</sup>	50.0	229,615	11,410,616
<b>Other Construction</b>				
External Works		7.5%	795,801	
Empty Property Costs	42.00 un	5,000.0 /un	210,000	1,005,801
<b>PROFESSIONAL FEES</b>				
Professional Fees		10.0%	1,140,648	1,140,648
<b>DISPOSAL FEES</b>				
Sales Agent Fee		4.0%	773,847	
Sales Legal Fee	60.00 un	750.0 /un	45,000	818,847
<b>MISCELLANEOUS FEES</b>				
Market Profit		20.0%	3,202,045	
AH Profit		6.0%	200,157	3,402,202
<b>FINANCE</b>				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				1,084,457
<b>TOTAL COSTS</b>				<b>19,324,916</b>
<b>PROFIT</b>				<b>0</b>

**Performance Measures**

Land Cost pHect 1,291,919

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Dorset Council Extra Care Development  
Additional Typology Review  
Supplementary work pre-CIL examination hearing  
19677 - DSPv1c

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£25/m2 CIL

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Development Appraisal  
Prepared by DSP  
Dixon Searle Partnership  
12 June 2020



**Dorset Council Extra Care Development  
Additional Typology Review  
Supplementary work pre-CIL examination hearing**

**Appraisal Summary for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Sales Rate m <sup>2</sup>	Unit Price	Gross Sales
1-bed apartments	25	1,625.00	5,048.08	328,125	8,203,125
2-bed apartments	17	1,360.00	5,468.75	437,500	7,437,500
1-bed apartments - AH	11	715.00	2,524.05	164,063	1,804,693
2-bed apartments - AH	<u>7</u>	<u>560.00</u>	2,734.38	218,750	<u>1,531,250</u>
<b>Totals</b>	<b>60</b>	<b>4,260.00</b>			<b>18,976,568</b>

**Rental Area Summary**

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rents	42	440	18,480	18,480

**Investment Valuation**

Ground Rents					
Current Rent	18,480	YP @	5.0000%	20.0000	369,600

**GROSS DEVELOPMENT VALUE**

**19,346,168**

Purchaser's Costs	5.8%	-21,252	
Effective Purchaser's Costs Rate	5.8%		-21,252

**NET DEVELOPMENT VALUE**

**19,324,916**

**NET REALISATION**

**19,324,916**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price (0.4 Ha @ 2,202,672.97 /Hect)		770,936		770,936
Agent Fee	1.5%	11,564		
Legal Fee	0.8%	5,782		
				17,346

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Build Rate m <sup>2</sup>	Cost
1-bed apartments	2,500.00	1,619.00	4,047,500
2-bed apartments	2,092.31	1,619.00	3,387,446
1-bed apartments - AH	1,100.00	1,619.00	1,780,900
2-bed apartments - AH	<u>861.54</u>	1,619.00	<u>1,394,831</u>
<b>Totals</b>	<b>6,553.85 m<sup>2</sup></b>		<b>10,610,677</b>

**This appraisal report does not constitute a formal valuation.**

**Dorset Council Extra Care Development  
Additional Typology Review**

**Supplementary work pre-CIL examination hearing**

Contingency		5.0%	570,324	
CIL	4,592.31 m <sup>2</sup>	50.0	229,615	11,410,616
<b>Other Construction</b>				
External Works		7.5%	795,801	
Empty Property Costs	42.00 un	5,000.0 /un	210,000	1,005,801
<b>PROFESSIONAL FEES</b>				
Professional Fees		10.0%	1,140,648	1,140,648
<b>DISPOSAL FEES</b>				
Sales Agent Fee		4.0%	773,847	
Sales Legal Fee	60.00 un	750.0 /un	45,000	818,847
<b>MISCELLANEOUS FEES</b>				
Market Profit		17.5%	2,801,789	
AH Profit		6.0%	200,157	3,001,946
<b>FINANCE</b>				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				1,158,777
<b>TOTAL COSTS</b>				<b>19,324,916</b>
<b>PROFIT</b>				<b>0</b>

**Performance Measures**

Land Cost pHect 2,202,673

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