Affordable Housing and CIL Viability Study

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Executive Summary

Background

S.1 Lewes District Council (LDC) and the South Downs National Park Authority (SDNPA) share responsibility for planning policy in the Lewes District area. They required guidance on the financial viability implications of alternative targets and size thresholds for affordable housing provision within the Lewes District area. Alongside this, viability analysis was required to support Community Infrastructure Levy (CIL) charging proposals. The two authorities jointly appointed RS Drummond-Hay MRICS ACIH to carry out work on both issues.

S.2 Previous studies, and in particular a Strategic Housing Market Assessment (SHMA), had led to proposals for a three tier target structure, with a 30% affordable Housing target in the Coastal Belt, 35% in Lewes, and a 40% target in the remainder of the District. In this Residual Rural Area a reduced size threshold of 5 dwellings was also proposed.

Guidance

S.3 Local planning authorities are required to assess general economic viability in their area before setting affordable targets. Little specific guidance has been produced about how this should be done, although it does appear this should be 'broad brush' in nature. Affordable targets in LDFs will endure in principle for the lifetime of the Plan. Experience of the housing market in the last four years, in contrast to the previous decade or so, has shown that viability can go down as well as up, and targets need to be framed in a way that recognizes this.

S.4 The two Planning authorities are at an early stage in preparing a CIL charging schedule. There is detailed guidance as to how to prepare a CIL Charging Schedule. The CIL Guidance requires viability to be tested to ensure that the Levy can be borne by most sites. There are obvious advantages in combining the two exercises.

Approach to the work

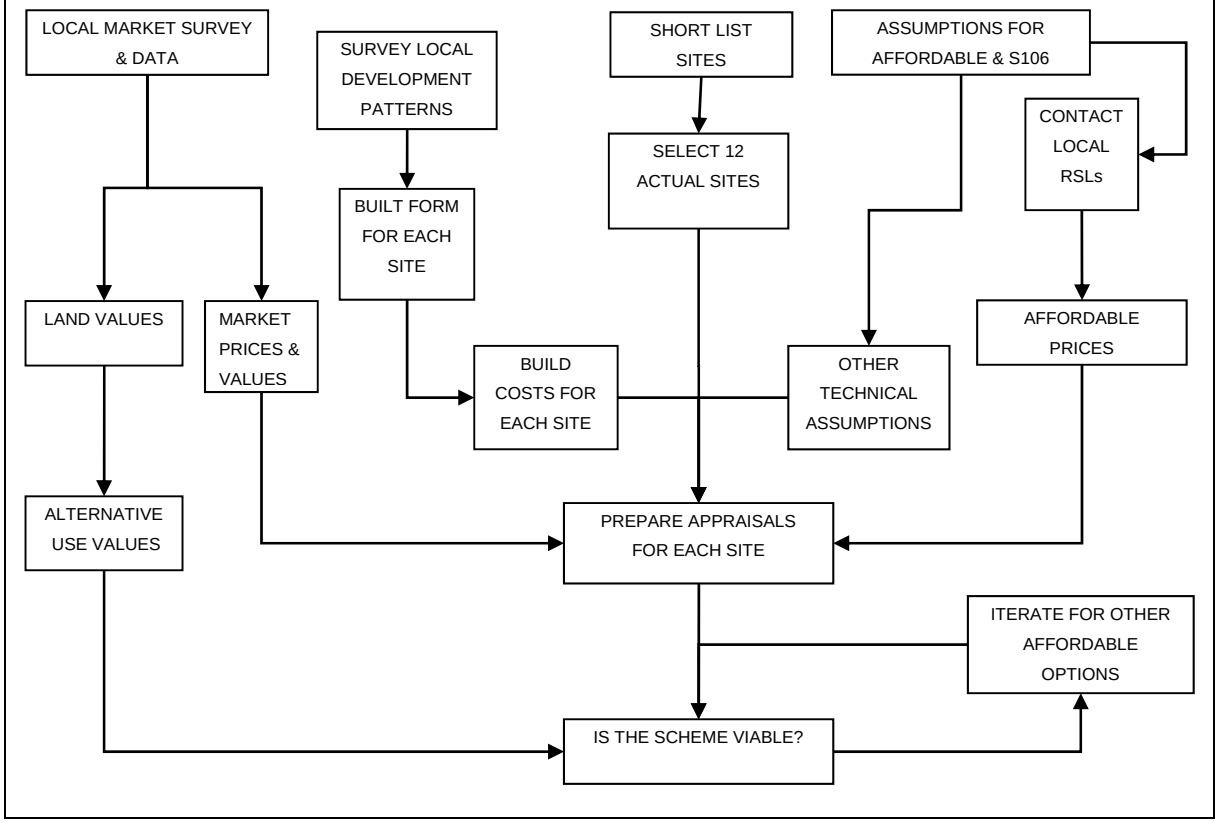
S.5 Our approach to the study in respect of the affordable target is summarized in the Figure below. It involves testing viability on a series of specific sites chosen to be

representative of the area as a whole. The residual value (RV) of each site (the maximum amount a prospective developer could pay to purchase it and still make a target profit level) was calculated, and compared to its alternative use value (AUV). Only if the residual value exceeded the alternative use figure, and by a satisfactory margin, could the scheme be judged to be viable.

S.6 For the CIL part of the study, the above work is re-analysed to provide guidance on charging for residential development. Separate analysis is then carried out for various types of commercial development to provide guidance which will inform the Charging Schedule.

S.7 Stakeholder involvement was important in carrying out the study. Two events were arranged, one to discuss the proposed approach and broad assumptions, and the second to consider initial results. Stakeholders unable to attend the initial event were given the opportunity to participate through email contacts. The issues around alternative use value and the threshold of viability emerged as key during this process.

Viability methodology



Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

A range of sites

S.8 The principle of using modelled rather actual sites to assess viability for the affordable target was discussed with stakeholders; some held that it was necessary to consider only actual sites. We looked at some 40 or so recent approvals and from these selected ten to be representative of development patterns, types and locations across the District. There were very few small sites and so model developments were created to provide sites which would help to explore more fully the potential reduction in the size threshold.

S.9 In total the sites contained 438 dwellings on just under 9.4 ha (net) averaging 47 dwellings /ha. All but one, the largest, were 100% residential; for this mixed use site the commercial element was excluded.

Development assumptions

S.10 To carry out financial appraisals it is necessary to consider the form of development on each site. A combination of actual and model characteristics was used to model the sites. The assumptions were designed to match current development patterns, and were informed by a development typology based on 'floorspace density' – measured in m^2/ha – i.e. the degree of development intensity on each site.

S.11 The sites were a mixture of densities around; above; and below, the base or benchmark level of 3,550 m^2/ha (15,500 sqft /acre). However despite the development pressures there is an emphasis on relatively lower density development in the District overall and the balance of site assumptions reflected this.

Affordable housing provision

S.12 In order both to test the proposed targets and to explore more generally how the affordable proportion impacted upon viability, a range of targets from 25% to 50% were tested. The affordable housing was assumed to be a combination of the new 'affordable rent' tenure and shared ownership. In the event appraisals were prepared both for 25% shared ownership, with 75% being affordable rent, and for 100% affordable rent.

S.13 Despite an established aspiration to eliminate grant on private developer-led affordable housing provision, substantial grant has continued in practice to be provided in many parts of the South East including Lewes. 'Affordable Rent' and flexible tenancies were

designed to reduce the requirement for grant/subsidy at a time when Government expenditure is being cut in order to bring the national budget closer into balance. Affordable Rent is intended to replace Social Rent for new provision, but can also be applied to relets of existing Social Rent properties.

S.14 How the arrangements will work out is still only gradually emerging, and there are indications that a small amount of grant will still be available in the District. Given the uncertainty it was assumed that no grant would be forthcoming.

Affordable rent: economics of provision

S.15 HCA guidance sets out the 'rules' under which Affordable Rent will operate. With no grant the value of affordable units to the developer reflects the level of rent at which RSLs can let the units provided, and of course the level of voids. Affordable Rent can be let at up to 80% of market rents and must be permanently available for letting.

S.16 What RSLs could afford to pay for Affordable Rent units at 80% or lower levels was discussed at the stakeholder event. The following prices were confirmed to be broadly correct.

Selling Prices - £/m^2 (Without Grant)					
	Social Rent	Affordable Rent 80%	Affordable Rent 70%	Affordable Rent 60%	Shared Ownership
Flat	£850	£1,100	£970	£900	£1,600
House	£1,000	£1,300	£1,200	£1,050	£1,900

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

S.17 Additional revenue could be generated if sufficient numbers of Social Rent relets were changed to additional Rent tenancies. At this early stage it was decided, as with grant, to assume that no additional contributions would be provided from this source.

Developer contributions other than affordable housing

S.18 Current policy requires developers to make contributions under a number of headings, and these need to be allowed for, at least until a final set of CIL charges can be determined. The Council's and Park Authority's current guidance was considered. Recently payments for individual sites have ranged from around £1,000-£7,500 per dwelling. To provide a broad brush assumption for the combination of actual and model

sites being assessed, a standard contribution of £3,500 per dwelling was used across all sites, for both market and affordable units.

S.19 In considering subsequently what level of CIL contribution sites could make, it was clearly necessary to adjust this figure, to prevent double counting.

Local housing market

S.20 House prices in the area are higher than the average for England & Wales. Within the area there are some variations. After collecting data from local new build schemes a range of selling prices was agreed, ranging from £2,600 per m2 for houses in the Coastal Belt, to £3,900 per m2 for flats in Lewes Town. Values in the smaller villages were assumed to have a 15% price premium.

S.21 Stakeholders generally supported these figures as a basis for appraisals.

Land values

S.22 Information on the limited land available for residential development pointed to an average value of just under £1,000,000 /ha.

S.23 To determine Alternative Use Values we looked at values for other land. Values for industrial land, agricultural land, or paddock and sports field uses formed the basis for the AUV for most of the sites. The values we proposed were generally supported at the stakeholder consultations, though the relationship of AUV to the threshold of viability was more contentious.

Development costs

S.24 Baseline build costs were informed by data from the Building Cost Information Service (BCIS). We used an average figure of £835 per m^2 for all sites except one, a development of flats in blocks of up to 6 stories. The same figure was used for both market and affordable housing.

S.25 The scale of additional costs for sustainable homes, i.e. CSH Level 3 & 4, was considered. A recent update study suggests that Level 3's extra costs are turning out to be very much less than previously predicted. We assumed no net increase for Level 3, but a substantial premium of £85 per m^2 for Level 4. Additional premium percents were

used for sites under 15 dwellings, and for some sites where a higher build spec was anticipated.

S.26 Allowances were also made for site development costs (roads services etc.) and for abnormal costs (e.g. access, flood prevention). Further allowances were added for professional fees and for contingencies.

Other assumptions

S.27 A target profit level of 20% of costs was supported by stakeholders. Interest was assumed to be at 7% per annum and calculated on an appropriate phasing programme for each site.

Appraisal results - basis for finding viability

S.28 Appraisals were prepared using the above assumptions. Based on experience elsewhere, we took the view that, in order to be viable, a site had to achieve a Residual Value at least 20% above the AUV. Agricultural values are of course extremely low and a further greenfield premium was assumed at £250,000 /ha in recognition of this.

S.29 Developer and landowner stakeholders challenged whether this allowance, though generous, sufficiently met agricultural landowners' expectations. After considering such views, and unsuccessfully canvassing for alternative suggestions, the above proposals were used unchanged.

S.30 Using this measure of viability, base appraisals were prepared for the affordable target proposals envisaged by the Council, but with affordable rent instead of social rent.

Appraisal results for base affordable option £/ha				
	Site	Alternative Use Value	Viability Threshold	Residual Value
	Coastal Belt 30% Affordable Rented			
D	Seaside GF	250,000	550,000	1,611,699
E	Seaside BF	900,000	1,080,000	2,380,950
J	Seaside BF 2	900,000	1,080,000	1,547,592
	Lewes Town 25% Affordable Rented + 10% Shared Ownership			
A	Lewes BF	2,000,000	2,400,000	5,303,896
F	Lewes	1,000,000	1,200,000	4,663,552
H	Conversion	4,375,000	4,812,500	4,484,765
	Residual Rural Area 25% Affordable Rented + 15% Shared Ownership			
B	Northern Rural	25,000	280,000	1,927,995
C	Northern Rural	25,000	280,000	1,654,698
G	Rural Modelled 3	250,000	550,000	2,229,996
I	Rural Modelled 2	25,000	280,000	1,417,614
K	Rural Modelled	250,000	550,000	2,068,478
L	Village	250,000	550,000	2,011,194

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

S.31 These showed that all but one of the sites was viable, in most cases very comfortably so.

S.32 Appraisals were also produced for a range of other options – CSH Level 4; various affordable targets up to 50%; variations to the tenure split including Affordable Rent at 60% rather than 80% of market rent level.

Thresholds

S.33 Although five of the twelve sites were below the current national guidance threshold of 15 dwellings, they were spread across the three sub areas, and two were of 14 dwellings. To provide definitive guidance on how viability behaved in the Residual Rural Area, across the full size range, we used site K (of seven dwellings) to create a suite of model sites from one right through to 14 dwellings.

S.34 Using appropriate assumptions, appraisals showed RV did decline with decreasing size. Although the two smallest sites, 1 & 2 dwellings, still showed RVs exceeding

£1,000,000/ha, well above the AUV, the absolute amounts they generated over AUV were quite small.

Affordable target: conclusions

S.35 The viability study's approach is strategic in nature. It provides the broad overview that is appropriate in considering the overall impact of policy options on development viability generally in the Lewes District.

S.36 The various appraisal results provide support for the three-tier targets envisaged at the time our study was commissioned. That conclusion remains robust if affordable rent is set at a lower level than 80% of market rent, and if CSH Level 4 build costs (as currently envisaged) are applied.

S.37 Indeed, higher levels of target could be considered. We believe the study results would support a target of 40% affordable housing districtwide, even if this were all Affordable Rent (rather than part shared ownership), at the 80% rent level. The target could go to 50% in the Residual Rural Area though it would be unwise in our view to seek 50% in the other two sub areas.

S.38 The results from our threshold model suite, together with those for the five small sites, would support reducing the threshold in the Rural Area down to five dwellings. Indeed, a threshold of three dwellings in all areas would be justifiable.

Commuted Sums

S.39 There may be situations in which it is agreed that, whilst an affordable contribution should arise in respect of a particular development, it is appropriate that all or some of the contribution should be made off site. Where this is the case, and where replacement affordable units are not going to be provided by the developer on another site agreed with the Council, it will be necessary to secure the due affordable contribution in the form of a commuted payment.

S.40 The financial appraisal analysis provides a basis for calculating commuted sum payments. We have adopted an approach to the calculation of the developer contribution, utilising the site viability analysis. It is based upon the contribution that the

developer would have made if an on-site affordable contribution were delivered. The calculation works as follows:

i. Estimate the value of the site with 100% market housing
ii. Estimate the value of the site with the target level of affordable housing contribution previously recommended.

S.41 The difference between (i) and (ii) is the loss in value experienced by the developer due to the affordable housing policy contribution. We ran the appraisals assuming 40% affordable housing across the all sites and different levels of CIL:

Affordable Housing Commuted Sum: calculations (£/unit)				
Site		*CIL £100 /m²*	*CIL £200 /m²*	*CIL £300 /m²*
Coastal Belt				
D	Seaside GF	76,100	65,800	56,100
E	Seaside BF	85,800	77,500	68,600
J	Seaside BF 2	86,800	76,000	65,200
Lewes Town				
A	Lewes BF	142,300	134,100	125,900
F	Lewes	194,800	181,700	168,600
H	Conversion	184,200	174,000	163,900
Residual Rural Area				
B	Northern Rural	87,100	79,000	71,000
C	Northern Rural	104,300	94,300	84,400
G	Rural Modelled 3	98,500	89,200	79,800
I	Rural Modelled 2	86,300	80,700	72,800
K	Rural Modelled	100,600	91,200	81,900
L	Village	96,700	85,800	76,900
Overall median figure		**97,600**	**87,500**	**78,400**

N.B. Per dwg contribution figures have been rounded to nearest £100 in each case.
Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

Proposed guidance commuted sum

S.42 These calculations provide a sound basis for determining a commuted sum figure. However the two authorities have indicated they will seek to introduce a CIL charge, and any final commuted sum figure will depend on the level of CIL charge. Whilst advice on CIL and viability is provided below, further work will be needed before a final charge figure for residential development can be determined.

CIL Contributions.

S.43 The report concludes with the analysis of the scale of Community Infrastructure Levy that Residential and commercial Development could bear. This work builds directly on the viability analysis previously carried out. In order to develop the CIL Charging Schedule, the Authorities need to gather an evidence base to assess the requirements for the levy. We are not instructed to assess what the amount of CIL should be and we are not asked to recommend a target as such. We are asked to look at what amounts of CIL may be afforded by developers whilst still allowing a scheme to make a profit. This is an important point to make as the guidance is clear that it is for the LDC and SDNPA to strike the balance between raising money for infrastructure and deterring development.

S.44 CIL can be levied on residential and non-residential property development. We have therefore divided the analysis into these two types. In assessing the affordable housing target we undertook appraisals, for a number of development scenarios, to establish the Residual Value for each site. We then compared this Residual Value with the Existing Use or Alternative Use Value to assess the viability of development coming forward. In order to assess whether or not a contribution to CIL can be made, a calculation needs to be undertaken to establish the '*additional profit'*.

S.45 Additional Profit a concept that we have developed and it is the amount of profit over and above the normal profit made by the developers having purchased the land, developed the site and sold the units (including providing any affordable housing that is required). In this case 'normal profit' is the 20% we used in the appraisals. Our approach to calculating this was to complete the appraisal using the same base cost and price figures, and other financial assumptions, concerning the affordable housing target – but incorporating the viability threshold value (alternative use value plus uplift) into the cost side of the appraisal to then show the resulting profit (or loss).

S.46 The amount by which the resulting profit exceeds the target level of profit, represents the additional profit and provides a measure of the scope for contributing to CIL without impairing development viability. CIL contributions can viably be paid out of this additional profit.

S.47 We considered a wide range of non-residential uses but narrowed the appraisal to those uses that were likely to be forthcoming in the future and would be likely to yield CIL. We used the relevant assumptions from the residential appraisals and gathered market price, value and cost information in relation to a range of non-residential uses.

S.48 We have assessed the maximum amounts of CIL that could be borne on the modelled sites. The results are shown below.

Residential Additional Profit calculation results – 40% affordable housing (all affordable rent at 80% OMR)

	Site	Residual Value	Viability Threshold	Additional Profit		
	Coastal Belt			**£/ha**	**£/unit**	**£/m²**
D	Seaside GF	1,250,893	550,000	868,970	20,690	353
E	Seaside BF	1,819,113	1,080,000	969,615	16,290	321
J	Seaside BF 2	1,215,587	1,080,000	256,299	7,689	118
	Lewes Town					
A	Lewes BF	3,870,064	2,400,000	2,006,179	14,284	292
F	Lewes	3,995,288	1,200,000	3,028,908	70,675	903
H	Conversion	4,023,164	4,812,500	-1,141,036	-32,601	-537
	Residual Rural Area					
B	Northern Rural	1,735,957	280,000	1,641,518	40,555	842
C	Northern Rural	1,465,421	280,000	1,330,633	42,506	715
G	Rural Modelled 3	2,010,451	300,000	1,637,255	43,086	763
I	Rural Modelled 2	1,255,689	280,000	1,124,388	32,929	696
K	Rural Modelled	1,860,130	550,000	1,471,718	42,049	746
L	Village	1,787,239	300,000	1,414,251	35,356	663

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

S.49 These results are summarised below.

Residential Property Potential for CIL			
	Coastal Belt	Lewes Town	Residual Rural Area
£/m^2	£300	£300	£700
£/dwelling	£15,000	£15,000	£32,000

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

S.50 For the various commercial uses we modelled a range of typical development types and again calculated the additional profit.

Non-residential property Appraisal Results showing potential maximum CIL payment £.m2							
	Large Industrial	Small Industrial	Large Office	Small Office	Large Retail	Smaller Retail	Shop
Greenfield							
Coastal Belt	0	0	0	0	955	593	588
National Park Area	290	0	315	0	1,051	1,074	588
Northern Area	0	0	796	0	1,051	593	588
Brownfield							
Coastal Belt	0	0	0	0	150	0	253
National Park Area	77	0	0	0	247	418	253
Northern Area	0	0	458	0	144	0	236

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

S.51 We take this opportunity to stress that we are not suggesting that CIL is set at these rates. The above analysis shows the maximum amount of CIL that these modelled developments can bear. This information is an important element of the evidence for setting CIL but is only one part of the evidence the wider context needs to be considered.

S.52 The CIL Regulations and Guidance are clear Regulation 14 says:

Setting rates

14. (1) In setting rates (including differential rates) in a charging schedule, a charging authority must 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 actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and

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

(2) In setting rates in a charging schedule, a charging authority may also have regard to actual ……

S.53 The council needs to consider and strike a balance between raising CIL and adversely impacting on development. In doing this consideration will need to be given to the rates set by neighbouring Charging Authorities and the current economic uncertainties.

1. Introduction

1.2 RS Drummond-Hay MRICS was commissioned by Lewes District Council (LDC) and the South Downs National Park Authority (SDNPA) to produce guidance on the financial viability implications of alternative targets and size thresholds for affordable housing provision within the Lewes District area. The area is unusual, coming under the jurisdiction of two planning authorities. Much of Lewes District (about 56%) lies within the South Downs National Park. The two planning authorities are working together to produce the Local Development Framework (LDF) Core Strategy for Lewes District, including the area within the National Park boundary.

1.3 The scope of this project has been extended beyond the initial brief to provide an assessment of the economic viability of charging Community Infrastructure Levy (CIL) on new development. This work has been included because of the very substantial degree of overlap in assessing the viability of an affordable housing target and the potential impact of CIL.

1.4 This report has been produced through a collaborative process involving Council officers and public sector and private sector stakeholders. We take this opportunity to thank all those who assisted in the project and gave up their time to attend the stakeholder events and make comments on the emerging results.

Context

1.5 The outputs of the study are in two parts; the first being the testing of the affordable housing target and the second being the work in relation CIL. The assumptions behind each part are broadly the same – but the subsequent analysis is, necessarily, different.

Testing the Affordable Housing Target

1.6 National guidance ((Planning Policy Statement 3) PPS3: Housing 2006) requires Councils to set a target for the proportion of affordable housing to be delivered through new developments. This is an evidence based process.

1.7 LDC has previously commissioned consultants to undertake a number of key relevant studies: DTZ undertook a Strategic Housing Market Assessment (SHMA), which was completed in July 2008; Nathaniel Lichfield and Partners undertook a Strategic Housing

Land Availability Assessment (SHLAA), which was completed in September 2010 and has subsequently been updated by the Council. Nathaniel Lichfield and Partners also undertook a Local Housing Needs Report (LHNR) for the District, which was completed in May 2011.

1.8 The SHMA identifies a need for as much affordable housing provision in the District as can realistically be developed. Looking at the scale of need relative to the amount that is likely to be provided in association with new development, the SHMA suggests that there is little prospect of all the identified need being satisfied, with an overall annual shortfall in affordable homes in Lewes District of 230 dwellings per annum being identified. This figure was higher than the combined total of new market and affordable housing built each year over the decade to 2008.

1.9 The SHMA suggested various affordable housing targets (locally known as quota) and it is the purpose of this study to test the deliverability of these targets:

- In the Coastal Belt of the District (Newhaven, Seaford, Peacehaven and Telscombe) a 30% quota for affordable housing was recommended.
- In Lewes a result a quota of 35% was recommended.
- In the Residual Rural Area a 40% affordable housing quota was suggested, with a threshold of 5 units or more.

1.10 The SHMA made recommendations about the mix of affordable housing tenures between social rented housing and shared ownership products. Additionally the SHMA recommended that the threshold over which affordable housing should be required should be lowered from 15 (being the national guidance) to 5 in the Residual Rural Area.

1.11 Paragraph 29 of PPS3: Housing (2006) contains a paragraph which says that affordable targets should:

'reflect an assessment of the likely economic viability of land for housing within the area, taking account of the risks to delivery and drawing on informed assessments of the likely levels of finance available for affordable housing, including public subsidy and the level of developer contribution that can reasonably be secured.' (S29)

1.12 The meaning of this was clarified in the Court of Appeal decision of August 2008 over the Blyth Valley Core Strategy Inspector's Report. In summary, there is now a duty on every

local authority to ensure that any affordable housing target is broadly deliverable within the area.

1.13 The word 'likely' in the above quotation from PPS3 is taken to mean that the duty is a 'broad brush' one: the typical site in the local authority should be able to bear whatever target is set. Some sites within the area will not be able to do so, but developers have scope to make specific submissions at the planning applications stage.

1.14 The final output of this assessment should be a proposal for affordable housing quotas/targets and thresholds, which are achievable in terms of development economics, and may form the basis of an affordable housing policy in the Core Strategy. The particular targets for testing are summarised as follows:

Table 1.1 Summary of main Viability Testing

	Coastal Belt Newhaven, Seaford, Peacehaven and Telscombe	**Lewes town**	**Residual Rural Area**
Affordable housing requirement	30%	35%	40%
Tenure	Social Rented	At least 25% social rented	At least 25% social rented
	At what threshold should the target requirement take effect?	At what threshold should the target requirement take effect?	At what threshold should the target requirement take effect?

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

1.15 The purpose of this study is to enable LDC and SDNPA to set robust, viable, targets. It is important to note that the target is just that – a target. The actual amount of affordable housing required on any particular site must be assessed for that actual site and take into account the peculiar factors of developing that site at that point of the economic cycle.

1.16 Beyond the brief mention of the requirement to test the deliverability of the target in paragraph 29 of PPS3 there is little relevant guidance relevant to this study. This study is designed to test the current target in an informed way. Given the pattern of housing market conditions since late 2007, and more particularly a general expectation that the fall in house prices may not yet have run its full course, it may be necessary for any proposed target to be reviewed regularly so as to reflect the resulting changes in the profitability of development.

CIL Economic Viability Assessment

1.17 The Authorities are at an early stage of preparing a CIL Charging Schedule. In March 2010 CLG published Community Infrastructure Levy Guidance, Charge setting and charging schedule procedures. This guidance requires the Authorities to publish a 'Charging Schedule'. This study will inform the preparation of the Charging Schedule. The Charging Schedule will sit within the Local Development Framework; however, it will not form part of the statutory development plan nor will it require inclusion within a Local Development Scheme. The guidance says:

Charging authorities must express CIL rates as pounds per square metre, as CIL will be levied on the gross internal floorspace of the net additional liable development. The published rate(s) within an authority's charging schedule will enable liable parties to anticipate their expected CIL liability.

1.18 The Guidance goes on [para 24] to say when preparing the rates of CIL:

The initial stage of preparing a charging schedule focuses on determining the CIL rate(s). When a charging authority submits its draft charging schedule to the CIL examination, it must provide evidence on economic viability and infrastructure planning

…complied with the requirements under Part 11 of the Act, including the requirements governing the setting of CIL rates. Regulation 14 requires that a charging authority, in setting CIL rates, 'must aim to strike what appears to the charging authority to be an appropriate balance between' the desirability of funding infrastructure from CIL and 'the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area'

1.19 On preparing the evidence base on economic viability the Guidance says:

Charging authorities should use an area-based approach, which involves a broad test of viability across their area as the evidence base to underpin their charge. Charging authorities should take a strategic view across their area and should not focus on the potential implications of setting a CIL for individual development sites within a charging authority's area. Regulation 14 recognises that the introduction of CIL may put some potential development sites at risk. It is for charging authorities to decide what CIL rate, in their view, sets an appropriate balance between the need to fund infrastructure, and the potential implications for the economic viability of development across their area.

Economic valuation

There are a number of valuation models and methodologies available to charging authorities to help them in preparing evidence on the potential effects of CIL on the economic viability of

development across their area. There is no requirement to use one of these models, but charging authorities may find it helpful in defending their CIL rates to use one of them.

Appropriate available evidence

The legislation (section 212 (4) (b)) requires a charging authority to use 'appropriate available evidence' to inform their draft charging schedule. It is recognised that the available data is unlikely to be fully comprehensive or exhaustive. Charging authorities need to demonstrate that their proposed CIL rate or rates are informed by 'appropriate available' evidence and consistent with that evidence across their area as a whole.

A charging authority should thus draw on existing data wherever it is available. Charging authorities may consider a range of data, including:

- *values of land in both existing and planned uses (see, for example, VOA Property Market Reports); and*
- *property prices (e.g. house price indices and rateable values for commercial property).*

In addition, a charging authority may want to sample directly a few sites across its area in order to supplement existing data. The focus should only be on a limited number of sites, particularly those sites where the impact of CIL on economic viability is likely to be more significant. Where a charging authority is proposing to set differential rates, they may want to undertake more fine-grained sampling (of a higher percentage of total sites), to identify a few data points to use in estimating the boundaries of particular zones, or different categories of intended use. The focus in regulation 14(1) (b) on an area based approach to viability means that charging authorities need rely only on a limited approach to sampling, whether they are setting a uniform or a differential rate.

In considering the effect of CIL on residential development, charging authorities in England may want to draw on the work done to inform their Strategic Housing Land Availability Assessments (SHLAAs) on maintaining a deliverable supply of land for housing, as required by PPS3. The methodology undertaken for the SHLAA and the knowledge it has given of viability in the local area should inform an authority's approach, but a charging authority may need to revisit their SHLAA to update it to reflect more recent changes that have an impact on viability across their area, (usually without changing the methodology). Charging authorities will also need to supplement their SHLAA with information about non-housing sectors, such as the retail and commercial sectors (for example, information on rental yields and property values), depending on the balance of development within their area.

1.20 It is clear from the above that there is much in common with the guidance and the LDC / SDNPA brief to assess the viability of the delivery of affordable housing – hence the extension of the project to include viability work to support and inform the CIL Charging Schedule.

The land market

1.21 The availability and cost of land are matters at the core of the viability for any property development. The format of the typical valuation has been standard for as long as land has been traded for development:

Gross Development Value
(The combined value of the complete development)

LESS

Cost of creating the asset, including a profit margin
(Construction + fees + finance charges)

=

RESIDUAL VALUE

1.22 The result of the calculation indicates a land value (the Residual Value), which acts as the top limit of what a bidder could offer for a site. In this study we use the procedure in reverse – given the likely land values, will a development including X% target for affordable housing be viable?

1.23 The 'likely land value' is a difficult topic since a landowner is unlikely to be entirely frank about the price that would be acceptable, always seeking a higher one. This is one of the areas where an informed assumption has to be made about the 'uplift': the margin above the 'existing use value' which would make the landowner sell.

1.24 This study does not attempt to assess the specific price that could or should be paid for each site. The appraisal works out what a site may be worth if a range of scenarios were to occur, and then compares that amount with the land's value in some other use to which it could be put.

1.25 There is no specific guidance on how to test the viability in the CIL Regulations or Guidance. There is, however, some guidance published by Homes and Communities Agency (HCA) and several appeal decisions that support this methodology.

1.26 The HCA good practice manual '*Investment and Planning Obligations: Responding to the Downturn*' (2009) has a definition of viability: "a viable development will support a residual land value at level sufficiently above the site's existing use value (EUV) or alternative use value (AUV) to support a land acquisition price acceptable to the landowner". Several planning appeal decisions provide some guidance on the extent to which the residual land value should exceed existing use value to be considered viable:

Barnet & Chase Farm: APP/Q5300/A/07/2043798/NWF

"the appropriate test is that the value generated by the scheme should exceed the value of the site in its current use. The logic is that, if the converse were the case, then sites would not come forward for development"

Bath Road, Bristol: APP/P0119/A/08/2069226

"The difference between the RLV and the existing site value provides a basis for ascertaining the viability of contributing towards affordable housing."

Beckenham: APP/G5180/A/08/2084559

"without an affordable housing contribution, the scheme will only yield less than 12% above the existing use value, 8% below the generally accepted margin necessary to induce such development to proceed."

Oxford Street, Woodstock: APP/D3125/A/09/2104658

"The main parties' valuations of the current existing value of the land are not dissimilar but the Appellant has sought to add a 10% premium. Though the site is owned by the Appellants it must be assumed, for valuation purposes, that the land is being acquired now. It is unreasonable to assume that an existing owner and user of the land would not require a premium over the actual value of the land to offset inconvenience and assist with relocation. The Appellants addition of the 10% premium is not unreasonable in these circumstances."

1.27 The planning appeal decisions and HCA good practice publication that the most appropriate test of viability for planning policy purposes is to consider the residual value of schemes compared to the existing use value plus a premium. We have discussed how we have implemented this, for practical purposes, in this project in Chapter 6.

1.28 More recently the RICS have undertaken a consultation process with a view to producing a guidance note titled 'Financial Viability in Planning'. This is currently at a draft stage and whilst it is very general, setting out principles and options it is still useful. It does not

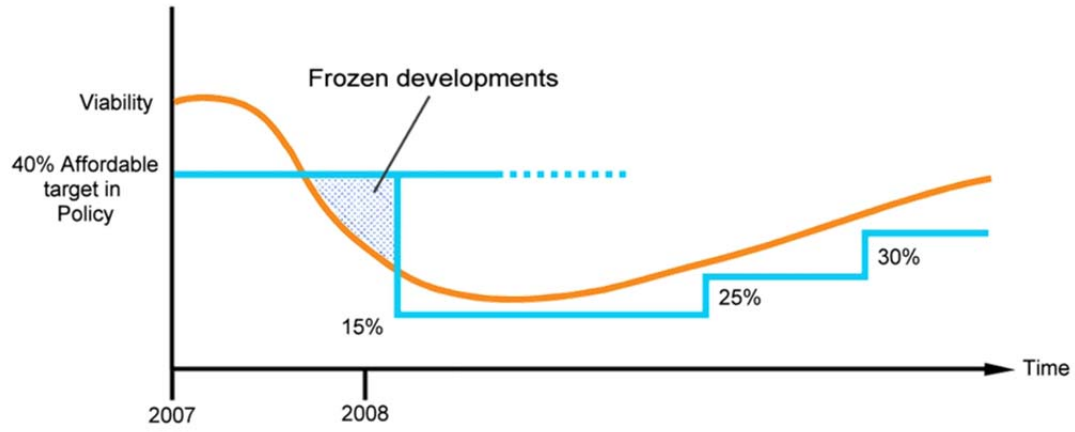
aim to be prescriptive; it intends to embody best practice. The methodologies the RICS are proposing are very much in line with our own so we have no doubt that should the RICS publish the final guidance it will not undermine this piece of work.

The future

1.29 PPS3: Housing (2006) says that affordable targets should '*reflect an assessment of the **likely** economic viability of land for housing within the area*'. The CIL Regulations require that '*it must provide evidence on economic viability'*.

1.30 The introduction of these duties has coincided with the economic downturn. This had the effect of reducing the profitability of new housing developments, and hence their viability. This situation is shown schematically in the figure below:

Figure 1.1 The effect of the economic downturn on viability



Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

1.31 The diagram shows that where once a 40% target was easily viable, at the time shown in the diagram, only a 15% target is now viable. Possible future improvements in viability mean that, at various times in the future, 25% and 30% targets may be viable.

1.32 The situation depicted in Figure 1.1 has caused difficulty in setting targets. The HCA Good Practice Guidance (mentioned above) on affordable target setting in July 2009 sets out (in para 19) two alternative bases for target setting:

- Set the target to the minimum (probably current) level of viability: 15% in the example. This would evidently under-provide affordable housing when taken over a plan period.

- Set the target for a 'normal' market and treat it as flexible

1.33 The second approach sounds attractive but would not be robust:

- The concept of the 'normal' market is indefinable. Prices have always varied, and it is not possible to state which of them is 'normal'. Prices rose unevenly for the whole period 1991 to 2007 but no part of the curve can be labelled 'normal'.

- In the present 'recession' there is no agreement as to how long it will last, and what the curve of viability over time (as illustrated in Figure 1.1) will look like. It could be 'V' shaped, 'U' shaped or 'bath' shaped. Nobody knows. It is quite possible that the market will get worse before it gets better, and that there will be reverses along the way. In short, any 'normal market' target is likely to be undeliverable for much of its life. Some attempts to set one have based themselves on the 2007 peak. This is unlikely ever to repeat, as the cost and price environment will be quite different in future. There is no safe basis for guessing a 'deliverable' target for a 'normal' market.

1.34 The 'normal market' target would therefore be vulnerable to S78 appeal, probably for much of its life, and applicants who went to appeal saying that it was 'undeliverable' would be likely to succeed. Such targets are therefore not robust, nor sensible to set.

1.35 We have considered various ways of addressing this including a dynamic target setting model that we have recommended to other clients. Dynamic target setting provides a third option: affordable targets that are both deliverable and provide a reasonable maximum of affordable housing.

1.36 This means that this study is in two stages: the first being the standard viability analysis for residential development (in Chapters 2 to 9) including how to address future changes in the housing market. Finally the CIL analysis in Chapters 10, 11 and 12.

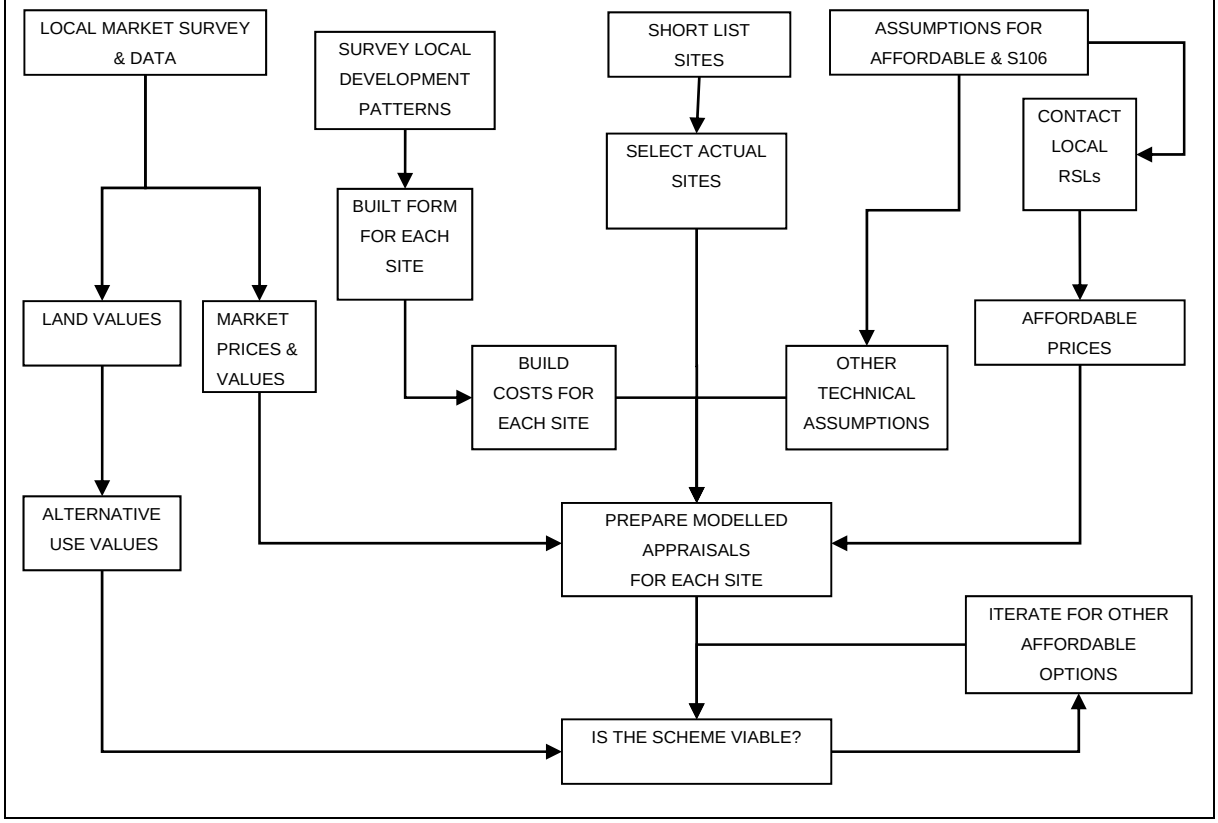
Viability methodology

1.37 The basic viability methodology is summarised in Figure 1.2 below. It involves preparing financial appraisals for a representative range of sites across the study area. In this case sites were modelled, based on a review of recent planning approvals submitted to LDC. This process ensures that the appraisals are representative of typical development.

1.38 The appraisals tested a range of scenarios including different levels of affordable housing provision: in each case a combination of social/affordable rented and intermediate housing. We considered the likely purchase prices housing associations would pay for units in each category. Assumptions were also required for developer contributions that would be sought under other headings such as education and open space. We also considered different development requirements such as building to a higher Code for Sustainable Homes level.

1.39 We surveyed the local housing and commercial markets, in order to obtain a picture of sales values. We also collected land values to calibrate the appraisals and to assess alternative use values. Alongside this we considered local development patterns, in order to arrive at appropriate built form assumptions for those sites where information from a current planning permission or application was not available. These in turn informed the appropriate build cost figures.

Figure 1.2 Viability methodology



Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

1.40 A number of other technical assumptions were required before appraisals could be produced. The appraisal results were in the form of £/ha 'residual' land values, showing the maximum value a developer could pay for the site and still return a target profit level.

1.41 Finally, the residual value was compared to the alternative use value for each site. Only if the residual value exceeded the alternative figure, and by a satisfactory margin, could the scheme be judged to be viable.

CIL Viability Assessment

1.42 This is divided into two parts – firstly in Chapter 10 the residential development is examined before non-residential uses are examined in Chapter 11. The findings are brought together in Chapter 12.

1.43 In order to assess whether or not a contribution to CIL can be made, a calculation needs to be undertaken to establish the 'additional profit'. Additional Profit is the amount of profit over and above the normal profit made by the developers having purchased the

land, developed the site and sold the units (including providing any affordable housing that is required). Our approach to calculating this was to complete the appraisal using the same base cost and price figures, and other financial assumptions, as used in the AHVS – but instead of calculating the residual value as normal, incorporating the viability threshold value (alternative use value plus uplift) into the cost side of the appraisal to show the resulting profit (or loss).

1.44 The amount by which the resulting profit exceeds the target level of profit, represents the 'additional profit' and provides a measure of the scope for contributing to CIL without impairing development viability. CIL contributions can viably be paid out of this additional profit.

Stakeholder Consultation

1.45 Stakeholder involvement is an important part of this project. Page 10 of the SHMA Guidance confirms that one of the key aims of the new planning system is to involve local communities and stakeholders from the earliest stage of plan preparation. It is also requirement of the CIL Guidance. Paragraph 1 says.

Section 206 of the Planning Act 2008 (The Act) confers the power to charge CIL on certain bodies known as charging authorities. The charging authority's responsibilities, if they decide to levy CIL, will be to: ……. <u>This will involve consultation</u> and …….

1.46 The purpose of including consultations from the earliest stage of the project is to ensure that those stakeholders that will be directly and indirectly affected by the eventual outcomes can influence the report through commenting on the methodology, the input, the assumptions and the interpretation of the results. The time for objections, is during the stakeholder process rather than at the Core Strategy EiP or CIL Examination.

1.47 Two stakeholder events were held during the preparation of the report. The first was held on 1st November 2011 and the second on 28th November 2011. A wide group of developers and housing associations were invited to both events – the invitation list being based on the Council's SHLAA technical advisory panel, together with additional agents, housebuilders and housing associations.

1.48 At the first event the methodology was discussed and the various data sources and assumptions were presented. The concept of dynamic target setting was also suggested

as a way of varying the target as the economics of development viability may change in the future. Finally the first emerging results were presented.

1.49 A lively debate took place with a variety of comments and suggestions. Rather than write these comments up into a separate appendix of this report we have incorporated the comments at the appropriate place in this report. As one would expect in a study of this type agreement was not reached in all matters, we have therefore endeavoured to explain why we have followed the assumptions and methodologies we have used.

1.50 Not all members of the SHLAA panel were able to attend the event. The presentation was therefore circulated by email and comments were invited and received.

1.51 The second event took place a month later and the draft report findings were presented. The second event was not well attended however as the debate concentrated on how to test viability and the viability thresholds and alternative use values it was useful. This subject was thoroughly explored and the findings and recommendations presented.

RS Drummond-Hay MRICS ACIH

1.52 Simon Drummond-Hay is principal of RS Drummond-Hay MRICS ACIH. He is a senior development professional with wide experience of both development and professional practice. He leads a small team that specialises in providing the evidence base for planning authorities' CIL and LDF. Previously he and his team worked for Fordham Research. Simon Drummond-Hay is a Chartered Surveyor and Associate of the Chartered Institute of Housing.

1.53 He regularly appears at planning appeals and enquiries and also speaks at national and regional conferences on practical aspects of the development process. He has advised the Prince of Wales' Rural Affordable Housing Initiative and the Countryside Agency on housing issues. The RS Drummond-Hay MRICS ACIH team provide a wide range of services for landowners, developers and local authorities

1.54 Simon is a director of Rural Business Homes Ltd, a specialist, rural, mixed use developer, and of Housing Enterprise Fund Ltd, a specialist investor in shared ownership affordable housing. In the past he has worked for Northern Affordable Homes Ltd (2001 to 2008) as Development Director, and prior to that the national agents Savills.

1.55 The team has an unparalleled depth of understanding of housing and planning policy. Members of the team are at the forefront of developing innovative technology and ways to measure and assess housing markets and needs and set affordable housing targets having, whilst at Fordham Research, developed the concept of dynamic target setting which allows targets to be varied over the plan period relative to house price, build cost and land indices.

1.56 The main areas of expertise are:

- District wide and site specific viability analysis
- Community Infrastructure Levy testing
- Local and Strategic Housing Market Assessments and Housing Needs Assessments
- Future Housing Numbers Analysis (post RSS target setting)
- Gypsy and Traveller Accommodation Assessments (GTAAs)
- Older Persons Housing Studies and Support Needs Studies
- Viability and Planning Assessments and Inquiries

2. Residential Development Sites

2.1 This chapter deals with the residential sites modelled for study, first outlining the key characteristics of each site and then considering the assumptions made about proposed development upon each site for the purpose of producing a financial appraisal.

An area of character

2.2 LDC is the most westerly of the East Sussex districts. It is bisected by SDNP – an area of outstanding beauty and exceptional landscape value. The area is subject to great development pressure being just an hour from London and adjacent to Brighton.

2.3 The area is very varied ranging from relatively less prosperous seaside towns in the south (Saltdean, Newhaven, Peacehaven and Seaford), through the highly prosperous areas within the National Park to the commuter areas in the north. Lewes is the principle town and lies in the centre of the district and is the largest town inside a National Park in England.

2.4 Much of the area to the north of the National Park is heavily wooded whilst the South Downs has its own rolling (and dramatic) chalk landscapes. The rural areas have a distinctive vernacular architecture.

2.5 The area has excellent railway links which is one of the factors that makes the whole of the district such a desirable area.

Identifying a range of sites

2.6 This study is based on modelling typical sites. In discussion with the Council it was decided that a total of 12 representative sites should be modelled, and this would provide scope for exploring viability on sites below the current national guidance size threshold of 15 dwellings.

2.7 At the first consultation event some concern was raised by developers that modelling could not be representative and that the only way to assess viability was to look at actual sites. To some extent we agree, however the aim of this work is to test the district wide and sub-area affordable housing targets and to inform the CIL Charging Schedule rather assess the viability of particular schemes. The work is broad brush, there will be sites that will not be able to deliver the affordable housing target and CIL, but there will also be sites that can

afford more. Once CIL has been adopted there is little scope for exemptions to be granted however where the affordable housing target cannot be met the developer will continue to be able to negotiate with the planning authority. The planning authority will have to weigh up the factors for and against a scheme and the ability to deliver affordable housing will be an important factor. We do believe that the appraisals are reflective of development sites in the study area that are likely to come forward during the plan period.

2.8 LDC provided the details of 40 or so recent planning approvals (SDNPA was only recently established so has not yet processed any planning applications, currently delegating this function back to Lewes District Council). Of these 10 were selected as being representative. They were chosen to reflect a range of typical development situations: an appropriate balance between previous uses, a range of site sizes, and to give coverage across the range of the main towns within the District. These actual sites were used to model the development we appraised.

2.9 In spite of a thorough investigation we were unable to find any small sites. We have therefore modelled these – based on the information gathered in relation to larger sites and wider experience.

2.10 The modelled sites range in size from six to 125 dwellings. The larger sites tended to be on greenfield sites but several sites are on previously developed land. All are based on approved schemes. Information available from the various planning applications was available in considering the appropriate development forms to use in our appraisals.

The sites

2.11 Summary details of the sites identified are set out in the table below, BF standing for brownfield and GF for greenfield.

Table 2.1 Site details					
	Site Name	**General Location**	**Number of Dwellings**	**Size ha**	**Density Units/ha**
A	Lewes BF	Lewes	125	1.19	140
B	Northern Rural	Ringmer	85	2.10	40
C	Northern Rural	Burges Hill	72	2.30	31
D	Seaside GF	Seaford	42	1.00	42
E	Seaside BF	Peacehaven	25	0.42	60
F	Lewes	Lewes	21	0.49	43
G	Rural Modelled 3	Rural North	19	0.50	38
H	Conversion	Lewes	14	0.40	35
I	Rural Modelled 2	National Park	14	0.41	34
J	Seaside BF 2	Seaford	8	0.24	33
K	Rural Modelled	Rural North	7	0.20	35
L	Village	National Park	6	0.15	40
			438	**9.40**	**47**

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

2.12 The sites total 438 dwellings on a net area of just under 9.4 ha, at an average density of 47 dwellings per ha. There is an emphasis on medium and smaller sized sites, and five are below the national guidance threshold of 15 dwellings.

2.13 All of the sites are 100% residential use. However site A was based on a site within Lewes that does have a commercial element. That commercial element has been excluded from the study.

Development assumptions

2.14 In arriving at appropriate assumptions for residential development on each site the approved planning application is an important consideration. However such an application could, conceivably, now be so historic that it represents something that would either not now be proposed or not be permitted. We have ensured that the built form used in our appraisals is appropriate to the current development practices.

2.15 Most Council areas in which we have carried out studies such as this one display a range of development situations and corresponding variety of densities. We have developed a typology which responds to that variety, which is used to inform development assumptions

for sites (actual, or potential allocations). That typology enables us to form a view about floorspace density – the amount of development, measured in net floorspace per hectare, to be accommodated upon the site. This is a key variable because the amount of floorspace which can be accommodated on a site relates directly to the residual value, and is an amount which developers will normally seek to maximise (within the constraints set by the market).

2.16 The typology uses as a base or benchmark a typical post-PPG3/PPS3 built form which would provide development at around 3,550 m^2/ha on a substantial site, or sensibly shaped smaller site. A representative housing density might be 40-45 dwellings per ha. This has become a common development format. It provides for a majority of houses but with perhaps 15-25% flats, in a mixture of two storey and two and a half to three storey form, with some rectangular emphasis to the layout.

2.17 Alongside this, there would, of course be some schemes of appreciably higher density development providing largely or wholly apartments, in blocks of three storeys or higher, with development densities of 6,900 m^2/ha and dwelling densities of 100 units/ha upwards; and schemes of lower density, in sensitive rural or rural edge situations. The 'base' category as a common urban form referred to above, i.e. 3,550 m^2/ha, has been used to ensure appropriate development assumptions for a majority of the sites. In pressured housing locations like London and the adjoining areas, of course, many or most of the sites will be developed at development densities higher than the 3,550 m^2/ha benchmark. In the Lewes District area, however, despite the relatively pressured market and high house price level, a good deal of the development taking place is at a comparatively low density, with most houses on two storeys and two and a half storeys, and relatively few flatted developments.

2.18 The standard built form typology does therefore have relevance in the Lewes District. It is set out in the table below.

Table 2.2 Typology of development form			
Category title	Density		Built form characteristics
	Floorspace net m^2/ha (sqft/acre)	Dwellings (typical units/ha)	
Lower density	2,875 (12,500)	20-33	Edge of settlement, less pressured location. Mostly 2 storey, largely 3 & 4 bed detached houses with garages.
Base	**3,550 (15,500)**	**40-45**	**Mixture of 2 & 2.5/3 storey houses, many terraced; some (15-25%) flats, limited garaging.**
Urban	4,480 (19,500)	50	30-35% flats, and/or fewer 2 storey units than base
High	6,900 (30,000)	100+	Flats in small blocks on 3 storeys, parking spaces
Very high	11,500 (50,000)	150+	Flats in larger blocks on 4-6 storeys, parking limited or underground

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

2.19 The above typology was used to develop model development assumptions in conjunction with actual site information gathered from the planning files.

2.20 The resulting assumptions for residential development for each of the study sites are set out in the table below. Among the 12 sites there is an emphasis towards the lower end of the density range. This is felt to be reasonably representative of development opportunities in the area.

Table 2.3 Site development assumptions					
	Site Name	Number of Dwellings	Size ha	Scheme Density m^2/ha	Average unit size m^2
A	Lewes BF	125	1.19	11,425	81.58
B	Northern Rural	85	2.10	3,251	80.31
C	Northern Rural	72	2.30	3,102	99.08
D	Seaside GF	42	1.00	4,098	97.57
E	Seaside BF	25	0.42	5,033	84.56
F	Lewes	21	0.49	5,589	130.40
G	Rural Modelled 3	19	0.50	3,576	94.11
H	Conversion	14	0.40	3,540	101.14
I	Rural Modelled 2	14	0.41	2,691	79.19
J	Seaside BF 2	8	0.24	3,625	108.75
K	Rural Modelled	7	0.20	3,290	82.25
L	Village	6	0.15	3,553	88.83
		438	9.40	4,199	90.14

Note: Floorspace density figures are rounded
Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

3. Affordable housing and other developer contributions

3.1 This chapter considers the assumptions used to test a range of affordable housing scenarios for the individual sites and similarly the developer contributions assumed for each site. These were presented to the stakeholders at the first consultation meeting.

Affordable housing assumptions

3.2 LDC and SDNPA have clearly specified the affordable housing targets and tenure mixes that they would like tested. These mixes follow the recommendations of the SHMA and housing needs assessment.

Table 3.1 Summary of main Viability Testing

	Coastal Belt	Lewes town	Residual Rural Area
Affordable housing requirement	30%	35%	40%
Tenure	Social Rented	At least 25% social rented	At least 25% social rented

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

3.3 Since the completion of the SHMA the Coalition Government has announced the introduction of Flexible Tenancies and Affordable Rent as a new type of affordable housing where the rent can be up to 80% of the open market rent. All new affordable housing developed is likely to be under this new tenure rather than social rent. The economics of the development of affordable rented property is different to that of social rented so following discussion with the Council we have incorporated this new tenure into this study.

3.4 We undertook appraisals for a number of development scenarios involving varying proportions of affordable housing and tenure split. The assumptions in respect of proportions, and the financial terms on which they are to be provided, are considered below.

(i) Affordable proportion

3.5 Following discussions with the Council we agreed to test the following options.

i. NO affordable housing
ii. 25% affordable
iii. 30% affordable
iv. 35% affordable
v. 40% affordable
vi. 50% affordable

(ii) Tenure split

3.6 The definition of affordable housing includes social rent, affordable rent and shared ownership housing: The Council currently seeks a mixture of social rented and intermediate housing as set out in the above table. In discussion with the Council and to reflect the new affordable rent tenure we have tested the following mixes:

i. All Social Rented
ii. All Affordable Rent at 80% of Open Market Rent
iii. All Affordable Rent at 60% of Open Market Rent

3.7 For each of the above scenarios we have also tested a mix where 25% of the affordable housing is shared ownership housing. After consideration it was decided that shared ownership housing should be assumed to be equivalent to 50% shared ownership with rent at 2% of the unsold equity. It might be provided in various other forms, but the outgoings and housing association purchase price would be broadly similar.

(iii) Size profile

3.8 We have assumed that the mix of affordable housing on each site should broadly follow the market housing, achieving an average dwelling size (i.e. net m^2) in line with that of the market housing, which provides the maximum integration between market and affordable provision. Whilst this assumption is a simplification of reality, it is a convenient one which ensures that as the affordable housing proportion varies between the options being tested, the floorspace density remains constant. This is a desirable aim if the appraisals are to constitute a realistic development scenario, consistently, across the range of affordable options tested.

(iv) Financial terms

3.9 An assumption based on a default position of zero Social Housing Grant has become a common starting point for studies of this type. The zero grant assumption also has the incidental advantage of allowing the requirement for subsidy in individual cases to be calculated more simply than if a set level were already allowed for. In fact, the norm has been that the development of affordable housing has been subsidised for many years and it only recently has the grant not been available.

3.10 We are in a time of considerable change. The need to cut Government expenditure as part of the efforts to balance the national budget has resulted in the HCA's budget being cut to about one quarter of what it was. As part of the measures to mitigate the impact of these cuts the Government is introducing Flexible Tenancies and Affordable Rents.

Affordable Rent

3.11 Flexible Tenancies where the rent is an Affordable Rent is a new type of affordable housing where the rent is no more than 80% of the open market rent for that unit. One of the key aims of the Coalition Government's policy on affordable housing is to make the much reduced HCA budget go further. The affordable rent that is over and above the social rent will be used by Registered Providers (RPs) to raise capital funding through borrowing or securitisation. This can then be used to build more affordable units – the extra borrowing replacing the grant.

3.12 When Grant Shapps, the Housing Minister, announced the introduction of Flexible Tenancies and Affordable Rents on the 12th December 2010 he said:

Housing associations will be able to let an Affordable Rent property (whether a converted 'void' or newbuild) at up to 80 per cent of market rent for an equivalent property for that size and location.

3.13 The hope and objective of affordable rent is that by charging higher rents for the affordable housing, developers would require less grant and subsidy and thus the development of affordable housing would effectively fund itself, the theory being that if the developer could charge a higher rent then it can borrow more money to finance the construction and development process.

3.14 This report does not address whether Flexible Tenancies and affordable rent have a place in meeting the housing requirements of those households in housing need and on the Housing

Register in the Lewes District area. Flexible tenancies will be able to be granted for more than just newbuild properties. Some of the relets of existing social rented stock will be able to be at affordable rent rather than social rents. The extra income (i.e. that income over and above the social rent) from the relets must also be used to fund further development of new affordable housing.

Grant Funding

3.15 For many years the HCA and Local Planning Authorities (LPAs) have aspired to ensure that affordable housing is delivered without grant. When LPAs have negotiated with developers during the planning process, about the number and type of affordable housing to be provided through s106 agreements and planning conditions, the initial basis of those discussions has usually been that the affordable units would be made available without any grant.

3.16 The reality was rather different, particularly in the Southeast, with the developer either transferring the serviced land for affordable housing to the private RP for no cost or the RP purchasing the completed units from the developer with grant assistance from the HCA.

3.17 The amount of grant paid by the HCA was assessed project by project depending on a site's financial characteristics. We understand from LDC that typically, in the Lewes District Council Area RPs received grant of about £75,000 per social rent unit and £25,000 per shared ownership unit. This was confirmed by the housing association representatives at the first consultation event.

3.18 The aim of affordable rents (new build and re-lets) is that the extra income can be used to borrow and thus to replace the grant. The RP will be able to service new borrowings to make up the gap in grant. Some grant will continue to be available, but it will be restricted to those high priority sites where affordable rent does not improve the viability (such as in low rent areas) or where there is still a funding gap after the extra affordable rent has been allowed for.

3.19 At this early stage of the new funding regime it is expected that grant of about £10,000 per affordable unit will be available in Lewes District. There is considerable uncertainty around this so we have assumed that no grant will be available in the future.

Development Economics of Affordable Rent

3.20 In the development of affordable housing for rent, the value of the units is the worth of the income that the completed let unit will produce. This is the amount an investor or another RP would pay for the completed unit. This will depend on the amount of the rent, the cost of managing the property (letting, voids, rent collection, repairs etc.) and other uses to which it may be able to be put to at some time in the future. If, for example, the unit could be sold on the open market in the future then a buyer may be willing to pay more to take into account the long term value (known by valuers as the reversion).

3.21 The HCA's *2011-15 Affordable Homes Programme – Framework* contains the 'rules' and guidance around Flexible Tenancies and Affordable Rents. It says:

> *3.24 There will be a presumption that new Affordable Rent properties which receive funding under the new programme **will be permanently available for letting**. Flexible tenancies have been introduced to meet the differing needs of prospective tenants – but the homes themselves are expected to be available to meet need over the long-term, and it is on that basis that funding will be made available. We recognise that circumstances may change over time and any future disposal of properties will require TSA consent in the usual way, including consultation with the relevant local authority.*

3.22 Based on this we know that the reversionary period is worth no more as the new property can only be used for Affordable Rent. This only appears to apply to new properties and not relets.

3.23 What is the rental stream worth – either to the RP or to somebody else? There are two aspects to this.

i. How much additional borrowing the additional income from the Affordable Rent income will support.
ii. What a unit let on Affordable Rent is actually worth.

3.24 This figure depends, in a large part, on the level at which Affordable Rent is set, the terms of the lease and the tenant (are they reliable and will they pay their rent?).

3.25 Currently financially sound RPs can borrow at between 5% and 6% (depending on the details of the proposal). On this basis to make up for £75,000 of lost grant, a little under £75 per week of extra rent needs to be collected. The current social rent in Lewes District are shown

in the table below. To make up the lost grant on a 2 bedroom home the rent well need to be increased by about 80%.

Table 3.2. Lewes District Social Rents per week (per month)		
1 Bed	2 Bed	3 Bed
£71.47 (£309.70)	£90.20 (£390.87)	£104.07 (£450.97)

Source: The COntinuous REcording of Letting and Sales in Social Housing in England (CORE) September 2011

3.26 Not all this additional rent needs to come from the new home being developed. Some could come from the additional rent generated by re-lets of existing social rented homes under affordable rents. If the additional rent from, say, two re-lets and one newly developed home were combined, then only a third of the weekly increase would be required. Each developer will have to consider its own situation and the locality (i.e. the need and demand for housing and different rental levels) when deciding how to proceed with developments.

3.27 Rent levels and affordable rent were discussed at the first consultation event and with individual housing associations. Initially we assumed that because a typical affordable rent unit will be new, it will command a premium rent that is a little higher than equivalent older private sector accommodation. We have assumed that the Open Market Rent is the lower quartile rent (£900 per month for a 3 bedroom unit) but the Affordable Rent is 80% of the median rent (80% of £1,100 = £880 per month for a 3 bedroom unit). We have allowed for 10% management costs, 4% voids and bad debts and 5.6% repairs. We capitalised the income at 5.25%.

3.28 These assumptions would lead to values of around £1,600/m^2. This was felt, by consultees (both housing associations and private developers) to be too high. Although the affordable rent at £880/month was less than the LHA cap, this was considered high. It was also felt that a yield of 5.25% was also too optimistic.

3.29 We understand from officers that there is some concern about the affordability of affordable rent if it is charged at 80% of open market rents. We have therefore tested the impact on viability of affordable rent at 70% and 60% of Open Market Rent as well as 80%.

3.30 We take this opportunity to stress that at this stage neither LDC nor SDNPA have an adopted policy in relation to what level they believe affordable rents should be set. The actual level is

likely to vary from site to site and even within sites. LDC will shortly be preparing a Tenancy Strategy (SDNPA are not a housing authority so are not required to produce a Tenancy Strategy). The balance between the need for different types of tenure and the practicalities and viability of delivery will, no doubt, be included in that document.

3.31 It was necessary to determine the financial terms on which RPs should be able to purchase properties of various sizes from the developers. We have used the following amounts in this study. These were confirmed as being broadly correct at the consultation events.

Selling Prices (Without Grant) - £/m^2					
	Social Rent	Affordable Rent 80%	Affordable Rent 70%	Affordable Rent 60%	Shared Ownership
Flat	£850	£1,100	£970	£900	£1,600
House	£1,000	£1,300	£1,200	£1,050	£1,900

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

The Treatment of Relets and Other Funding Sources

3.32 Before the reform affordable housing funding a 3 bedroom / 4 person home was receiving up to about £75,000 of grant. The additional affordable rent over and above the social rent will make up a sizable contribution towards leveraging finance to replace the affordable housing grant it may not make up the shortfall.

3.33 Housing associations are permitted to convert some of the existing Social Rented units to Flexible Tenancies and charge Affordable Rent – but only if the increased rent is used to leverage extra finance to enable the delivery of more affordable homes. It is very difficult to estimate with any accuracy how many units this may apply to – however we have given this some thought.

3.34 LDC estimate that over the past year there have been 57 relets (of the stock of about 1,650 units). This rate of relets is considered normal. Through discussions, we know that Housing Associations in the area are looking at up to 50% of relets to be Affordable Rent in future. If we assume that, on average, the rent for a typical social rented unit will increase from, say, £425 per month to £800 per month (£185/week) when it is let under affordable rent then and that, say, 25 are converted per year then £112,500 of additional rent would be generated (£800 - £425 = £375, £375 x 12 x 25 = £112,500). This extra rent could generate borrowing of some £1,867,000 per year, to fund new affordable rent units.

3.35 Neither LDC nor SDNPA can require the RPs to spend this money within the area but based on their good relationships with the RPs they expect that, on balance, this will be the case.

3.36 The current housing target is about 200 per year. If we assume for the sake of simplicity that one third of these are affordable (accepting it will actually vary by the sub areas) then council will hope to deliver about 65 affordable units per year (last year they delivered 55). This extra £1,867,000 of borrowing would fund about £30,000 per new unit.

3.37 The other source of funding that will be available to subsidise new units coming forward will from sales (into the market and shared ownership staircasing) and from recycled grant being returned to new schemes. As mentioned above, there may also be some grant available.

3.38 With this in mind we believe that approximately £35,000 per unit (about £400/m^2) of 'external' funding from relets, sales, recycled grant and fresh grant may be available in the future. Due to the uncertainty about this we have decided to assume that no external funding will be available in the analysis in this report.

Other developer contributions

3.39 Aside from affordable housing, developer contributions could potentially be sought by the District or County Council or the National Park Authority under a number of headings. They might be either made in kind or as financial payments. In either case it is necessary to allow for the additional financial cost of such contributions in preparing appraisals for each site.

3.40 Guidance on the Council's current policy on contributions from developers is set out in a detailed schedule and covers recycling, recreation, education and accessibility. The amounts vary by the size of the dwelling and by the area. The Council have a good record of collecting s106 contribution payments from developers. Over the last few years these have ranged from £1,000 per unit to over £7,000 per unit. Having considered the schedule and the amounts actually collected from developers we have assumed a contribution of £3,500 per unit. We have applied this to all units (market and affordable) across the area.

3.41 It must be emphasised that this approach is simply intended to treat the 12 sites consistently and equitably in order to allow financial appraisals to be produced which provide a strategic overview. They do not purport to represent necessarily what would be sought, offered or negotiated on specific sites.

Community Infrastructure Levy

3.42 CIL has not yet been introduced so when testing the Affordable Housing Target we have not made allowance for it. As described in Chapter 10, when considering CIL we have made adjustments for developer contributions to ensure there is no 'double counting'.

4. The Local Housing Market

4.1 This chapter sets out an assessment of the local housing market in the Lewes District, providing a basis for the assumptions on house prices and costs to be used in financial appraisals for the 12 sites tested in the study. As well as house prices, land values are also considered as they are required in order to form a view of likely alternative use values – it is such values which will represent a minimum viability threshold when the appraisals are prepared.

4.2 Although development schemes do have similarities, every scheme is unique to some degree, even schemes on neighbouring sites. Market conditions will broadly reflect a combination of national economic circumstances and local supply and demand factors, however even within a town there will be particular localities, and ultimately site specific factors, that generate different values and costs.

The residential market

4.3 The housing market in the Lewes District area reflects national trends, but there are local factors that underpin the market including:

i. Attractive landscape across virtually the whole of the District but particularly in the National Park.
ii. Many attractive settlements in a range of sizes containing buildings of character and heritage.
iii. Lewes Town, providing a high quality retail offer and a range of leisure, cultural and education facilities.
iv. Settled and attractive residential areas, providing housing within commuting distance of either London or Brighton.
v. North/south routes providing good transportation links to London and the coastal towns.
vi. Good mainline rail links to along the south coast, to Lewes and into London
vii. Low unemployment rate and relatively little deprivation.

4.4 We analysed various sources of market information but the most relevant are the prices of units on new developments. A list setting out details of relevant new developments in the

area, as at September 2011, is provided in Appendix 1. Analysis of these and other schemes in the study area shows that prices for newbuild homes vary, very considerably, across the area ranging between less than £1,500/m^2 to over £4,500/m^2.

4.5 Table 4.1 shows average prices in the study for the latest quarter available from Land Registry, June 2011. Although the Land Registry data covers both second-hand and newbuild prices, the former will predominate.

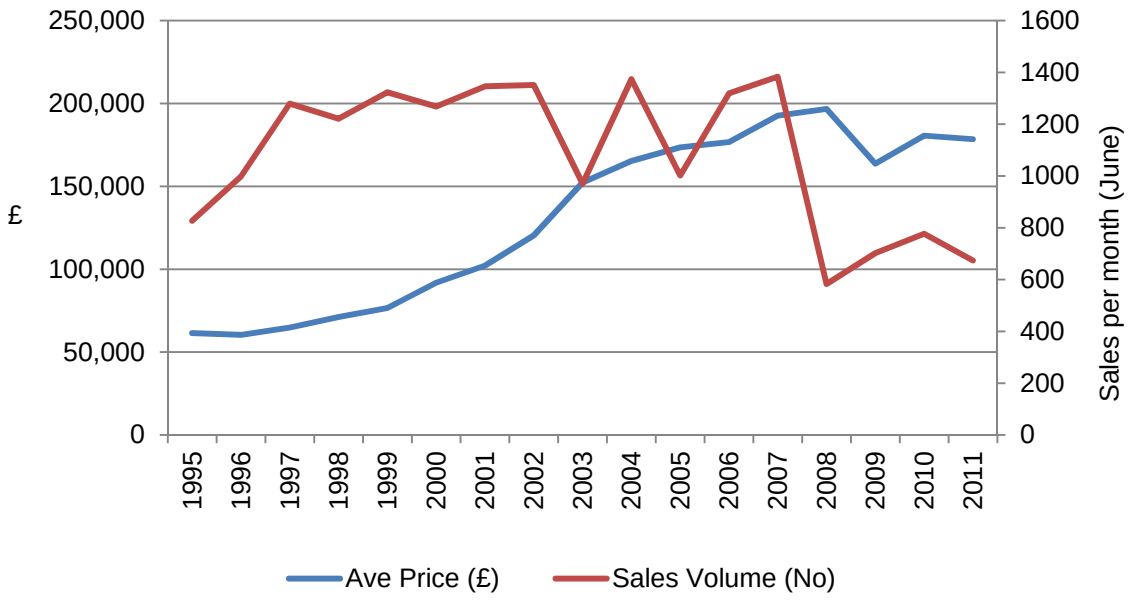
Table 4.1 Average house prices June 2011

	Detached	Semi	Terrace	Flat	All
East Sussex	321,695	190,624	154,245	99,108	178,447
England and Wales	253,042	152,797	121,671	151,356	160,779

Source: Land Registry data

4.6 The house prices are considerably higher than the England and Wales average. The relatively high number of less expensive flats in the seaside towns of the south may be part of the reason that the flats are just two thirds of the average prices. This is in contrast to detached prices being some 130% of the average. As in the country generally, prices fell back between late 2007 and early 2009.

Figure 4.1: East Sussex. Average Prices and Sales Volume



Source: Land Registry data, October 2011

4.7 There are a variety of other sources of sales data. The flowing table shows asking prices for Lewes District at various levels of the market taken from a property search website. It should be noted that these are asking prices not sales prices. From discussions with agents, sale prices tend to be between 7% and 3% below the asking price.

Table 4.2: Lewes District Property asking prices (£)

Bedrooms	Sample	Lower decile	25%	30%	Median	90%
1	117	77,500	95,000	9,950	115,000	179,950
2	316	134,950	160,000	165,000	187,450	289,000
3	431	185,950	219,950	227,950	250,000	395,000
4+	355	245,000	299,950	325,000	380,000	875,000

Source: Rightmove.com and others, September 2011

Price assumptions for financial appraisals

4.8 It is necessary to form a view about the appropriate prices for the schemes to be appraised in the study. The preceding analysis suggests that although prices in much of the area will be quite similar there is a significant difference between the three study areas (Coastal Belt, Lewes Town and Residual Rural Area).

4.9 It is also clear that we should allow for differences between apartments and houses. Finally, in drawing on the newbuild price data we have to bear in mind that, particularly in the present market conditions, the prices at which homes are offered may include appreciable discounts such as deposit paid for first-time purchasers, or stamp duty.

4.10 Taking these points into consideration we considered what the base sale prices should be for flats, and for both two storey and town houses in each of the three areas.

Table 4.3: Base sales prices by area and type (per m^2)

	Coastal Belt	Lewes Town	Residual Rural Area
Flats	£2,750	£3,900	£3,200
Houses	£2,600	£3,500	£3,000

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

4.11 It is clear that those small rural schemes tend to have the highest values. We have estimated that those schemes in the smaller villages have a price premium of about 15%.

4.12 It is necessary to consider whether the presence of affordable housing would have a discernible impact on sales prices. In fact affordable housing will be present on many of the sites whose selling prices have informed our analysis. Our view is that in any case any impact can and should be minimised through an appropriate quality design solution. There was some disagreement at the consultation events about this assumption however having considered this carefully believe it to be sound.

4.13 These prices were presented to stakeholders and there was a general consensus as to their accuracy.

Land values

4.14 We have considered general figures from the Valuation Office Agency (VOA) relating to residential land values. Land values vary dramatically depending upon the development characteristics (size and nature of the site, density permitted etc.) and any affordable or other development contribution.

4.15 The VOA publishes figures for residential land in the Property Market Report. These cover areas which generate sufficient activity to discern a market pattern. That means locally we have figures for the South East as a whole and major locations within the South East outside London – but no information for individual locations.

4.16 These values can, in any case, only provide broad guidance because it is likely that the figures will, to some degree, be net of allowances for developer contributions and/or affordable housing requirements. They can therefore be only indicative, and it is likely that values for ‘oven ready’ land (i.e. land with planning consent and ready for immediate building) with no affordable provision or other contribution, or servicing requirement, are in fact higher.

Table 4.4 Residential Land Values half year at January 2011			
	Bulk Land £/ha	£ / habitable Room	£/m^2 of completed GIA
Southampton	£1,700,000	£10,760	475
Medway Towns	£1,400,000	£8,850	390

Source: VOA Property Market Report 2011

4.17 The VOA also publishes values for typical half hectare sites with planning consent for residential development. For the Southampton and the Medway Towns these are also £1,700,000/ha and £1,400,000/ha respectively.

4.18 We therefore sought information about values from residential land currently on sale in the District.

4.19 There are very few small sites for residential development currently available in the immediate and adjacent areas. Those within the District area pointed to a price of a little under £1,000,000/ha. A schedule of land available at the time of the study in the district and surrounding area is set out in Appendix 2.

Current and Alternative Use Values

4.20 In order to assess development viability it is necessary to analyse current and alternative use values. Current use values refer to the value of the land in its current use before planning consent is granted, for example, as agricultural land. Alternative use values refer to any potential use for the site. For example, a brownfield site may have an alternative use as industrial land.

4.21 To assess viability, the value of the land for the particular residential scheme adopted needs to be compared to the alternative use value to determine if there is another use which would derive more revenue for the landowner. If the assessed value (the Residual Value) does not exceed the alternative use value then the development is not viable.

4.22 For the purpose of the present study, it is necessary to take a comparatively simplistic approach to determining the alternative use value. In practice, a wide range of considerations could influence the precise value that should apply in each case, and at the end of extensive analysis the outcome might still be contentious.

4.23 Our 'model' approach is outlined below:

i. For sites previously in agricultural use, then agricultural land represents the existing use value.
ii. Where the development is on former industrial, warehousing or similar land, then the alternative use value is considered to be industrial, and an average value of industrial land for the area is adopted as the alternative use value.
iii. Where the site is occupied by buildings capable of beneficial use we would estimate their broad value.

4.24 The VOA's typical industrial land values for the region and nearby locations are set out in the table below.

Table 4.5 Industrial land values per hectare

Southampton	£1,145,000
Reading	£1,900,000
Medway Towns	£850,000

Source: VOA Property Market Report 2011

4.25 The figures in the above table reflect the downturn in values from 2008. There is very little market evidence, though, to suggest what current values might be. Discussions with some local property professionals suggested that around £1,000,000/ha (£405,000/acre) might be an appropriate benchmark figure for small/medium sites in the Lewes District Area. It appeared that a slightly lower figure might apply further south, and we accordingly reduced the benchmark for the more southerly towns to £900,000/ha (£365,000/acre).

4.26 Agricultural values rose for a time several years ago after a long historic period of stability. They are around £15,000-£25,000/ha depending upon the specific use. A benchmark of £25,000/ha is assumed to apply here.

4.27 In the study area, these two benchmark values lead directly to an alternative use value for six of the sites (B, C, E, F, I and J). For all but two of the remaining sites, the alternative use is felt to be somewhat more valuable than pure agricultural value, but nowhere near the value that the site would have with an established or potential commercial use. Our view is that for paddock or similar open land adjacent to a village or town, an appropriate value would be £125,000/ha (£50,000/acre). Sites G, K and L fall into this category.

4.28 We have assumed a higher value for site A which was modelled on a central Lewes site with considerable hope value and a very high expectation of other uses beyond its industrial use.

4.29 Site D was modelled on a site that was previously used for playing fields. The LDC Local Plan contains policy RE2 that explicitly protects such areas:

RE2 Planning permission will not be granted for development proposals which would result in the loss of existing outdoor playing space, or other space with recreational or amenity values regardless of their current or past availability to the public, unless it can be demonstrated that:
(a) sports and recreation facilities can be best retained and enhanced through the redevelopment of a small part of the site, or
(b) alternative provision of at least equivalent community benefit is made available.

4.30 With this in mind we have assumed a value of £250,000/ha (£100,000/acre) for site D.

4.31 The remaining site is H which is based on the conversion of an historic, but not listed, existing building. We have assumed a value of £1,750,000 based on discussions with local agents.

4.32 The value for each individual site that results from the foregoing analysis is summarised in the table below.

Table 4.6 Alternative Use Value bases

	Site Name	General Location	Alternative Use	£/ha
A	Lewes BF	Lewes	Industrial	2,000,000
B	Northern Rural	Ringmer	Agricultural	25,000
C	Northern Rural	Burges Hill	Agricultural	25,000
D	Seaside GF	Seaford	Sports Field	250,000
E	Seaside BF	Peacehaven	Industrial	900,000
F	Lewes	Lewes	Industrial	1,000,000
G	Rural Modelled 3	Rural North	Paddock	250,000
H	Conversion	Lewes	Historic	1,750,000
I	Rural Modelled 2	National Park	Agricultural	25,000
J	Seaside BF 2	Seaford	Industrial	900,000
K	Rural Modelled	Rural North	Paddock	250,000
L	Village	National Park	Paddock	250,000

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

4.33 It was noted earlier that brownfield sites may face 'abnormal costs' if they are to be redeveloped for residential use. Some of those costs, but not necessarily all, might also arise if the site were redeveloped for the alternative use. The alternative use value would need to be reduced to allow for such costs that may arise in that situation.

4.34 The costs arising from development or redevelopment of the 12 sites are considered in the next chapter along with the other financial and technical assumptions required to prepare financial appraisals for each of the sites.

4.35 It is important to note that there was a very 'lively' discussion concerning alternative land uses in the context of testing viability at the first consultation event. The debate centred around the appropriate way of assessing viability, rather than values. The aforementioned figures were not contentious in themselves – although their direct relevance to assessing viability was. This is discussed further in Chapter 6 with the viability results.

5. Residential cost assumptions

5.1 This chapter considers the costs and other assumptions required to produce financial appraisals for the 12 modelled residential sites. These figures were presented to stakeholders at the first consultation event and were un-contentious although several useful suggestions were made.

Development costs

(i) Construction costs: baseline costs

5.2 Drawing upon our own experience, and taking into account published Building Cost Information Service (BCIS) data, we have over the years developed a set of base £/m^2 construction costs for different built forms of residential development. The costs are specific to different built forms (flats vs. houses etc.).

5.3 Neither LDC nor SDNPA have specific policies relating to the construction standards and environmental performance of new buildings. We have therefore based our appraisals on simply building to the basic Building Regulation Standards.

5.4 In spite of this the question arises as to what extent the Code for Sustainable Development should impact on build costs in the study. From April 2008 the Code's Level 3 has been a requirement for all homes commissioned by housing associations that would not necessarily be the case for affordable homes built by developers for disposal to a housing association, unless grant is made available from the Homes and Communities Agency. For the last few years we have been assuming that the additional cost of building to code Level 3 over and above the cost of building to the nation standards specified by Building Regulations was between £4,500 and £6,000 per dwelling. The HCA recently published research that showed that this has decreased to a little over £1,000. As this is a small amount in the context of the construction of new homes we have assumed that all the development will be to Building Regulation Standard.

5.5 At the first consultation event the residential developers agreed that this was a correct interpretation of the current situation however expressed concern that the general trend was to higher standards and increased costs. Having discussed this with LDC and SDNPA we

have extended this study to test the impact of building to CSH Level 4. In this analysis we have assumed that the additional construction cost was £85 /m^2.

5.6 Neither council has a policy requirement for renewable energy. We have made no allowance for such a policy in our base appraisals.

5.7 Appendix 3 contains the September 2011 BCIS build costs for Sussex – broken into a number of key development types. The median costs for the different development types that occur on the appraisal sites varies from just below £650/m^2 to over £1,200/m^2. The majority of the housing on the sites under consideration falls in the types with costs falling between £750/m^2 and £850/m^2. We have therefore assumed a base cost of £835/m^2 – although this is adjusted as set out below.

5.8 There is a notable exception to this – being site A which is modelled on a site that comprised flats in blocks of up to 6 stories. For this site we have used a higher base cost of £1,200/m^2.

5.9 We acknowledge that this is a relatively simplistic approach however by making the site by site adjustments set out below we are comfortable with this approach and this approach did not raise objections at the first consultation meeting.

(ii) Construction costs: site specific adjustments

5.10 It is necessary to consider whether any site specific factors would suggest adjustments to these baseline cost figures. Two factors need to be considered in particular: small sites and high specification.

5.11 Since the mid-1990s planning guidance on affordable housing has been based on a view that construction costs were appreciably higher for smaller sites with the consequence that, as site size declined, an unchanging affordable percentage requirement would eventually render the development uneconomic. Hence the need for a 'site size threshold', below which the requirement would not be sought.

5.12 It is not clear to us that this view is completely justified. Whilst, other things held equal, build costs would increase for smaller sites, other things are not normally equal and there are other factors which may offset the increase. The nature of the development will change. The nature of the developer will also change as small local firms with lower central overheads replace the regional and national house builders. Furthermore, very small sites may be able to secure a 'non-estate' price premium.

5.13 In the present study five of the sites are considered to fall into the 'small site' category. It is felt necessary to make some allowance for the economics of these sites in preparing financial appraisals. A range of cost premiums has been estimated for each specific site size, ranging from 5% for the 14 dwellings sites to 10% for the three smallest sites.

5.14 In addition, we considered that Sites A, H, I and L would be built to a slightly higher specification than the other sites. An allowance of an additional 2.5% added to the build cost was assumed in order to cover this.

5.15 Site H is modelled on the conversion of an existing historic, but not listed building. It is not possible to estimate the costs of the conversion without a very detailed scope of works and understanding of the condition of the building. We have taken a very high level look at the development and estimate the costs of conversion would be approximately 40% less than the cost of new build.

(iii) Construction costs: affordable dwellings

5.16 The procurement route for affordable housing is assumed to be through construction by the developer and then disposal to a housing association on completion. In the past, when considering the build cost of affordable housing provided through this route we took the view that it should be possible to make a small saving on the market housing cost figure, on the basis that one might expect the affordable housing to be built to a slightly different specification than market housing. However, the pressures of increasingly demanding standards for housing association properties have meant that for conventional schemes of houses at least, it is no longer appropriate to use a reduced build cost; the assumption is of parity.

(iv) Other normal development costs

5.17 In addition to the £/m^2 build cost figures described above, allowance needs to be made for a range of infrastructure costs (roads, drainage and services within the site, parking, footpaths, landscaping and other external costs), off site costs for drainage and other services and so on. Many of these items will depend on individual site circumstances and can only properly be estimated following a detailed assessment of each site. This is not practical within this, broad brush, study.

5.18 Nevertheless it is possible to generalise. Drawing on experience it is possible to determine an allowance related to total build costs. This is normally lower for higher density than for

lower density schemes since there is a smaller area of external works, and services can be used more efficiently. Large greenfield sites would also be more likely to require substantial expenditure on bringing mains services to the site.

5.19 In the light of these considerations we have developed a scale of allowances, ranging from 10% of build costs for the two smallest sites, to 20% for the larger greenfield schemes.

(v) Abnormal development costs

5.20 In some cases where the site involves redevelopment of land which was previously developed there is the potential for abnormal costs to be incurred. Abnormal development costs might include demolition of substantial existing structures, piling or flood prevention measures at waterside locations, remediation of any land contamination, remodelling of land levels and so on.

5.21 Several of the sites are modelled on, or partly on, previously developed land. On some of these, from the information made available to us and visits to the sites, it appears that exceptional or abnormal development costs would need to be taken into account in preparing appraisals. As pointed out in the previous chapter, some abnormal costs could also arise in the event of the site's redevelopment with an alternative use.

5.22 The schedule below sets out the abnormal costs considered to apply in each case where they arise:

Table 5.1 Abnormal development costs			
	Site	Item(s)	Total £k or % £k per ha
A	Lewes BF	Undercroft Parking	
B	Northern Rural		
C	Northern Rural	Purchase Access	£500,000
D	Seaside GF	Alternative Sports Facilities	£400,000
E	Seaside BF	Flooding	2%
F	Lewes		
G	Rural Modelled 3		
H	Conversion		
I	Rural Modelled 2	Design Issues	5%
J	Seaside BF 2	Long Access Road Possible Flooding	£25,000 2%
K	Rural Modelled		
L	Village	Design Issues	5%

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

(vi) Fees

5.23 We have assumed professional fees amount to 10% of build costs in each case. This is made up as follows:

i.	Architects	6%	iii.	Planning Consultants	1%
ii.	QS and Costs	0.5%	iv.	Others	2.5%

(vii) Contingencies

5.24 For previously undeveloped and otherwise straightforward sites we would normally allow a contingency of 2.5% with a higher figure of 5% on more risky types of development, previously developed land and on central locations. So the 5% figure was used on the brownfield sites and the 2.5% figure on the remainder. There is one exception being the conversion at site H. Conversions are inherently more risky so we have made a higher contingency allowance of 7.5%.

5.25 The various adjustments and costs are summarised in the following table:

Table 5.2: Summary of Build Costs								
	Site Name	General Location	Base Costs	Adjustments				**Base cost before abnormals**
				Small Site	High Quality	Conversion	Infrastructure	
A	Lewes BF	Lewes	1200		2.5%		20%	**1,470**
B	Northern Rural	Ringmer	835				20%	**1,002**
C	Northern Rural	Burges Hill	835				20%	**1,002**
D	Seaside GF	Seaford	835				17%	**977**
E	Seaside BF	Peacehaven	835				17%	**977**
F	Lewes	Lewes	835				17%	**977**
G	Rural Modelled 3	Rural North	835				17%	**977**
H	Conversion	Lewes	835	5%	2.5%	-40%	15%	**689**
I	Rural Modelled 2	National Park	835	5%	2.5%		15%	**1,023**
J	Seaside BF 2	Seaford	835	5%			12%	**977**
K	Rural Modelled	Rural North	835	5%			12%	**977**
L	Village	National Park	835	5%	2.5%		10%	**981**

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

Financial and other appraisal assumptions

(i) VAT

5.26 For simplicity it has been assumed throughout, that either VAT does not arise, or it can be recovered in full.

(ii) Interest rate

5.27 Our appraisals assume 7% pa for debits balances. This may seem high given the very low base rate figure (MLR 0.5% September 2011), but has to reflect banks' view of risk for housing developers in the present situation.

(iii) Developers' profit

5.28 We normally assume that the developer requires a return of 20% on total costs to reflect the risk of undertaking the development. This assumes that the costs are estimates of costs, as they are indeed here intended to be, rather than contract prices which would include a profit element.

5.29 However, where a guaranteed sale applies, the developer's profit margin ought to be reduced in order to reflect the reduction in risk. The affordable units will be sold at an agreed price and programme. With a range of affordable provision being tested we considered whether to reflect the resulting variations in risk with variations in the developer's profit. Consequently a sliding scale of profit margins that we have developed with stakeholders in other areas is shown below. This effectively applies a reduced rate (15%) to the affordable component.

Table 5.6 Profit margins

% affordable	*Profit % on costs*
0%	20%
20%	19%
30%	18.5%
40%	18%
50%	17.5

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

5.30 It should be noted that some residential developers commonly use a slightly more conservative profit margin of 15% on income, which equates to about 17.5% on costs.

5.31 Bearing in mind the current financial climate and the strong comments made by stakeholders we have not reduced the profit margins from the levels suggested and have assumed 20% across all sites and tenures.

(iv) Voids

5.32 On a scheme comprising mainly of individual houses one would normally assume only a nominal void period as the housing would not be progressed if there was no demand. In the case of apartments in blocks this flexibility is reduced. Whilst these may provide scope for early marketing, the ability to tailor construction pace to market demand is more limited.

5.33 For the purpose of the present study a three month void period is assumed for all sites.

5.34 There was some concern, at the first stakeholder event, that voids may not have been taken into account, we believe that they have – particularly when considered with our phasing assumptions (see below).

(v) Phasing and timetable

5.35 The appraisals are assumed to have been prepared using prices and costs at a base date of September 2011. A pre-construction period of six months is assumed for all of the sites. Each dwelling is assumed to be built over a nine month period.

5.36 The phasing programme for an individual site will reflect market take-up and would in practice be carefully estimated taking into account the site characteristics and, in particular, size and the expected level of market demand. We have developed a suite of modelled assumptions to reflect site size and development type, as set out in Table 5.7 below. We believe that these are conservative and do, properly, reflect the current difficult market.

Table 5.7 Market pace assumptions			
Site		Units	
		Total	Ceiling rate per qtr.
A	Lewes BF	125	15
B	Northern Rural	85	15
C	Northern Rural	72	15
D	Seaside GF	42	9
E	Seaside BF	25	7
F	Lewes	21	7
G	Rural Modelled 3	19	5
H	Conversion	14	5
I	Rural Modelled 2	14	5
J	Seaside BF 2	8	4
K	Rural Modelled	7	4
L	Village	6	2

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

Site acquisition and disposal costs

(i) Site holding costs and receipts

5.37 Each site is assumed to proceed immediately and so, other than interest on the site cost during construction, there is no allowance for holding costs, or indeed income, arising from ownership of the site.

(ii) Acquisition costs

5.38 We have taken a simplistic approach and assumed an allowance 1.5% for acquisition agents' and legal fees.

(iii) Disposal costs

5.39 For the market and the affordable housing, sales and promotion and legal fees are assumed to amount to some 2.5% of receipts. For disposals of affordable housing these figures can be reduced significantly depending on the category. In fact the marketing and disposal of the affordable element is probably less expensive than this.

6. Residential viability analysis

6.1 This chapter presents the results of financial appraisals carried out for the residential development sites.

Financial appraisal approach and assumptions

6.2 On the basis of the assumptions set out in Chapter 5 we prepared financial appraisals for each of the modelled residential sites using a bespoke spreadsheet-based financial analysis package.

6.3 The appraisals use the residual valuation approach – that is, they are designed to assess the value of the site after taking into account the costs of development, the likely income from sales and/or rents and an appropriate amount of developers' profit. The payment would represent the sum paid in a single tranche on the acquisition of a site. In order for the proposed development to be described as viable, it is necessary for this value to exceed the value from an alternative use. We have already seen that, for a greenfield site where the only alternative use is likely to be agricultural, this figure may be very modest. However, some of the sites have been previously developed and therefore have a more substantial existing or competing alternative use value.

6.4 As outlined in Chapter 3, our appraisals considered various options for the amount and type of affordable housing and funding options.

Alternative use benchmarks

6.5 The results from appraisals will be compared with the alternative use values set out in Table 4.6 in order to form a view about the likely viability of the affordable options for each site.

6.6 However it does not automatically follow that, if the residual value produces a surplus over the alternative use value benchmark, the site is viable. The surplus needs to be sufficiently large to provide an incentive to the landowner to release the site and cover any other appropriate cost required to bring the site forward for development. We therefore have to consider how large such an 'uplift' should be for each site.

6.7 In practice the size of the uplift will vary from case to case depending on how many landowners are involved, each landowner's attitude and their degree of involvement in the current property market, the location of the site and so on. An 'uplift' of, say, 5% or £25,000/ha might be sufficient in some cases, whilst in a particular case it might need to be five times that figure, or even more.

6.8 Initially we took the view a 10% uplift would be sufficient. This is supported by work we have done elsewhere and appeal decisions (see 1.25 above). This was discussed at length at both stakeholder events. After consideration we took the view that, in the Lewes District area, a broad average figure of 20% over and above the existing use / alternative use value should be used to provide an incentive to the landowner to dispose of sites and make them available for development. Based on our knowledge of rural development and from working with farmers, landowners and their agents we have made a further adjustment for those sites coming forward on greenfield sites. We have added a further £250,000 /ha (£100,000 /acre) to reflect this premium. We have added this amount to sites that were modelled on sites that were previously paddocks or playing fields as well.

Table 6.1 Viability cushion & threshold values

Ref	Site	£/ha		
		Alternative use value	Uplift	Viability threshold value
A	Lewes BF	2,000,000	400,000	2,400,000
B	Northern Rural	25,000	255,000	280,000
C	Northern Rural	25,000	255,000	280,000
D	Seaside GF	250,00	300,000	550,000
E	Seaside BF	900,000	180,000	1,080,000
F	Lewes	1,000,000	200,000	1,200,000
G	Rural Modelled 3	250,000	300,000	550,000
H	Conversion	1,750,000	350,000	2,100,000
I	Rural Modelled 2	25,000	255,000	280,000
J	Seaside BF 2	900,000	180,000	1,080,000
K	Rural Modelled	250,000	300,000	550,000
L	Village	250,000	300,000	550,000

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

6.9 This subject caused strong disagreement at the first consultation event with developers arguing that this approach was flawed and did not reflect the realities of the market. The

representatives of various landowners were particularly concerned. It was strongly argued that such an approach would result in landowners' expectations not being met and would ultimately result in land not coming forward for development. Unusually LDC received email representations after the consultation event on this subject.

6.10 We have, therefore, given this further thought and considered if this approach was the correct approach in this area. We reviewed this methodology in the context of the HCA guidance and appeal decisions mentioned in Chapter 1 of this report. We also invited suggestions of an alternative methodology – none has been forthcoming.

6.11 This methodology does reflect a very considerable uplift for a landowner selling a greenfield site with consent for development. In the event of the grant of planning consent they would receive over ten times the value before that consent was granted. This approach has been widely accepted elsewhere (in similar studies in 40 authority areas, carried out by the professionals undertaking this study and numerous other studies carried out by other firms).

6.12 In spite of the strong representations received we have decided not to make further changes to this aspect of the study.

Appraisal results

6.13 We produced financial appraisals based on the build costs, abnormal costs, and infrastructure costs and financial assumptions for the different options. Detailed appraisal printouts for all the sites are provided as Appendix 5 to this report. To keep to a manageable sized document only the base option, that with the affordable options informed by the SHMA (but with affordable rather than social rents), have been provided.

6.14 The resulting residual land values for the mix of affordable housing recommended in the SHMA are set out in Table 6.2. We highlight that these are based on the assumption that the affordable housing for rent is social rent rather than affordable rent and that we have assumed no grant is receivable. We have also assumed that the homes are built to the Building Regulation standard rather than a higher standard under the Code for Sustainable Homes.

Table 6.2 Appraisal results for SHMA affordable option
Coastal Belt 30% social rented. **Lewes town** 25% social rented 10% shared ownership.
Residual Rural Area 25% social rented 15% shared ownership

	Site	Zone	Affordable Mix	Units	ha	Residual Value £	Residual value £/ha
A	Lewes BF	Lewes Town	25% SR + 10% SO	125	0.89	4,300,694	4,832,241
B	Northern Rural	Residual Rural Area	25% SR + 15% SO	85	2.10	3,713,297	1,768,237
C	Northern Rural	Residual Rural Area	25% SR + 15% SO	72	2.30	3,443,024	1,496,967
D	Seaside GF	Coastal Belt	30% SR	42	1.00	1,361,910	1,361,910
E	Seaside BF	Coastal Belt	30% SR	25	0.42	894,790	2,130,453
F	Lewes	Lewes Town	25% SR + 10% SO	21	0.49	2,148,703	4,385,109
G	Rural Modelled 3	Residual Rural Area	25% SR + 15% SO	19	0.50	1,023,521	2,047,042
H	Conversion	Lewes Town	25% SR + 10% SO	14	0.40	1,733,169	4,332,923
I	Rural Modelled 2	Residual Rural Area	25% SR + 15% SO	14	0.41	525,993	1,282,909
J	Seaside BF 2	Coastal Belt	30% SR	8	0.24	894,790	2,130,453
K	Rural Modelled	Residual Rural Area	25% SR + 15% SO	7	0.20	378,971	1,894,855
L	Village	Residual Rural Area	25% SR + 15% SO	6	0.15	273,685	1,824,565

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

6.15 All the developments generate a positive residual value of between £1,200,000/ha and £4,800,000/ha. These are very substantial values – but do not, in themselves, provide a good indication of site viability as they are an indication of the amount a developer may afford to pay for land.

6.16 These residual values are somewhat higher than the values reported by the VOA for residential development land (see Chapter 4) which related to Southampton and the Medway Towns. We do not think that this is surprising due to the very attractive nature of the Lewes District area when compared to those areas.

6.17 The viability outcomes resulting from applying these threshold values are shown in the table below. We have indicated viable sites (where the residual value is above the viability threshold) with green, marginal sites (were the residual value exceeds the alternative use

value but not the viability threshold) with amber and unviable sites (where the residual value is below the alternative use value) with red.

Table 6.3 Appraisal results for SHMA affordable option. £/ha
Coastal Belt 30% social rented. **Lewes town** 25% social rented 10% shared ownership.
Residual Rural Area 25% social rented 15% shared ownership

	Site	Zone	Affordable Mix	Alternative Use Value	Viability Threshold	Residual Value
A	Lewes BF	Lewes Town	25% SR + 10% SO	2,000,000	2,400,000	4,832,241
B	Northern Rural	Residual Rural Area	25% SR + 15% SO	25,000	280,000	1,768,237
C	Northern Rural	Residual Rural Area	25% SR + 15% SO	25,000	280,000	1,496,967
D	Seaside GF	Coastal Belt	30% SR	250,000	550,000	1,361,910
E	Seaside BF	Coastal Belt	30% SR	900,000	1,080,000	2,130,453
F	Lewes	Lewes Town	25% SR + 10% SO	1,000,000	1,200,000	4,385,109
G	Rural Modelled 3	Residual Rural Area	25% SR + 15% SO	250,000	550,000	2,047,042
H	Conversio n	Lewes Town	25% SR + 10% SO	4,375,000	4,812,500	4,332,923
I	Rural Modelled 2	Residual Rural Area	25% SR + 15% SO	25,000	280,000	1,282,909
J	Seaside BF 2	Coastal Belt	30% SR	900,000	1,080,000	2,130,453
K	Rural Modelled	Residual Rural Area	25% SR + 15% SO	250,000	550,000	1,894,855
L	Village	Residual Rural Area	25% SR + 15% SO	250,000	550,000	1,824,565

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

6.18 The Authorities are considering to set affordable housing targets by sub area so the results are represented by area below:

Table 6.4 Appraisal results for SHMA affordable option. £/ha
Coastal Belt 30% social rented. **Lewes town** 25% social rented 10% shared ownership.
Residual Rural Area 25% social rented 15% shared ownership

	Site	Alternative Use Value	Viability Threshold	Residual Value
	Coastal Belt 30% Social Rented			
D	Seaside GF	250,000	550,000	1,361,910
E	Seaside BF	900,000	1,080,000	2,130,453
J	Seaside BF 2	900,000	1,080,000	2,130,453
	Lewes Town 25% Social Rented + 10% Shared Ownership			
A	Lewes BF	2,000,000	2,400,000	4,832,241
F	Lewes	1,000,000	1,200,000	4,385,109
H	Conversion	4,375,000	4,812,500	4,332,923
	Residual Rural Area 25% Social Rented + 15% Shared Ownership			
B	Northern Rural	25,000	280,000	1,768,237
C	Northern Rural	25,000	280,000	1,496,967
G	Rural Modelled 3	250,000	550,000	2,047,042
I	Rural Modelled 2	25,000	280,000	1,282,909
K	Rural Modelled	250,000	550,000	1,894,855
L	Village	250,000	550,000	1,824,565

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

6.19 With the affordable housing targets set out in the SHMA all sites other than the conversion site in Lewes town are able to deliver the affordable housing target. The above results are interesting but should not be used for the basis of policy into the future as they are based on the social rent tenure. In the future most, if not all, new affordable housing for rent will be provided as affordable rent. We have included the above tables as many of the stakeholders are used to considering social rented housing and they are useful for comparative purposes.

Base Appraisals

6.20 To assess the deliverability of the affordable housing targets recommended in the SHMA we have assumed (following discussion with the council and stakeholders) that in the future all affordable rented housing will be affordable rent. We have used this assumption for our base appraisals and subsequent further analysis. We have assumed no external funding (grant) is available and that the affordable rent is set at 80% of open market rent. These following appraisals form the basis of the subsequent analysis.

Table 6.5 Appraisal results for base affordable option
Coastal Belt 30% affordable rented. **Lewes town** 25% affordable rented 10% shared ownership.
Residual Rural Area 25% affordable rented 15% shared ownership

	Site	Zone	Affordable Mix	Units	ha	Residual Value £	Residual value £/ha
A	Lewes BF	Lewes Town	25% AR + 10% SO	125	0.89	4,720,467	5,303,896
B	Northern Rural	Residual Rural Area	25% AR + 15% SO	85	2.10	4,048,790	1,927,995
C	Northern Rural	Residual Rural Area	25% AR + 15% SO	72	2.30	3,805,804	1,654,698
D	Seaside GF	Coastal Belt	30% AR	42	1.00	1,611,699	1,611,699
E	Seaside BF	Coastal Belt	30% AR	25	0.42	999,999	2,380,950
F	Lewes	Lewes Town	25% AR + 10% SO	21	0.49	2,285,141	4,663,552
G	Rural Modelled 3	Residual Rural Area	25% AR + 15% SO	19	0.50	1,114,998	2,229,996
H	Conversion	Lewes Town	25% AR + 10% SO	14	0.40	1,793,906	4,484,765
I	Rural Modelled 2	Residual Rural Area	25% AR + 15% SO	14	0.41	581,222	1,417,614
J	Seaside BF 2	Coastal Belt	30% AR	8	0.24	371,422	1,547,592
K	Rural Modelled	Residual Rural Area	25% AR + 15% SO	7	0.20	413,696	2,068,478
L	Village	Residual Rural Area	25% AR + 15% SO	6	0.15	301,679	2,011,194

6.21 All the developments generate a positive residual value of between £1,400,000/ha and £5,800,000/ha. As we would expect, these residual values with affordable rent are higher than with social rent.

6.22 The viability outcomes resulting from applying these threshold values are shown in the table below.

Table 6.6 Appraisal results for base affordable option £/ha				
	Site	Alternative Use Value	Viability Threshold	Residual Value
	Coastal Belt 30% Affordable Rented			
D	Seaside GF	250,000	550,000	1,611,699
E	Seaside BF	900,000	1,080,000	2,380,950
J	Seaside BF 2	900,000	1,080,000	1,547,592
	Lewes Town 25% Affordable Rented + 10% Shared Ownership			
A	Lewes BF	2,000,000	2,400,000	5,303,896
F	Lewes	1,000,000	1,200,000	4,663,552
H	Conversion	4,375,000	4,812,500	4,484,765
	Residual Rural Area 25% Affordable Rented + 15% Shared Ownership			
B	Northern Rural	25,000	280,000	1,927,995
C	Northern Rural	25,000	280,000	1,654,698
G	Rural Modelled 3	250,000	550,000	2,229,996
I	Rural Modelled 2	25,000	280,000	1,417,614
K	Rural Modelled	250,000	550,000	2,068,478
L	Village	250,000	550,000	2,011,194

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

6.23 With the affordable housing targets set out in the SHMA, and assuming the affordable rented housing is affordable rent, all sites other than the conversion site in Lewes town are able to deliver the affordable housing target.

Code for sustainable homes

6.24 LDC and SDNPA do not have any particular environmental standards that require new homes to be built at a standard that is over and above the standards set out in Building Regulations. This was discussed at the first consultation event, but whilst the developers accepted that this was the current requirement, based on their experience elsewhere felt that the introduction of higher standards were inevitable. It was agreed that the impact of building to CSH Level 4 would be assessed. We have assumed that the additional cost of building to this higher standard is £85/m^2.

Table 6.7 Appraisal results for base affordable option with CSH Level 4 £/ha				
	Site	Viability Threshold	Base Residual Value	Residual Value with CSH Level 4
	Coastal Belt 30% Affordable Rented			
D	Seaside GF	550,000	1,611,699	1,172,141
E	Seaside BF	1,080,000	2,380,950	1,868,326
J	Seaside BF 2	1,080,000	1,547,592	1,162,268
	Lewes Town 25% Affordable Rented + 10% Shared Ownership			
A	Lewes BF	2,400,000	5,303,896	4,133,401
F	Lewes	1,200,000	4,663,552	4,055,832
H	Conversion	4,812,500	4,484,765	4,224,486
	Residual Rural Area 25% Affordable Rented + 15% Shared Ownership			
B	Northern Rural	280,000	1,927,995	1,688,669
C	Northern Rural	280,000	1,654,698	1,319,823
G	Rural Modelled 3	550,000	2,229,996	1,895,617
I	Rural Modelled 2	280,000	1,417,614	1,131,579
K	Rural Modelled	550,000	2,068,478	1,733,788
L	Village	550,000	2,011,194	1,662,280

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

6.25 It can be seen that the additional costs of CSH Level 4 does have a significant impact in the residual value of the various developments but the impact is not sufficient to reduce the viability of delivery.

Different levels of affordable rent

6.26 To provide a depth of understanding of the impact of different amounts and mixes of affordable housing we have tested a range of different quotas and mixes.

Table 6.8 Appraisal results for 0% to 50% affordable housing where affordable element is affordable rent at 80%. £1,000 /ha

	Site	Alternative Use Value	Viability Threshold	0%	25%	30%	35%	40%	50%
Coastal Belt									
D	Seaside GF	250	550	2,694	1,896	1,737	1,577	1,417	1,098
E	Seaside BF	900	1,080	4,064	4,064	2,757	2,496	2,256	1,992
J	Seaside BF 2	900	1,080	2,519	1,809	1,663,000	1,516	1,369	1,075
Lewes Town									
A	Lewes BF	2,000	2,400	12,322	7,275	6,266	5,257	4,247	2,229
F	Lewes	1,000	1,200	7,559	5,471	5,053	4,636	4,218	3,383
H	Conversion	4,375	4,812	6,744	5,119	4,795	4,470	4,145	3,495
Residual Rural Area									
B	Northern Rural	25	280	3,277	2,394	2,217	2,041	1,864	1,511
C	Northern Rural	25	280	2,896	2,082	1,918	1,755	1,592	1,266
G	Rural Modelled 3	250	550	3,669	2,724	2,535	2,346	2,157	1,796
I	Rural Modelled 2	25	280	2,562	1,822	1,669	1,516	1,364	1,068
K	Rural Modelled	250	550	3,402	2,513	2,358	2,178	1,999	1,640
L	Village	250	550	3,446	2,515	2,322	2,129	1,937	1,581

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

6.27 It can be seen that with a 40% affordable housing target where all the affordable housing is affordable rent let at 80% of open market rent and the units are built to building regulation standards all the sites other than the conversion remain viable. At 50% the vast majority of sites are viable, with two being marginal and one being unviable.

6.28 We went on to consider the impact of setting the affordable rent at less than 80% of open market rent.

Table 6.9 Appraisal results for 0% to 50% affordable housing where affordable element is 60% affordable rent. £1,000 /ha

	Site	Alternative Use Value	Viability Threshold	0%	25%	30%	35%	40%	50%
Coastal Belt									
D	Seaside GF	250	550	2,694	1,766	1,580	1,395	1,209	846
E	Seaside BF	900	1,080	4,064	2,629	2,364	2,074	1,785	1,205
J	Seaside BF 2	900	1,080	2,519	1,690	1,519	1,348	1,177	852
Lewes Town									
A	Lewes BF	2,000	2,400	12,322	6,992	5,926	4,866	3,795	1,663
F	Lewes	1,000	1,200	7,559	5,298	4,846	4,394	3,942	3,037
H	Conversion	4,375	4,812	6,744	5,028	4,685	4,342	3,999	3,313
Residual Rural Area									
B	Northern Rural	25	280	3,277	2,294	2,098	1,902	1,705	1,312
C	Northern Rural	25	280	2,896	1,982	1,799	1,617	1,434	1,068
G	Rural Modelled 3	250	550	3,669	2,610	2,398	2,186	1,993	1,565
I	Rural Modelled 2	25	280	2,562	1,739	1,569	1,399	1,230	899
K	Rural Modelled	250	550	3,402	2,429	2,228	2,027	1,825	1,423
L	Village	250	550	3,446	2,398	2,182	1,966	1,750	1,343

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

6.29 The preceding table shows that the residual values do decline quite significantly as the amount of the affordable rent that is charged to tenants is reduced to 60% of the open market rent. The two sites that were marginal at 50% affordable rent at 80% of market rent are no longer viable.

Different tenures of affordable housing

6.30 Both LDC and SDNPA wish to ensure that new schemes are mixed and balanced in terms of tenure and also meet a range of needs. The emerging polices include an element of shared ownership housing. We have tested the impact of 25% of the affordable housing being shared ownership. We have assumed the shared ownership will be 50% being sold and a rent of 2% of the retained equity. We have assessed both the affordable rent on the remaining affordable units is charged at 80% of open market rent and 60% of open market rent.

Table 6.11 Appraisal results for 0% to 50% affordable housing where affordable element is 25% of affordable housing is shared ownership housing and the remainder affordable rent at 80%. £1,000/ha

	Site	Alternative Use Value	Viability Threshold	0%	25%	30%	35%	40%	50%
Coastal Belt									
D	Seaside GF	250	550	2,694	1,896	1,736	1,577	1,417	1,098
E	Seaside BF	900	1,080	4,063	2,757	2,495	2,255	1,992	1,464
J	Seaside BF 2	900	1,080	2,519	1,809	1,662	1,515	1,368,820	1,075
Lewes Town									
A	Lewes BF	2,000	2,400	12,322	7,275	6,266	5,256	4,247	2,228
F	Lewes	1,000	1,200	7,559	5,471	5,053	4,635	4,218	3,382
H	Conversion	4,375	4,812	6,744	5,119	4,794	4,469	4,144	3,494
Residual Rural Area									
B	Northern Rural	25	280	3,276	2,393	2,217	2,040	1,863	1,510
C	Northern Rural	25	280	2,895	2,080	1,917	1,754	1,591	1,265
G	Rural Modelled 3	250	550	3,669	2,723	2,534	2,345	2,156	1,795
I	Rural Modelled 2	25	280	2,561	1,822	1,669	1,516	1,363	1,068
K	Rural Modelled	250	550	3,401	2,513	2,357	2,178	1,999	1,640
L	Village	250	550	3,446	2,515	2,322	2,129	1,936	1,581

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

Table 6.12 Appraisal results for 0% to 50% affordable housing where affordable element is 25% of affordable housing is shared ownership housing and the remainder affordable rent at 60%. £1,000/ha

	Site	Alternative Use Value	Viability Threshold	0%	25%	30%	35%	40%	50%
Coastal Belt									
D	Seaside GF	250	550	2,694	1,766	1,580	1,394	1,209	845
E	Seaside BF	900	1,080	4,063	2,628	2,363	2,074	1,784	1,205
J	Seaside BF 2	900	1,080	2,519	1,689	1,518	1,348	1,177	852
Lewes Town									
A	Lewes BF	2,000	2,400	12,322	6,992	5,926	4,860	3,794	1,662
F	Lewes	1,000	1,200	7,559	5,298	4,845	4,393	3,941	3,037
H	Conversion	4,375	4,812	6,744	5,028	4,685	4,342	3,998	3,312
Residual Rural Area									
B	Northern Rural	25	280	3,276	2,294	2,097	1,901	1,705	1,312
C	Northern Rural	25	280	2,895	1,981	1,799	1,616	1,433	1,068
G	Rural Modelled 3	250	550	3,669	2,609	2,397	2,185	1,992	1,564
I	Rural Modelled 2	25	280	2,561	1,738	1,569	1,399	1,229	899
K	Rural Modelled	250	550	3,401	2,428	2,227	2,026	1,825	1,423
L	Village	250	550	3,446	2,398	2,182	1,966	1,749	1,343

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

6.31 The value of completed shared ownership housing is a little higher than for comparable affordable rent units. This has the effect of improving viability.

6.32 The implications of the results from the foregoing analysis are discussed in Chapter 8 below.

7. Thresholds

7.1 LDC and SDNPA are investigating reducing the site size thresholds over which affordable housing is required. This chapter sets out how viability assessments of model sites were prepared to provide guidance on the threshold issue, and presents the results of the model appraisals. PPS3 encourages local authorities to do this:

'Local Planning Authorities can set lower minimum thresholds, where viable and practicable, including in rural areas. This could include setting different proportions of affordable housing to be sought for a series of site-side thresholds over the plan area. Local Planning Authorities will need to make an informed assessment of the economic viability of [this]' (PPS3: Housing (2006) para 29)

7.2 This chapter contains such an assessment.

Modelling variations in scheme size

7.3 The main appraisals included five sites below the current national guidance threshold of 15 dwellings. Two of these contained fourteen dwellings, one of which was, in any case, a building conversion scheme and therefore of limited applicability to the threshold issue. To produce a full picture on how viability changed as site size reduced from the national threshold, and provide full support for a size threshold reduction, we created a suite of model sites from 14 dwellings down to a single dwelling. The suite was based upon Site K, a notional site in the Rural North area.

7.4 This base notional site was seven dwellings on 0.20 ha of paddock land. The land was assumed to be developed at 3,290 m^2/ha (14,325 sqft/acre).

7.5 In this report various amounts and mixes of affordable housing have been tested. In this part of the study we have assumed that the affordable housing will be affordable rent and let at 80% of open market rent. It was felt that, in general, appraisal assumptions from the base (7 dwelling) site could reasonably be applied to larger and smaller sized model sites. However we considered that there were several aspects of the assessment where this rule might not apply as size diminished:

i. We recognised that as site size declines it would be increasingly difficult to achieve the same site utilisation efficiency. Therefore, as site size reduced, we allowed for the development density (m^2/ha) to decline, at an increasing rate. Since the average floor

area of the dwellings remained constant this was achieved by varying the site area (i.e. so that it did not quite vary pro rata with dwelling numbers).

ii. We allowed the 5% cost premium for the build cost on small sites to increase for sites smaller than six dwellings.

iii. We considered whether the developer contribution assumption should vary. We decided to apply the standard contribution assumption all the way down to the fewest number of dwellings. This could be regarded as something of a 'worst case' but would be consistent with a future CIL approach.

iv. Finally, we considered whether values might improve to reflect a 'non-estate' type of location. In practice they might, but to be conservative we did not make any adjustments to values.

7.6 The variant floorspace densities and build costs are set out in the table below. As the sites were modelled on site K, the development cost allowance was the same, at 12%, and there were no abnormals.

Table 7.1 Variant assumptions for model threshold sites

	Model sites		
No of units	*m^2/ha*	*Build cost premium*	*Base build cost £/m^2*
14	3,330	5%	977
13	3,326	5%	977
12	3,323	5%	977
11	3,318	5%	977
10	3,312	5%	977
9	3,305	5%	977
8	3,298	5%	977
7	3,290	5%	977
6	3,282	5%	977
5	3,274	6%	985
4	3,264	8%	1,002
3	3,253	10%	1,019
2	3,238	15%	1,060
1	3,215	20%	1,102

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

Other assumptions

7.7 The sites were assumed to have sales values at £3,000/m^2. Maximum sales rates were assumed at 5 dwellings per quarter for the sites of 13-14 dwellings, 4 per quarter for 7-12 dwellings, 3 per quarter for 5-6 dwellings and 2 per quarter up to 4 dwellings. Using the above assumptions, appraisals were prepared for the suite of model sites.

Table 7.2 Results – Threshold analysis

Site Size		Whole Site £			£/ha		
Units	ha	AUV	Threshold	RV	AUV	Threshold	RV
14	0.395	98,750	217,250	747,148	250,000	550,000	1,891,513
13	0.367	91,750	201,850	691,262	250,000	550,000	1,883,548
12	0.339	84,750	186,450	638,191	250,000	550,000	1,882,570
11	0.312	78,000	171,600	583,725	250,000	550,000	1,870,913
10	0.284	71,000	156,200	530,654	250,000	550,000	1,868,500
9	0.256	64,000	140,800	479,312	250,000	550,000	1,872,311
8	0.228	57,000	125,400	425,161	250,000	550,000	1,864,742
K	0.200	50,000	110,000	372,026	250,000	550,000	1,860,130
6	0.172	43,000	94,600	317,461	250,000	550,000	1,845,705
5	0.144	36,000	79,200	257,605	250,000	550,000	1,788,923
4	0.115	28,750	63,250	201,083	250,000	550,000	1,748,544
3	0.087	21,750	47,850	141,460	250,000	550,000	1,625,981
2	0.058	14,500	31,900	83,139	250,000	550,000	1,433,430
1	0.029	7,250	15,950	30,043	250,000	550,000	1,035,953

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

7.8 By looking at the £/ha results it can been seen that there is a marked decline in viability on the smaller sites, however, even on the smallest sites, the residual value exceeds the existing use value.

7.9 The two smallest sites generate a residual value of about £32,000 and £16,000. Whilst the land areas on which these are based are small (0.058 ha and 0.029 ha respectively) we would question as to whether the landowner would consider a sale worthwhile at these levels. The amounts of money need to be set in context, £16,000 would buy a medium range motorcar and £32,000 would be sufficient to pay for a small extension to a home.

7.10 The implications of these results are discussed in Chapter 8.

8. Recommendations – Affordable Housing Target

8.1 In the preceding two chapters, the impact of alternative affordable housing requirements upon development viability has been assessed. In order to provide appropriate guidance, we have produced financial appraisals in respect of residential developments on a range of sites selected following discussion. Our approach has been based on modelling 12 development sites that were closely based on recent actual planning permissions and 'model' development for two further sites where there were no past applications but it was felt there would be future ones. A bespoke financial appraisal package has been used to produce residual valuations for each site under a series of affordable housing options.

8.2 In order to prepare financial appraisals, whether for a general study like this or on behalf of a landowner or developer proposing a specific development, it is necessary to make a considerable number of assumptions. We believe that, in general, the assumptions we have made are fair and reasonable. They reflect considerable experience drawn from a variety of development situations and are designed to reflect the circumstances of each site which, even in a relatively compact area like the District, in practice display a certain amount of diversity. They were discussed at the first stakeholder event and there was a general consensus that the inputs were accurate. The appraisal results produce residual land values which, compared to the limited information we have about recent values and prices currently sought for small sites in the area, are consistent and if anything somewhat lower. This suggests that the package of development assumptions is not unduly optimistic.

8.3 The comparatively high residual values also reflect two other factors which we will need to take into account when reflecting on the appraisal results:

- The housing market downturn from the last quarter of 2008 and subsequent more general business recession.
- The impact of relatively challenging requirements in respect of sustainability. Level 3 or 4 of the Sustainability Code for both market and affordable homes, without any offsetting uplift in values

8.4 The financial appraisals produce a series of residual values showing the value generated for each site under a range of affordable housing scenarios. In an exercise of this nature, the figures have to be interpreted in order to draw conclusions for Plan policies. We have used a basis for interpretation that is informed by the limited available guidance, appeal decisions practice elsewhere, which draws on indicative alternative use values, and sets an 'uplift' over alternative use value to provide an incentive for the landowner to bring the site forward. As a strategic approach, for the purpose of target setting we believe this to be reasonable. We do acknowledge that our methodology was not accepted by all the stakeholders – however no 'better' or alternative way of assessing viability has been proposed.

8.5 There are some variations in house prices between different parts of the study area. We feel those areas where prices are lowest (the coastal area) are well represented. The sites covered the 'worst case' by fully including locations in which viability is (other things equal) likely to be the poorest. The range of sites includes both smaller and larger sites, straightforward and complex development situations and a range of previous uses for previously developed land.

8.6 The appraisals tested various proportions of affordable housing as informed by the SHMA – and a simple 40% affordable rent requirement. Different amounts of affordable housing were tested including a mix where 25% of the affordable requirement was shared ownership at a 50% share. It was decided to assume that grant would not be available in the future. In estimating the values which, under those terms, developers would be likely to achieve affordable housing of the above types, we have used information on estimated purchase prices drawn from our experience elsewhere and gathered from housing associations operating in the study area. There was a general consensus that these assumptions were sound at the first stakeholder event.

8.7 We have taken a strategic approach ensuring in particular that the sites were treated consistently. This is because the analysis is designed to test and demonstrate District-wide deliverability in line with the requirements in national guidance. This work is a strategic study designed to inform the development of Plan policy, rather than an exercise to predict as accurately as possible the actual financial outcomes of development on specific sites. The sites used as the basis for the modelling in the study should be regarded as indicating the general patterns of development across the study area.

Affordable target suggestion

8.8 The target we were asked to consider in the study brief was informed by the SHMA. It was broken into three zones and comprised mixes of social rent and intermediate housing. The reforms to affordable housing funding including the introduction of the new affordable rent tenure mean that new affordable housing will be affordable rent rather than social rent. The housing associations confirmed, at the first stakeholder event, that all new rented affordable housing that they develop in the foreseeable future would be under the new affordable rent tenure. Rather than basing our appraisals on social rent we used the following mix of housing:

Table 8.1 Summary of main Viability Testing

	Coastal Belt Newhaven, Seaford, Peacehaven and Telscombe	**Lewes town**	**Residual Rural Area**
Affordable housing requirement	30%	35%	40%
Tenure	Affordable rented	25% affordable rented 10% shared ownership	25% affordable rented 15% shared ownership

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

8.9 The results from the appraisals indicate that at current market values and costs it would be possible to sustain the above targets. With our base assumptions this was achievable on all but one of the sites.

8.10 We went on to look at whether higher amounts of affordable housing could be sustained on new housing developments. We found that all but one site was viable with 40% affordable housing – where that affordable housing was all affordable rent let at 80% of the open market rent. We therefore conclude that a 40% affordable housing target could safely be set for the whole of the Lewes District area.

8.11 Nine sites remain viable at 50%, so a 50% target could be considered. Having said this, of the three sites tested in Lewes Town only one is viable and in the Coastal Belt 2 of the three sites tested are viable – but one only by a small margin. If the LDC and SDNPA wish to consider a 50% target we would have no reservations in recommending it in the Residual Rural Area – but would urge caution in the Coastal Belt. We do not consider 50% deliverable

in Lewes Town – although if 25% of the affordable housing was to be shared ownership housing we consider that 50% would be deliverable across the whole area.

8.12 Various alternative scenarios were also tested including a requirement to build to a higher environmental standard (CSH Level 4). This does have an impact on the profitability of projects – but not sufficiently to prejudice the viability of delivery.

8.13 The evidence indicates that 40% would be an entirely reasonable target to put forward in present circumstances and in the Residual Rural Area a target of 50% is reasonable.

8.14 We do stress that these findings are based on the assumption that there will be no grant funding or other external funding (e.g. finance leveraged from re-letting social rent units as affordable rent units) whilst the availability of funding from these sources is uncertain it is likely that some funding will be forthcoming.

The longer term

8.15 At the start of this report we discussed the problem of setting the affordable housing target for the life of the Core Strategy when, during the period, the viability of development will almost certainly change. A target that is deliverable now may become undeliverable if the market was to get worse. Alternatively if viability was to improve the Council may not be able to secure as much affordable housing as they could.

8.16 We have discussed this problem, at length, with officers. It was felt that neither LDC nor SDNPA would currently wish an affordable housing target of over 40% districtwide as there is also a requirement for market housing and there are policies about developing mixed and balanced communities. There is therefore no current requirement or benefit from introducing a mechanism to increase the currently deliverable 40% target should viability improve.

8.17 What should happen if viability was to decline? It is important that the affordable target is broadly deliverable through the plan period. It is clearly beyond the scope of this report to make predictions about how the property market may behave in the future. There is a general consensus that the present is a particularly difficult and uncertain time for the development industry. As discussed in Chapter 4 house prices (and sales volumes) have fallen but have now stabilised. There is little expectation, within the industry or amongst commentators, that prices will rise or fall – the consensus (as far as there is one) is that

prices will fluctuate by a few percent around the current levels for some time before an eventual return to growth.

8.18 We have re-run the appraisals with a 10% fall in the prices of the market units to examine if this would have a significant impact on the viability of targets. We have used the 40% district wide target rather than the variable targets:

Table 8.2 Appraisal results for 40% affordable housing and prices less 10% £1,000 ha

	Site	Alternative Use Value	Viability Threshold	Base Price	Price -10%
Coastal Belt					
D	Seaside GF	250	550	1,417	826
E	Seaside BF	900	1,080	2,256	1,248
J	Seaside BF 2	900	1,080	1,369	833
Lewes Town					
A	Lewes BF	2,000	2,400	4,247	2,104
F	Lewes	1,000	1,200	4,218	3,170
H	Conversion	4,375	4,812	4,145	3,455
Residual Rural Area					
B	Northern Rural	25	280	1,864	1,338
C	Northern Rural	25	280	1,592	1,087
G	Rural Modelled 3	250	550	2,157	1,586
I	Rural Modelled 2	25	280	1,364	2,033
K	Rural Modelled	250	550	1,999	1,443
L	Village	250	550	1,937	1,365

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

8.19 There is clearly a significant decline in the residual values however only one site (J) moves from viable to unviable and the large flatted scheme in Lewes (A) moves from viable to marginal. Prices would need to fall very much further in the Residual Rural Area to impact on viability of the affordable housing targets. The residual values are closer to Lewes Town and Coastal Belts viability thresholds and a relatively small further fall would possibly impact on delivery.

8.20 We therefore conclude that even with a 10% fall in prices a 40% district wide affordable housing target remains broadly deliverable but if there is a larger fall the two planning authorities may need to revisit their targets.

8.21 We have also considered a change in build costs. Over the last few years the UK has been a relatively high inflation area. This has been due to, at least in large part, increased commodity, energy and VAT costs on business. At the time of writing rates are falling from over 5% towards the Bank of England's target of 2% and there is little expectation of a return to a higher inflation environment. We have considered the impact of a 10% increase in construction costs of the viability of a 40% districtwide affordable housing target (with no increase in house prices). If this was to occur the target would remain deliverable.

The threshold for affordable housing

8.22 National planning guidance (PPS3) requires consideration to be given to the threshold at which the affordable housing is to be applied. The study brief recognised this, identifying the need to obtain guidance on the scope for reducing the size threshold from the default position of 15 dwellings and seeking advice in particular on the scope for a reduction, possibly to five dwellings.

8.23 The five smallest sites in the study (with 6-14 dwellings) were included in response to this requirement. However as the study proceeded we recognised that it was also necessary to look at smaller sites. We therefore modelled smaller sites below 6 units – based on site K.

8.24 Based on these results we are comfortable in recommending a threshold of three units – that is to say sites of three units and over. There is scope to consider a lower threshold but we would urge caution for the reasons given at the end of Chapter 7.

8.25 There is of course a practical problem setting a target on small sites as only whole affordable homes can be provided (one cannot have half or two thirds of an affordable home). With this in mind we suggest the following:

Table 8.3 Affordable Requirement

Scheme size *Units*	*Affordable requirement* *Units*
1-2	0
3-4	1
5-7	2
8-9	3
10+	40%

9. Commuted Sums

9.1 There may be situations in which it is agreed that, whilst an affordable contribution should arise in respect of a particular development, it is appropriate that all or some of the contribution should be made off site. Where this is the case, and where replacement affordable units are not going to be provided by the developer on another site agreed with the Council, it will be necessary to secure the due affordable contribution in the form of a commuted payment. This chapter provides guidance on the calculation of commuted sum payments in such a situation.

9.2 The financial appraisal analysis discussed in the AHVS provides a basis for calculating commuted sum payments.

9.3 It is sensible for all Councils to set out guidance as to how a commuted sum would be calculated – so as to provide transparency, and to avoid the undue delays that might arise during s106 negotiations if details of a payment had to be developed from first principles on each occasion. The viability study analysis provides a basis on which it would be possible to formulate appropriate arrangements for calculating the commuted sum.

Review of plan policy formulae

9.4 Some time ago we researched the nature of commuted sum formulations in then approved or emerging local planning policies. Whilst some relied on generalities, the vast majority - almost all of those we looked at – which had developed a specific formula, had used one which derived from the Housing Corporation's Total Cost Indicator (TCI) system.

9.5 This system was designed to provide cost discipline, so as to ensure that affordable housing was procured by Registered Social Landlords on terms which produced Value for Money for the public subsidy, Social Housing Grant (SHG), which had been the normal funding basis through which it was provided.

9.6 Given that this was its purpose, the TCI was extremely useful in providing a basis for calculating commuted sums. It was designed to provide cost guidance specifically related to each local Council area; contained such guidance for each of a large number of different dwelling size bands; and was updated through indexing and readjustment, each year so remained current.

9.7 Unfortunately the Housing Corporation replaced the TCI system with an approach which does not provide these benefits. This reflected, to some extent, the move towards a more targeted use of SHG and a greater reliance on developer subsidy. However, from the viewpoint of commuted sum formulation, the change is, in some respects, to be regretted.

Alternative approach

9.8 We have adopted an approach to the calculation of the developer contribution, utilising the site viability analysis. It is based upon the contribution that the developer would have made if an on-site affordable contribution were delivered.

9.9 The calculation works as follows:

i) Estimate the value of the site with 100% market housing

ii) Estimate the value of the site with the target level of affordable housing contribution previously recommended.

9.10 The difference between (i) and (ii) is the loss in value experienced by the developer due to the affordable housing policy contribution. Taking the appraisal for site B as an example, the residual value with no affordable housing, i.e. 85 market dwellings, is £6,880,948. With the option of 40% affordable housing, all affordable rent at 80% of market rent, the residual value falls to £3,645,509.

9.11 The developer's contribution is £3,235,439; divided by 34 affordable dwellings, this gives a cost of £95,160 per affordable dwelling.

9.12 The results of this calculation for the full range of sites are set out in Table 9.1. For the sake of clarity these findings assume the base assumption for developer contributions, i.e. a standard figure of £3,500 per dwelling.

Table 9.1 Affordable Housing Contribution: calculations					
Site		*£ RV @ no aff*	*£ RV 40% aff*	*No of affordable units*	*Contribution £ / aff unit*
Coastal Belt					
D	Seaside GF	2,694,118	1,250,893	16.8	85,900
E	Seaside BF	1,706,777	764,028	10	94,300
J	Seaside BF 2	604,679	291,741	3.2	97,800
Lewes Town					
A	Lewes BF	10,966,689	3,444,357	50	150,400
F	Lewes	3,704,089	1,657,691	8.4	207,900
H	Conversion	2,697,672	1,609,266	5.6	194,400
Residual Rural Area					
B	Northern Rural	6,880,948	3,645,509	34	95,200
C	Northern Rural	6,659,679	3,370,468	28.8	114,200
G	Rural Modelled 3	1,834,619	1,005,225	7.6	109,100
I	Rural Modelled 2	1,050,382	514,832	5.6	95,600
K	Rural Modelled	680,353	372,026	2.8	110,100
L	Village	516,954	268,086	2.4	103,700
Overall median figure					**£106,400**

N.B. Per dwg contribution figures have been rounded to nearest £100 in each case.
Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

9.13 The calculated contributions in Table 9.1 vary, with a minimum of £85,900 (site D) and a maximum of £207,900 (F). It is clear that the three Lewes Town sites produce significantly higher figures. The figures in the other two sub areas are fairly close to the overall median figure of £106,400.

Developer contributions & CIL

9.14 As we pointed out, the above calculations assumed the fixed developer contribution of £3,500 /dwelling used in the AHVS base appraisals. Different levels of contribution would in principle lead to a different set of results. If the £3,500 figure was replaced across the board by some other £ /dwelling figure, the impact would be comparatively slight. However if a wider range of new figures were used, varying significantly from one site to another, the

impact would be more serious. And if the contribution was only sought for market dwellings, but not for affordable provision, the impact would again be different, since this would dilute the burden to the developer of providing affordable housing and hence tend to reduce the contribution. These two conditions are exactly what would apply if developer contributions were replaced by a CIL charge, as the LPAs are proposing. CIL charge only applies to market dwellings, and since it is levied on a £/m^2 basis, will vary quite widely across the twelve sites in line with dwelling floorspace.

9.15 In the remainder of this Report, we develop guidance to assist and inform the development of CIL charging proposals for both residential and commercial development. At this time the scale of the charge justified by infrastructure proposals is not known. Awaiting the latter, we therefore simply go on to provide guidance on the level of charge that could be borne by residential development in the District, without adversely impacting upon viability.

9.16 Hence it is not possible to include in the present chapter a final commuted charge formula that reflects fully, as it should do, the CIL charge. Instead we have calculated the figure that would apply at three notional levels of charge - £100 /m^2, £200 /m^2, and £300 /m^2.

Table 9.2 Affordable Housing Contribution: calculations				
Site		*CIL £100 /m²*	*CIL £200 /m²*	*CIL £300 /m²*
Coastal Belt				
D	Seaside GF	76,100	65,800	56,100
E	Seaside BF	85,800	77,500	68,600
J	Seaside BF 2	86,800	76,000	65,200
Lewes Town				
A	Lewes BF	142,300	134,100	125,900
F	Lewes	194,800	181,700	168,600
H	Conversion	184,200	174,000	163,900
Residual Rural Area				
B	Northern Rural	87,100	79,000	71,000
C	Northern Rural	104,300	94,300	84,400
G	Rural Modelled 3	98,500	89,200	79,800
I	Rural Modelled 2	86,300	80,700	72,800
K	Rural Modelled	100,600	91,200	81,900
L	Village	96,700	85,800	76,900
Overall median figure		**97,600**	**87,500**	**78,400**

N.B. Per dwg contribution figures have been rounded to nearest £100 in each case.
Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

9.17 At 40% affordable, the lowest level of CIL, £100 /m^2, equates on average across the 12 sites to a contribution of around £5,600 per dwelling (market and affordable), just over 50% higher than the base contribution assumption of £3,500. It produces a lower median commuted sum figure than before, at £97,600 per dwelling.

9.18 As the CIL charge increases the commuted sum declines, because CIL is not charged on the affordable component and hence the affordable requirement is relatively less onerous. At £300 m^2 the charge has fallen to £78,400 per dwelling.

9.19 It can be seen from Table 9.2 that, as the CIL charge increases, the calculated commuted sum for each site, and also the overall median figure, decline in a broadly straight line manner. The figures in the Table would therefore provide a sound basis for calculating a

definitive commuted sum in due course, when a final CIL charge has been determined, in the event that it is not exactly £100, £200, or £300 /m^2.

Proposed guidance

9.20 These calculations provide a sound basis for determining a commuted sum figure. However the two authorities have indicated they will seek to introduce a CIL charge, and any final commuted sum figure will depend on the level of CIL charge. Whilst advice on CIL and viability is provided below, further work will be needed before a final charge figure for residential development can be determined.

9.21 The calculations confirm that a significantly higher commuted sum could be sought in Lewes Town, and a slightly lower one in the other two sub areas. This issue is one for the LDC and SDNPA to determine. However, we would suggest developers might reasonably expect that where a higher sum was paid it was then used to meet need in the same sub area, and that might or might not be practical. Accordingly, for the purpose of providing guidance we have suggested that a single figure should apply throughout the District, based on the median results from our twelve sites.

9.22 In Chapter 7 we considered the affordable housing threshold and in Chapter 8 we recommended a threshold of three units. This was, in part, because of the practical difficulty of delivering part units, but also due to the low residual values generated by the smallest sites. The sites under the threshold are unlikely to be able to bear a commuted sum of the scale of those above the threshold.

9.23 We have provided guidance on the levels of commuted sum that would result at three indicative levels of CIL charge. We believe that this guidance provides a basis for calculating an appropriate figure by interpolation if some intermediate level of charge is eventually decided upon.

10. CIL contributions – residential development

10.1 In this chapter, we use the analysis already carried out to consider the scale of Community Infrastructure Levy that Residential Development could bear. This work builds directly on the viability analysis previously carried out. In order to develop policies around the payment of CIL, the Authorities need to gather an evidence base to assess the requirements for the levy. We are not instructed to assess what the amount of CIL should be and we are not asked to recommend a target as such. We are asked to look at what amounts of CIL may be afforded by developers whilst still allowing a scheme to make a profit. This is an important point to make as the guidance is clear that it is for the LDC and SDNPA to strike the balance between raising money for infrastructure and deterring development.

Methodology

10.2 In the earlier chapters we undertook appraisals, for a number of development scenarios, to establish the Residual Value for each site. We then compared this Residual Value with the Existing Use or Alternative Use Value to assess the viability of development coming forward.

10.3 In order to assess whether or not a contribution to CIL can be made, a calculation needs to be undertaken to establish the '*additional profit*'.

10.4 *Additional Profit* a concept that we have developed and it is the amount of profit over and above the *normal profit* made by the developers having purchased the land, developed the site and sold the units (including providing any affordable housing that is required). In this case '*normal* profit' is the 20% we used in the appraisals. Our approach to calculating this was to complete the appraisal using the same base cost and price figures, and other financial assumptions, as used in the preceding chapters concerning the affordable housing target – but instead of calculating the residual value as normal, incorporating the viability threshold value (alternative use value plus uplift) into the cost side of the appraisal to show the resulting profit (or loss).

10.5 The amount by which the resulting profit exceeds the target level of profit (previously established as part of the RV calculation), represents the *additional profit* and provides a

measure of the scope for contributing to CIL without impairing development viability. CIL contributions can viably be paid out of this additional profit.

10.6 The starting point of these calculations is to base them on the affordable housing target. The following formula was used:

Gross Development Value
(The combined value of the complete development
Including X% affordable housing)

LESS

Cost of creating the asset, including a profit margin
(land* + construction + fees + finance charges + developers' profit)

=

Additional Profit

** Where 'land' is the Alternative Use Value and uplift'*

Developer contributions

10.7 In preparing appraisals it was necessary to make assumptions about the level of developer contributions under s106, across the range of sites. The assumptions we made were based upon the levels of contributions typically made under the current, i.e. pre-CIL, regime.

10.8 In moving forward to CIL there will remain scope for specific contributions, but the scope will be considerably limited, so as to minimise overlap and avoid the possibility that developers would have to pay twice over. Only site specific matters would therefore qualify.

10.9 We assumed all units were subject to a contribution of £3,500. We have removed this from the appraisals for assessing CIL. (It should be noted that there may be scope for LDC and SDNPA to Levy CIL and collect contributions under s106 agreements. This will depend on the infrastructure requirements and the actual items listed on the Regulation 123 List).

Results

10.10 Additional Profit was calculated for each site using the updated costs and values, for both the Affordable Housing targets specified in the brief and for the 40% Affordable Rent over the whole area (where the affordable rent is let at 80% of market rent).

Table 10.1 Summary of main Viability Testing			
	Coastal Belt Newhaven, Seaford, Peacehaven and Telscombe	**Lewes town**	**Residual Rural Area**
Affordable housing requirement	30%	35%	40%
Tenure	Affordable Rented	At least 25% affordable rented	At least 25% affordable rented

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

10.11 Table 10.2 is sets out according to the three geographical sub-divisions of the Lewes district, and the three categories for the viability performance of each site. CIL is chargeable on net new floor area the last column is therefore on a £/m^2 basis.

Table 10.2 Appraisal results for base affordable option						
	Site	Residual Value	Viability Threshold	Additional Profit		
	Coastal Belt 30% Affordable Rented			**£/ha**	**£/unit**	**£/m^2**
D	Seaside GF	1,361,910	550,000	1,240,626	29,539	432
E	Seaside BF	2,130,453	1,080,000	1,558,033	26,175	442
J	Seaside BF 2	2,130,453	1,080,000	598,209	17,946	236
	Lewes Town 25% Affordable Rented + 10% Shared Ownership					
A	Lewes BF	4,832,241	2,400,000	3,483,454	24,802	468
F	Lewes	4,385,109	1,200,000	3,717,164	86,734	1,023
H	Conversion	4,332,923	4,812,500	-665,627	-19,018	-289
	Residual Rural Area 25% Affordable Rented + 15% Shared Ownership					
B	Northern Rural	1,768,237	280,000	1,839,346	45,443	943
C	Northern Rural	1,496,967	280,000	1,525,602	48,735	820
G	Rural Modelled 3	2,047,042	300,000	1,863,385	49,036	868
I	Rural Modelled 2	1,282,909	280,000	1,291,158	37,812	800
K	Rural Modelled	1,894,855	550,000	1,686,282	48,179	854
L	Village	1,824,565	300,000	1,644,905	41,123	772

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

10.12 The additional profit figures are set for the area affordable housing targets as totals but with dwelling figures to aid comparison. It is important to stress that these figures are the absolute maximum amounts of CIL that these schemes could bear whilst maintaining a

developers profit (20% on costs) and are not a recommendation at to which level CIL should be set.

10.13 When looking at either total or per dwelling results, it is clear that there are variations in viability – particularly between the sub areas.

10.14 All of these matters will be for policy decision once the infrastructure assessment which is being carried out in parallel with this study is completed. In the meantime, figures from the sites above – can be used to provide some indication as to what levels of CIL must not exceed in the Charging Schedule. The following table provides the CIL sums in £/m^2 that are approximately equivalent to the values in Table 10.2 – bearing in mind CIL should be able to be borne by most sites.

Table 10.3 Maximum potential for CIL

	Coastal Belt 30% Affordable Rented	Lewes Town 25% Affordable Rented + 10% Shared Ownership	Residual Rural Area 25% Affordable Rented + 15% Shared Ownership
£/m^2	£400	£400	£800
£/dwelling	£25,000	£25,000	£45,000

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

A Higher Affordable Housing Target

10.15 Earlier in this report we looked at the different amount of affordable housing that different development mixes could bear. We concluded that 40% Affordable Rent, where the affordable housing is affordable rent set at 80% of the market value was deliverable across the whole of the study area. We have assessed the maximum amounts of CIL that could be borne on the modelled sites with this mix of housing. The results are shown below.

Table 10.4 Appraisal results – 40% affordable housing (all affordable rent at 80% OMR)						
	Site	Residual Value	Viability Threshold	Additional Profit		
	Coastal Belt			**£/ha**	**£/unit**	**£/m²**
D	Seaside GF	1,250,893	550,000	868,970	20,690	353
E	Seaside BF	1,819,113	1,080,000	969,615	16,290	321
J	Seaside BF 2	1,215,587	1,080,000	256,299	7,689	118
	Lewes Town					
A	Lewes BF	3,870,064	2,400,000	2,006,179	14,284	292
F	Lewes	3,995,288	1,200,000	3,028,908	70,675	903
H	Conversion	4,023,164	4,812,500	-1,141,036	-32,601	-537
	Residual Rural Area					
B	Northern Rural	1,735,957	280,000	1,641,518	40,555	842
C	Northern Rural	1,465,421	280,000	1,330,633	42,506	715
G	Rural Modelled 3	2,010,451	300,000	1,637,255	43,086	763
I	Rural Modelled 2	1,255,689	280,000	1,124,388	32,929	696
K	Rural Modelled	1,860,130	550,000	1,471,718	42,049	746
L	Village	1,787,239	300,000	1,414,251	35,356	663

10.16 On this basis, as would be expected, the ability to bear CIL is reduced. These results are summarised below.

Table 10.3 Potential for CIL			
	Coastal Belt	Lewes Town	Residual Rural Area
£/m²	£300	£300	£700
£/dwelling	£15,000	£15,000	£32,000

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

CIL Rates

10.17 We take this opportunity to stress that we are not suggesting that CIL is set at these rates. The above analysis shows the maximum amount of CIL that these modelled developments can bear. This information is an important element of the evidence for setting CIL but is only one part of the evidence the wider context needs to be considered. We do this in Chapter 12.

11. CIL contributions – commercial

Introduction

11.1 In order to develop policies around the payment of CIL the Council needs to gather an evidence base to assess the requirements for the levy. We are not instructed to assess what the amount of CIL should be. We are asked to look at what amounts of CIL may be afforded by developers whilst still allowing a scheme to make a profit. This is an important point to make as the guidance is clear that it for the LDC and SDNPA to strike the balance between raising money for infrastructure and deterring development.

11.2 In the previous chapter the data and results that were used to test the affordable housing target were taken and used to calculate the Additional Profit for each of the residential developments. No similar viability work has been carried out in relation to commercial property in the Lewes District area in the past.

Issues to consider

11.3 Just as for residential development discussed in the previous chapter the viability of commercial development can be calculated from the value of the product (rental or capital) set against the cost of delivery (land, construction, fees, interest and developers reasonable profit). It is therefore necessary to assess property market conditions in the study area in order to provide a reasonable guide as to likely values to use in evaluating different development proposals.

11.4 Having considered the guidance, the two council's requirements and the local market we believe that the most appropriate way forward is through developing a limited number of modelled site typologies that are representative of the commercial development in the area and then assessing whether or not the development of those sites generates an 'additional profit'.

11.5 As in the previous chapter *Additional Profit* is the amount of profit over and above the normal profit made by the developers having purchased the land, developed the site and sold the units. This is calculated through completing an appraisal. CIL can be paid out of this additional profit.

11.6 Although development schemes do have similarities, every scheme is unique, even schemes on neighbouring sites. While market conditions in general will broadly reflect a combination of national economic circumstances and local supply/demand factors, even within a town there will be particular localities, and ultimately site specific factors, that generate different values and costs. There are indeed quite significant value variations in different parts of the study area – however the values of commercial property across the south of England are remarkably consistent.

Development typologies

11.7 For the purpose of this study we have assessed a number of development types. In considering the types of development to assess we have sought to include those types of development that are likely to come forward in the short to medium term. The predominate type of development will be residential development, the LDF is seeking to deliver about 220 units per year which equates very approximately to about 20,000 m^2 of new space per year. By comparison the 2010 Annual Monitoring Report records the following commercial development to have taken place.

i. B1 (Office Light Industrial)	264 m^2	iii. A2 (Financial Services etc.)	255 m^2
ii. A1 (Retail)	-876 m^2	iv. D2 (Assembly and Leisure)	98 m^2

11.8 In 2009 some 1,411 m^2 of B1 space was developed. In the district the employment land supply is just over 4 ha. The emerging Core Strategy says:

Provision of housing and employment land

In the period between 2010 and 2030, 4,150 net additional dwellings will be provided in the plan area (this is the equivalent of 208 net additional dwellings per annum).

In the period between 2010 and 2026, 50,000 to 64,000 sq. metres of employment floorspace (B1, B2 and B8) will be provided in the plan area.

Between 30,000 and 40,000 sq. metres of this floorspace will be as industrial space (B1c, B2 and B8), and between 20,000 and 24,000 sq. metres will be as office space (B1a).

11.9 Over the life of the plan this equates to 372 m^2 of B1, B2 and B8 per year which, by floor area, is a little under 20% of the amount of residential space anticipated.

11.10 This is important as the legislation requires the charging authority to use '*appropriate available evidence*'. This is stressed in the guidance. It is not necessary to test every type of development that may occur in the district for every situation. This was confirmed recently by the Examiner who conducted the Shropshire CIL Examination.

11.11 It is important to remember that this assessment is looking at the ability of new projects to bear an element of CIL – it is only therefore necessary to look at the main types of development likely to come forward in the future. The majority of the area is subject to tight development control polices which impose very considerable constraint on future development. The the National Park and the LDC Countryside Polices impose severe limitations on future development.

11.12 We have therefore tested the following development types:

i. **Large offices**. These are more than 250 m^2, will be of steel frame construction, be over several floors and will be located on larger business parks. It is worth noting that much of the larger space in the area has been developed outside the LDC boundary being around Brighton and to the north of the area. Typical larger units in the County are around 500 m^2 – we will use this as the basis of our modelling.

ii. **Small offices**. Modern offices of less than 250 m^2. These will normally be built of block and brick, will be of an open design and be on a market town edge or in a more rural situation. Typical small office units in the County are around 150 m2 – we will use this as the basis of our modelling.

iii. **Large industrial**. Modern industrial units of over 5,000 m^2. There is relatively little new space being constructed. Typical larger units in the district are around 1,500 m^2 – we will use this as the basis of our modelling.

iv. **Small industrial**. Modern industrial units of less than 500 m^2. These will normally be on a small business park and be of simple steel frame construction, the walls will be of block work and insulated cladding and there will be a small office area. Typical small units in the area are around 200 m^2 – we will use this as the basis of our modelling.

11.13 In developing these typologies we have made assumptions about the site coverage and density of development on the sites. We have assumed 66% coverage on the large industrial sites and 60% coverage on the small industrial and large offices, and on the small offices we have assumed 50% coverage. On the offices we have assumed two story

construction. We have not looked at the plethora of other types of commercial and employment development beyond office and industrial/storage uses in this study.

11.14 **Rural commercial conversions**. Over the last 15 or so years there have been numerous schemes of high quality conversions in the Sussex countryside. Many of these schemes have been of high quality offices and workshops in traditional farm buildings that are no longer required for agricultural purposes. The buildings are often of high historical value and of high importance to the landscape. Having said this there has also been a trend in the increasing number of 'modern' farm buildings being converted to non-agricultural uses. These 'modern' buildings are typically steel or concrete portal framed and were built in the second half of the twentieth century.

- The conversion of historic farm buildings is carried out for a wide range of reasons which are, often, not purely commercial. For example, the landowner may wish to see a farm yard conserved rather than simply to allow it to become derelict and may seek to convert it to a new employment use to fund the refurbishment work – and generate an income, rather than conversion to residential to generate capital receipts. The decision making process is not commercial and the project may not make a positive return (without grant) in the short to medium-term although in due course this is normally the ultimate intention of the owner.

- The conversion of relatively modern buildings has arisen through these no longer being suitable for modern farming (for factors such as the ability to exclude pests and vermin) or through the consolidation of farms into larger units. In the case of these buildings, it is often the case that little actual work is required. A disused potato shed, grains store or chicken house, may be used for low grade storage or some form of B1 use.

- Such development has been seen as a vital part of the diversification of the rural economy (both for the individual farm / estate and more widely) and had been encouraged through planning policies and subsidies.

11.15 We have not included rural commercial conversions into employment space in this appraisal. As these schemes are now rare and relatively unlikely to come forward, in addition they are often subsidised and on the whole we do not believe that they are viable, when measured against the conventional criteria, without subsidy and therefore would not be able to bear an element of CIL.

Agricultural

11.16 The Lewes District is largely rural (by land use area). Agriculture is a significant land use in the area. We are advised by the Council officers that relatively few agricultural applications have come forward recently and there is no current reason to believe that this should change in the short to medium term. Agriculture has, for many years been treated as a special case in planning terms, with much development being outside the planning system. Those agricultural schemes that do go ahead tend to be minor and under the General Permitted Development Order (GPDO) which allows buildings of up to 465 m^2 but subject to various conditions.

11.17 There has been a general move towards farm diversification. These are for a wide variety of uses in both the agricultural and non-agricultural sectors. This is strongly encouraged in policy. We recommend that applications that are submitted for diversification projects that fall outside strict agricultural use prepared by the GPDO should be assessed for CIL under the appropriate schedule – i.e. industrial, office or leisure etc.

11.18 We do not believe that it is necessary to carry out further viability testing of agricultural development at this stage. However if there is a change on the pattern of development or policy this should be coved in a future review of the charging schedule.

Hotels and Leisure (Including Holiday Parks)

11.19 Tourism is an important part of the Lewes economy. The leisure industry is very diverse and ranges from conventional hotels and roadside budget hotels, to cinemas, theatres, historic attractions, equestrian centres, stables and ménages.

11.20 We have noted the content of the report prepared by Hotel Solutions, Lewes Hotel & Visitor Accommodation Futures (2009) as part of the evidence base for the Core Strategy. This states that there is capacity for some further hotel development in the area.

11.21 There is very little activity in this sector at the moment, either at the planning stage or the construction stage – indeed there are a number of significant planning consents that remain undeveloped. This is an indication that development in this sector is at the margins of viability at the moment. During the initial consultation event we raised this with agents and other members of the development industry who confirmed this to be the case.

11.22 Having considered this further we have assessed a modern 'budget' (i.e. Travelodge, Premier etc.) on a town edge site. Both Travelodge and Premiere in are seeking hotel sites in the area). We have assumed that this is a 60 bedroom product with ample carparking on a 0.4 ha (1 acre) site.

11.23 Under this heading we have also considered village halls. These can be considered as community as well as leisure buildings. We do not believe that there is scope to charge CIL on this type of development as whilst they are often over 100 m^2 they are rarely viable in purely commercial terms. The development of village halls is normally subject to grant funding – from a wide variety of sources. When the building is complete, a commercial return on the investment is not a priority – many villages halls strive to break even.

Residential Institution/Community/Institutional

11.24 We have debated with the Council whether to examine residential institutions in detail. This sector includes residential care homes and residential schools. We do not believe that it is viable to levy CIL on this sector at the moment. We have undertaken some market research that has revealed values of between £1,200/m^2 and £1,500/m^2. Generally we do not believe that these are sufficient to sustain the additional costs of CIL – bearing in mind construction costs of in excess of £1,000 /m^2 (plus fees, contingency, developers profit, finance and land).

11.25 We recommend that this is kept under review and revisited when the charging schedule is reviewed.

11.26 This use includes development used for the provision of any medical or health services and development used wholly or mainly for the provision of education as a school or college under the Education Acts or as an institution of higher education. Following discussion with the Council we have not looked at these further. The majority of development in this sector is brought forward by the public sector or by not-for profit organisations – many of which have charitable status (thus making then potentially exempt from CIL). The Council is keen to promote and encourage these uses and so has decided not to levy CIL on these types of development.

Retail

11.27 For the purpose of this study we have assessed the following types of space. It is important to remember that this assessment is looking at the ability of new projects to bear an element

of CIL – it is only therefore necessary to look at the main types of development likely to come forward in the future

i. **Large 'Shed'** is a single storey retail unit development with a gross (i.e. GIA) area of 6,000 m^2 (64,560 sqft). It was assumed to require 600 car parking spaces, and to occupy a total site area of 4.0 ha. The building is taken to be of steel construction. Alternative assessments were provided for Food and for Bulky Goods; however the physical characteristics were identical. The development was modelled alternatively on Greenfield and Previously Developed sites.

ii. **Small 'Shed'** is a single storey development of 1,000 m2 (10,760 sqft) retail area. A total of 75 car parking spaces were provided, giving a total site area of 0.45 ha. The building is of steel construction. Alternative assessments were provided for Food and Bulky Goods, though the physical form was unchanged. The development was modelled alternatively on Greenfield and Previously Developed sites.

iii. **Town Centre Shop** is a brick built development on two storeys, of 150 m^2. No car parking or loading space was allowed for, and the total site area (effectively the building footprint) was 0.017 ha.

11.28 In line with the Guidance we have only assessed developments of over 100 m^2. There are of course, other types of retail development such as small single farm shops, petrol filling stations and garden centres. We have not included these in this high level study due to the great diversity of project that may arise. For the larger units we have looked at Bulky Goods and Food. There is of course a range of uses in between and some cross over. Supermarkets sell more than just food, and retailers such as Boots and Gap now trade from non-traditional, out of town sites. The viability of such developments will vary depending on their individual characteristics.

11.29 In developing these typologies we have made assumptions about the site coverage and density of development on the sites. We have assumed 15% building coverage on the large shed sites and 22% building coverage on the small sheds, and on the town centre shops we have assumed 100% coverage. The remainder of the larger sites are car parking, internal roads and landscaping. We have assumed simple single story construction and have assumed there are no mezzanine floors.

The commercial property market

11.30 We had expected to find a number of distinct market areas that broadly correspond to the zones used in the earlier part of this report to test the affordable housing target. The overwhelming characteristic of the commercial property market is that very little is happening and almost no development is being completed at the moment.

11.31 The Lewes District area, in terms of the commercial property market, is rather an 'in between' place. It is strongly influenced by Brighton to the south west and by the commuter towns (e.g. Haywards Heath and Horsham) to the north. It does however have distinct differences.

11.32 There are three broad markets within the Lewes District Area:

- the coastal area being the southernmost seaside towns and several miles to their north
- the northern area being the approximate area to the north of Ditchling, South Chailey and Newick
- The remainder being centred on Lewes.

11.33 We have given considerable thought as whether or not the market could be sensibly described using the areas used to describe the housing market (Coastal Belt, Lewes Town and Residual Rural) but do not think that this would be well based. We recommend that three areas are used:

- **The Coastal Belt** – as for the residential areas.
- **The National Park Area** – being the part of LDC that lies within SDNP.
- **The Northern Area** – the remaining area being to the north of the National Park boundary.

11.34 We analysed various sources of market information. The principle sources being the information held by local agents, research published by national agents, and through the Estates Gazette's EGI database. Over 80% of the commercial property that we identified as being available was for rent rather than for sale. Appendix 4 includes a schedule of commercial space that is currently available in and close to the area. Clearly much of this commercial space is 'second-hand' and not of the configuration, type and condition of new space that may come forward in the future and be subject to CIL, so is likely to command a lesser rent than new property in a convenient well accessed location with car parking and

that is well suited to the modern business environment. With this in mind we have used the following rents in reaching our views about commercial capital values:

Table 11.1. Typical rents by sub-area £/m^2/year

	Coastal Belt	National Park Area	Northern Area
Large industrial	54	91	38
Small industrial	54	73	48
Large office	0	129	172
Small office	97	97	135
Large retail	175	0	185
Small Retail	237	248	215

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

11.35 Through analysing the available rental space and the space for sale we have formed a view as to the capital value of industrial and office space. In capitalising the rents we have assumed a yield of 7% (a Year's Purchase of 14.5)[1]. We acknowledge that the yield will vary from property to property and will depend on the terms of the lease and the standing of the tenant, however, we believe that this a fair figure across the market. There are several exceptions to these. For the large industrial and office space which we have identified as being more attractive to institutional investors we have assumed a lower yield of 6.5% (Year's Purchase of 15.5). We have also assumed a yield of 11% (Year's Purchase of 9) for small retail as there is not an established market in this asset class amongst investors

[1] The capitalisation of rents using the yields and Year's Purchase is widely used by Chartered Surveys and others. The Year's Purchase is the factor by which the rent is multiplied to calculate the capital value (calculated at 1/ yield).

Table 11.2 Capitalised typical rents by sub-area area £/m^2			
	Coastal Belt	National Park Area	Northern Area
Large industrial	834	1,418	584
Small industrial	780	1,054	702
Large office	0	2,002	2,669
Small office	1,405	1,405	1,951
Large retail	2,537	0	2,682
Small Retail	2,131	2,228	1,938

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

Price assumptions for financial appraisals

11.36 Inevitably the data in Tables 11.1 and 11.2 does not match perfectly with the asking prices of properties in the market. We have therefore looked at further sources of information (such as the council's Employment Land Availability Assessments) to produce the following results that we have used in our appraisals:

Table 11.3 Typical values by sub area £/m^2			
	Coastal Belt	National Park Area	Northern Area
Large industrial	850	1,500	600
Small industrial	780	1,050	700
Large office	0	2,500	3,000
Small office	1,900	1,900	2,350
Large retail	2,500	2,600	2,600
Small Retail	2,500	3,000	2,500

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

11.37 As well as the above development types we have assumed a rental of £3,750 / room per year for a budget hotel to apply across the area. Assuming a yield of 6.5% this equates to a value of about £2,150 /m^2.

Land values

11.38 In order to assess development viability it is necessary to analyse current land values. We have used the data set out in Chapter 4 of this report. In all cases we have assumed

£25,000/ha for greenfield sites and £900,000 /ha for brownfield sites. The exception to this is in the Northern Area where we have assumed a brownfield value of £1,000,000 /ha.

11.39 In line with the residential work we have assumed that the landowners will seek an uplift of 20% over the existing use value and that the owners of greenfield sites (farmland and paddocks) will seek a further additional £250,000 /ha.

Cost assumptions for viability analysis

11.40 The costs associated with a development need to be considered so that they can feed into the financial appraisals. These are summarised below and follow the assumptions used in the residential sections of this report.

11.41 We have again used the published information from BCIS). The costs are specific to different built forms (office types, shop types etc.). On the basis of these cost figures, it is possible to draw up appropriate cost levels for constructing newbuild employment space in the Lewes District. The following have been used:

Table 11.4 Build Costs - BCIS Base Cost £/m^2	
Large industrial	550
Small industrial	650
Large office	1,000
Small office	1,100
Large retail	575
Small Retail	790
Shop	800
Leisure (hotel)	895

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

11.42 We have given careful consideration as to the costs of achieving higher environmental performance (as defined by BREEAM) – particularly through reference to the BRE / Cyril Sweett research reported in their publication '*Putting a Price on Sustainability'*. Considerable improvements can be made through design, some of which actually reduce the cost of delivery (i.e. substituting air conditioning with natural ventilation). We have therefore not made further adjustments to the BCIS fingers quoted above.

11.43 In addition to the build cost figures described above, allowance needs to be made for a range of infrastructure costs – roads, drainage and services within the site; parking, footpaths, landscaping and other external costs; offsite costs for drainage and other services, and so on. Many of these items will depend on individual site circumstances, and can only properly be estimated following a detailed assessment of each site. We made an allowance of 15% of build costs for each scheme to cover infrastructure costs.

11.44 In some cases where the site involves redevelopment of land which was previously developed, there is the potential for abnormal costs to be incurred. Abnormal development costs might include demolition of substantial existing structures; piling or flood prevention measures at waterside locations; remediation of any land contamination; remodelling of land levels, and so on. We have run a scenario where the site is on previously developed land. With this variable we have increased the costs by an additional 15% cost.

11.45 We have assumed professional fees amount to 8% of build costs, in each case.

11.46 For previously undeveloped and otherwise straightforward sites, we would normally allow a contingency of 2.5%, with a higher figure of 5% on more risky brownfield types of development.

11.47 For simplicity it has been assumed throughout, as with most financial appraisals, that either VAT does not arise, or its effect can be ignored.

11.48 Our appraisals assume 7% pa for interest on outgoings. In line with the 'high level' nature of this study we have used the developer's rule of thumb to calculate the interest – being the amount due over one year on half the total cost. We accept that is a simplification however due to the high level and broad brush nature of this analysis that it is appropriate.

11.49 For the purpose of the present study a six month void period is assumed for all sites – we have increased the interest to reflect this.

11.50 The appraisals are assumed to have been prepared using prices and costs at a base date of September 2011, with an immediate start on site. A pre-construction period of three months is assumed. Each unit is assumed to be built over a nine month period.

11.51 Each site is assumed to proceed immediately and so, other than interest on the site cost during construction, there is no allowance for holding costs, or indeed income, arising from ownership of the site.

11.52 Acquisition costs include stamp duty at 4% on site values of £0.5 million and above (reduced below this level), together with an allowance of 1.5% for acquisition agents' and legal fees.

Results

11.53 Having assimilated the information as described above individual site appraisals have been run for the different site typologies in the different areas. The appraisals are included in Appendix 6 and the results are summarised in the table below:

Table 11.5 Appraisal Results showing Additional Profit and Approximate Residual Value - Greenfield

	Large Industrial	Small Industrial	Large Office	Small Office	Large Retail	Smaller Retail	Shop
Coastal Belt							
Additional Profit	-503,142	-140,975	-1,044,229	-85,311	5,727,804	592,914	88,202
Residual Land Worth (APPROX.)	-465,942	-129,119	-1,028,479	-75,336	7,055,304	748,914	101,312
National Park Area							
Additional Profit	434,301	-89,055	157,621	-85,311	6,304,692	1,073,654	88,202
Residual Land Worth (APPROX.)	471,501	-77,199	173,371	-75,336	7,632,192	1,229,654	101,312
Northern Area							
Additional Profit	434,301	-89,055	157,621	-85,311	6,304,692	1,073,654	88,202
Residual Land Worth (APPROX.)	471,501	-77,199	173,371	-75,336	7,632,192	1,229,654	101,312

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

Table 11.6 Appraisal Results showing Additional Profit and Approximate Residual Value - Brownfield

	Large Industrial	Small Industrial	Large Office	Small Office	Large Retail	Smaller Retail	Shop
Coastal Belt							
Additional Profit	-822,461	-190,347	-1,209,303	-139,063	902,909	-63,215	37,991
Residual Land Worth (APPROX.)	-717,761	-168,591	-1,174,803	-123,463	5,230,409	430,285	63,851
National Park Area							
Additional Profit	114,982	-138,427	-7,453	-139,063	1,479,797	417,525	37,991
Residual Land Worth (APPROX.)	219,682	-116,671	27,047	-123,463	5,807,297	911,025	63,851
Northern Area							
Additional Profit	114,982	-138,427	-7,453	-139,063	1,479,797	417,525	37,991
Residual Land Worth (APPROX.)	219,682	-116,671	27,047	-123,463	5,807,297	911,025	63,851

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

11.54 In addition to the above we calculated the additional profit for a roadside hotel to be £790,000 on a greenfield site and £157,000 on a brownfield site.

11.55 The above results largely reflect the difficult state of the property sector and the situation within Lewes District with little development happening (because it is not attractive to do so). It is however apparent that some types of development do generate some positive values. In order to make meaningful comparisons, and to reflect the CIL guidance, the additional profit figures need to be converted to a £/m^2 charge basis. The resulting figures, set out in the following two tables, then show a potential level of CIL charge.

Table 11.7 Appraisal Results showing potential maximum CIL payment £/m^2							
	Large Industrial	Small Industrial	Large Office	Small Office	Large Retail	Smaller Retail	Shop
Greenfield							
Coastal Belt	0	0	0	0	955	593	588
National Park Area	290	0	315	0	1,051	1,074	588
Northern Area	0	0	796	0	1,051	593	588
Brownfield							
Coastal Belt	0	0	0	0	150	0	253
National Park Area	77	0	0	0	247	418	253
Northern Area	0	0	458	0	144	0	236

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

11.56 Additionally we found that typical budget hotel development could bear a maximum of £489 /m^2 on greenfield sites and up to £97 /m^2 on brownfield sites.

Conclusions

11.57 As with the residential analysis in the previous chapter we take this opportunity to stress that we are not suggesting that CIL is set at these rates. The above analysis shows the maximum amount of CIL that these modelled developments can bear. This information is an important element of the evidence for setting CIL but is only one part of the evidence the wider context needs to be considered. We do this in Chapter 12 below.

12. Setting CIL Rates

12.1 In the preceding chapters we have looked at the maximum amount of CIL that the various development sites could bear. This is an important aspect of producing a charging schedule but the maximum rates are not the rates that should, necessarily, be used in the Charging Schedule. As well as viability evidence there is a requirement for the charging authority to have evidence of the need for and cost of delivering the infrastructure required to support new development.

Regulation and Guidance

12.2 The CIL Regulations and Guidance are clear and it is useful to review the relevant sections. Looking first at Regulation 14:

Setting rates

14. (1) In setting rates (including differential rates) in a charging schedule, a charging authority must 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 actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and

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

(2) In setting rates in a charging schedule, a charging authority may also have regard to actual …….

12.3 The council needs to consider and strike a balance between raising CIL and adversely impacting on development.

12.4 Moving onto the Guidance.

1. Section 206 of the Planning Act 2008 (The Act) confers the power to charge CIL on certain bodies known as charging authorities. The charging authority's responsibilities, if they decide to levy CIL, will be to: …… This will involve consultation and …

12.5 The process of setting of CIL involves consultation – the comments of those in the development industry will clearly be important.

7. By providing additional infrastructure to support development of an area, CIL is expected to have a positive economic effect on development across an area in the medium to long term. In deciding the rate(s) of CIL for inclusion in its draft charging schedule, a key consideration for authorities is the balance between securing additional investment for infrastructure to support development and the potential economic effect of imposing CIL upon development across

their area. The CIL regulations place this balance of considerations at the centre of the charge-setting process. In view of the wide variation in local charging circumstances, it is for charging authorities to decide on the appropriate balance for their area and 'how much' potential development they are willing to put at risk through the imposition of CIL. The amount will vary. For example, some charging authorities may place a high premium on funding infrastructure if they see this as important to future economic growth in their area, or if they consider that they have flexibility to identify alternative development sites, or that some sites can be redesigned to make them viable. These charging authorities may be comfortable in putting a higher percentage of potential development at risk, as they anticipate an overall benefit.

10. *The examiner should not use the CIL examination to question a charging authority's choice in terms of 'the appropriate balance', unless the evidence available to the examination shows that the proposed rate(or rates) will put the overall development of the area at serious risk. The examiner should be ready to modify or reject the draft charging schedule if it puts at serious risk the overall development of the area. In considering whether the overall development of the area has been put at serious risk, the examiner will want to consider the implications for the priorities that the authority has identified in its Development Plan (for example planned targets for housing supply and affordable housing), or in the case of the Mayor's CIL, the implications for the London Plan. In considering whether the Development Plan and its targets have been put at serious risk, the examiner should only be concerned with whether the proposed CIL rate will make a material or significant difference to the level of that risk. It may be that the Development Plan and its targets would be at serious risk in the absence of CIL.*

23. *The legislation (section 212 (4)(b)) requires a charging authority to use 'appropriate available evidence' to inform their draft charging schedule. It is recognised that the available data is unlikely to be fully comprehensive or exhaustive. Charging authorities need to demonstrate that their proposed CIL rate or rates are informed by 'appropriate available' evidence and consistent with that evidence across their area as a whole.*

Evidence should inform the draft charging schedule

27. *The legislation (section 212 (4) (b)) only requires a charging authority to use appropriate available evidence to 'inform the draft charging schedule'. A charging authority's proposed CIL rate (or rates) should appear reasonable given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence, for example, if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism.*

Factors to consider

28. *In proposing a CIL rate (or rates), charging authorities should take into account other development costs arising from existing regulatory requirements, including taking account of any policies on planning obligations in the Development Plan (in particular those for affordable housing). In proposing the rate(s) of CIL to charge, a charging authority should consider the potential impact of exemptions or reductions relating to social housing and many developments by charities, as these will reduce the amount of CIL revenue that they can collect.*

36. *Regulation 13 also allows charging authorities to articulate differential rates by reference to different intended uses of development (for example residential and commercial development) across their charging area provided that the different rates can be justified by a comparative assessment of the economic viability of those categories of development. Where an authority has applied differential rates in this way, the charging schedule should reflect those rates by reference to the intended use of development.*

12.6 It can be seen that the setting of CIL is largely a matter of judgment – it is an art rather than a science. It is for the Charging Authority to strike the balance based on its wider objectives if meeting its policies, ensuring development is not prejudiced and the input of the consultation process. This does not mean that the CIL rates can be set at any level the council wants below the maximum rate. The factors in paragraphs 37 to 39 do impose some restrictions.

> *37. An authority could set differential rates by reference to both zones, and the categories of development within its area. For instance, an authority might choose to divide its area into a higher and lower value zone and set differential rates by reference to those zones. It could go further and set differential rates for residential and commercial development within both the higher and lower value zones. However, charging authorities should be mindful that it is likely to be harder to ensure that more complex patterns of differential rates are State aid compliant, so for example, charging authorities need to be consistent in the way that appropriate available evidence on economic viability informs the treatment of a category of development in different zones.*
>
> *38. Charging authorities that plan to set differential CIL rates should seek to avoid undue complexity, and limit the permutations of different charges that they set within their area. Charging authorities should not exempt or set a zero rate for a particular zone or category of development from CIL, unless they can demonstrate that this is justifiable in economic viability terms (which would require evidence of very low (i.e. at the margins of viability, such that any charge would be de minimis), zero or negative viability across that zone or category of development). However, if the evidence shows that their area includes a zone or category of development of low viability, charging authorities should consider setting a low CIL rate in that area or for that category (consistent with the evidence). Charging authorities should not seek to exempt individual development sites from CIL through setting a differential rate. CIL is based upon broad assessments and it will not be appropriate to seek to draw zones on the basis of the individual sites.*
>
> *39. Resulting charging schedules should not impact disproportionately on a particular sector or small group of developers.*

12.7 Of particular importance is the guidance about state aid. This was debated at some length at the recent Shropshire CIL examination. Shropshire Council had put forward, in their Charging Schedule, a range of rates well below the maximum viability limits. Newark and Sherwood District Council submitted a substantial objection that to do this amounted to state aid. Shropshire Council set out and explained to the Examiner their reasons for this and the Charging Schedule was approved. The Examiner did not mention state aid in her report however we think that it is safe to assume that had she was worried about this issue she would have done so.

Local CIL Rates

12.8 An important aspect of informing the CIL Charging Schedule is the impact that CIL may have on future development. The rates being charged by other councils are clearly an important factor in considering this – if one authority was to charge a rate that was significantly different

to one of its neighbours then that may deter or encourage development. Clearly this is a material consideration.

12.9 CIL testing is at an early stage. Just two Charging Schedules have been examined. There are, however, a number of councils that are working on draft schedules. We have collated some information and summarised it below.

Table 12.1. Emerging CIL Charges

Council	Retail		Housing			Offices		
	Large	Small	High	Medium	Low	High	Medium	Low
LB Westminster			560	300	200	480	300	200
LB Wandsworth	100	100	575	250	0		100	
LB Redbridge	70	70		70			70	
Portsmouth	53	53		105		0	0	0
Huntingdonshire				98		0	0	0
Newark & Sherwood	100	100	75	+/- 60	0	0	0	0
Shropshire	0	0	80		40	0	0	0
Colchester	240	90		120			0	
Mid Devon	250	0		113		0	0	0
Wycombe	250	125	150		125	0	0	0
South Norfolk	135	25	160	135	75		0	
Brent	341	66	300		200	147		81
Croydon	120	120	120		0	20		0

Source: LDC & SDNPA AHVS 2011 (RS Drummond-Hay MRICS)

12.10 There is a wide variation in the above.

Determining the rate

12.11 It is not the purpose of this study to determine the rate of CIL. Whilst the analysis carried out in the previous chapters has established the maximum amount of CIL that the modelled can bear the evidence in relation to infrastructure has not yet been gathered.

12.12 We would urge caution when setting the rates of CIL and proposing a Draft Charging Schedule for the following reasons:

i. At the consultation events the industry did express concern about the maximum amounts indicated that such high rates would almost certainly deter development – particularly if neighbouring Charging Authorities opt for lower amounts.

ii. The property industry is an important part of the national and local economy and it is directly effected by macro-economic factors. At the time of writing this report there is considerable uncertainty due to the European sovereign debt crises and the future of the Euro and there is a high chance that the economy may be returning to recession. Generally confidence is low and a substantial additional cost in the form of CIL will add to the risks of development.

iii. The banking industry remains 'risk adverse' limiting the availability of finance for developers and the end purchasers (through retail mortgages). This has resulted in both developers and the end users of residential and commercial property to have to pay larger deposits when acquiring a home or business premises. In spite of various government announcements of initiatives to assist in this regard securing finance remains a real challenge for the industry.

iv. There remains uncertainty about the property market. Very few commentators are predicting anything other than a continuation of the current difficult times for some time to come.

12.13 It is quite clear from the analysis that we have undertaken, and that has been tested with stakeholders that there is considerable scope for development in the Lewes District area to bear CIL but we believe there is a high likelihood that a high level of CIL would deter development. We would recommend that when rates are adopted that they are monitored carefully and in relation to neighbouring authorities and a provision to review the rates is incorporated into the Draft Charging Schedule.

Appendix 1: New homes for sale

			Beds	m2	£	£/m2
Seaview Av	Peacehaven	End of terrace	2	74.46	100,000	1,343
Jubilee Bakehouse	Uckfield	detached	4		359,500	
Meridian Row	Lewes	Terrace	3	68.18	339,950	4,986
			2	65.66	289,950	4,416
			2	68.18	324,950	4,766
			2	65.66	0	0
			2	65.66	0	0
The Lynchets	Lewes	Detached	3	92.66	299,950	3,237
5 Smithy Close	Plumpton Gn	Semi	3	89.30	319,950	3,583
The Nurseries	Lewes	FOG ++	3	91.13	450,000	4,938
25&27 East St	Lewes	Semi	3	116.37	450,000	3,867
			3	116.37	450,000	3,867
Beresford Rd	Denton	Det	4	136.97	284,950	2,080
De Montford Rd	Lewes	Terrace	3	114.84	0	0
			0	24.64	375,000	2,689
Montacute Rd	Lewes	detached	5	267.00	750,000	2,809
			5	250.00	750,000	3,000
			4	222.00	695,000	3,131
Gainsborough Place	Wivelsfield	Detached	4	120.00	399,995	3,333
		Flat	2	52.67	169,995	3,228
		flat	2	60.20	174,995	2,907
		Semi	3	101.00	289,994	2,871
		Semi	4	101.00	289,995	2,871
		flat	2	114.00	0	0
		flat	3	60.00	143,995	2,400
		flat	4	53.00	174,995	3,302
		flat	5	67.00	189,995	2,836
		flat	6	53.00	174,995	3,302
		flat	7	60.00	182,995	3,050

		Semi	3	101.00	279,995	2,772
Meridian End	Peacehaven	The Lincoln Flat	2	31.23	145,950	4,674
		The Potter	2	49.21	159,950	3,250
		FOG	2	28.78	169,950	5,906
		Finston	3	76.50	206,950	2,705
		The Beardsley	3	71.23	206,950	2,905
		Portman	3	129.13	234,950	1,819
		Beaumont	3	104.15	289,950	2,784
Folders Meadow	Burges Hill	The Primrose	3	93.27	315,000	3,377
		The Primrose	3	93.27	299,500	3,211
		The Primrose	3	93.27	335,000	3,592
		Buttercup	2	79.00	264,950	3,354
		Redshank	3	112.12	342,000	3,050
		Cleavers	4	111.70	367,500	3,290
		Hawthorn	3	105.30	330,750	3,141
		Hazel	3	94.76	315,000	3,324
Hammonds Ridge	Burges Hill	Keymer	4	112.96	407,500	3,608
		Keymer	4	112.96	404,950	3,585
		Clayton	4	112.96	387,500	3,431
		Clayton	4	112.96	399,950	3,541
					0	
The Limes	Lindfield	Argyll	1	62.50	194,995	3,120
		Richmond	2	64.20	249,995	3,894
		Maidstone	3	76.65	296,995	3,875
		Eskdale	3	102.40	327,995	3,203
		Woodcote	4	124.00	369,995	2,984
		Chestnut	4	119.19	432,995	3,633
		Viburnum	4	127.18	499,995	3,931
		ash	4	142.33	522,995	3,675
				5,415.14	**17,191,354**	**3,175**

Appendix 2: Development Land

North Quay Road, Newhaven, East Sussex
Size: 1.19ha
Price: £1,000,000.00
Date Added: 04/10/2011
Description: Situated on the South Coast, in an established industrial and commercial location to the east side of Brighton area, just off the A259 Coast Road and close to the A26 (which in turn links with the A27 near Lewes). Newhaven town centre, retail parks, Port and cross-cha...

Old School House, HAILSHAM, East Sussex
Size: 0.105ha
Price: GBP
Date Updated: 05/08/2011
Description: The Old School House comprises of warehouse/store and associated offices. Potential for residential redevelopment, subject to planning. The Old School House comprises of warehouse/store and associated offices (Class B8) over a part single part two storey building with a...

Hackhurst Lane, Hailsham, East Sussex
Size: 14820 sq ft
£1.5m to 2m
Date Added: 27/07/2011
Description: The site is currently held in two separate ownerships and provides a total area of 9.64 Ha (23.82 acres). It is shown for identification purposes only, edged in red and blue on the attached Ordnance Survey Plan. The site is currently vacant and is generally level. Part of the property benefits from planning consent for the erection of industrial and warehouse buildings totalling 14,829 sq m (159,618 sq ft) within classes B1, B2 & B8 with 234 car and 60 cycle spaces.
The development site (edged red) adjoins the existing Hackhurst Lane Industrial Estate with access currently being provided via the existing estate road. A condition of the planning consent however, is that the new development will be accessed via a new road directly

The Gateway, Burgess Hill
Price: £750,000.00
Size: 4.0000 Acres
Date Added: 17/02/2010
Description: Situated on the Burgess Hill Wester By-Pass, the 4.25 acre site benefits from detailed planning consent for 60,000 sq ft, B1/B8 use. Sui Generis uses will also be considered.

Placketts Corner, Polegate, East Sussex
Price: Offers Invited
Size: 4.676 Acres
Date Updated: 26/08/2011
Description: The property comprises a cleared site extending to approx 4.676 acres. The site was formerly a concrete block works. Approx 2.064 acres is cleared, level and ready for development. The property was granted a Lawful Development Certificate for a Proposed Use or Development in August 2008 by Wealden District Council for operational development of the site to provide six detached houses (Ref: WD/2008/2063/LDP). Relevant documents may be viewed at www.wealden.gov.uk. In August 1998 an outline planning permission was granted (WD/1998/1516/FA), which was subject to reserved matters approval WD/2001/1950/RM and planning permission WD/2004/3341/FA that collectively kept the planning permission extant.

Black Rock, Marina Way, Brighton
Rent: 1.25 / sq ft
Size: 14000 - 46000 sq ft
Date Added: 04/02/2011
Description: For further information please contact sole agents Stiles Harold Williams

Planning for 9 Apartments, The Upper Drive, Hove, East Sussex
Price: £1,000,000.00
Date Added: 15/04/2011
Description:

Subject to Planning, Palmeira Avenue, Hove, East Sussex
Price: £1,000,000.00 (OIRO)
Date Added: 15/04/2011
Description:

25 Cliff Road, Seaford, East Sussex
Price: £575,000.00 (freehold)
Size: 0.54 Acres
Date Added: 15/09/2011
Description: RESIDENTIAL DEVELOPMENT SITE * Planning permission for 3 executive homes with superb seafront location with stunning views * The site occupies an outstanding location on Cliff Road, enjoying excellent views of the English Channel and Seven Sisters Cliffs. The site exte...

33 Mile Oak Road, Brighton, East Sussex
Price: £595,000.00
Date Added: 15/04/2011
Description:

Site, Station Road, CROWBOROUGH, East Sussex
Price: £190,000
Size: 0.3200 Acres
Date Added: 22/12/2010
Description: Crowborough is situated in the County of East Sussex approximately 8 miles to the south west of Tunbridge Wells and 7 miles to the north east of Uckfield. The site is accessed from Crowborough Hill (B2100) which links directly to the A26 to the west. Crowborough mainl...

Bedfordwell Road, Eastbourne, East Sussex
Size: 5.71 Acres

Date Updated: 27/09/2011
Description: The Property is located on the northern fringe of Eastbourne town centre and has the benefit of detailed planning permission for 154 new homes. The property was previously in B1 business, B2 industrial and B8 storage/distribution uses. The Property is accessible from Be...

Planning for 4 Houses, Shopsdam Road, Lancing, West Sussex
Price: £660,000.00
Date Added: 15/04/2011
Description:

Millfields Barn, Rowhook, Rowhook, West Sussex
Price: £185,000.00
Size: 4425 - 4450 sq ft
Date Added: 04/07/2011
Description: Millfields Barn comprises a large building of concrete portal frame construction of dimensions 127 ft x 24 ft with a lean to of 67 ft x 21 ft, giving a gross floor area of approximately 4,450 sq. ft (approximately 415 sq. m.).The building is partly partitioned internall...

Phase 2, MAIDENBOWER BUSINESS PARK, Balcombe Road, Crawley, West Sussex
Price: £600,000.00
Size: 0.7400 Acres
Date Updated: 01/07/2011
Description: The site is conveniently located at the south-eastern edge of Crawley, adjoining the A/M23 at J10a. This forms part of Maidenbower Business Park of which Phase 1 comprises 6 self-contained, two storey offices recently completed. Phase 2 has consent for an additional 3 u...

Unit 54, HOBBS INDUSTRIAL ESTATE, Eastbourne Road, Lingfield, Surrey
Rent: £89,000 / Annum
Size: 1.13 - 2.38 Acres
Date Added: 30/06/2011
Description: The property comprises two separate parcels of open storage land (1.13 and 1.25 acres) with mains services connected or nearby/except gas. The surfaces comprise principally concrete with some asphalt and Type 1. One parcel has 2.4m palisade fencing throughout. In additi...

0 Part East Park Farm, East Park Lane, Lingfield, Surrey
Price: £975,000.00
Date Updated: 03/03/2011
Description: The property is a unique opportunity to acquire a live/work property comprising 3 barns with commercial use, together with a dwelling in a barn conversion requiring some limited finishing and approximately 10 acres of land.One of the 3 barns has a B1 use and the other 2...

Former Blue Prince Mushroom Farm, Gatwick Secure Store, Horley, Surrey

Price: POA
Size: 10.0000 - 25.0000 Acres
Date Updated: 21/11/2010
Description: The site, which extends to a total of circa 25 acres, comprises a former mushroom farm of approximately 10 acres and surrounding undeveloped farmland immediately adjacent to (although not linked to) Junction 9 of the M23, the principal junction for Gatwick Airport. The ...

Land North of Tarring Road, Worthing
Price: £200,000.00
Size: 6,943 sq ft
Date Added: 13/05/2011
Description: *Central Worthing Residential Development Site*Planning permission for 10 dwellings*Unconditional offers invited in the region of £200,000The site has an area of approximately 0.59 acres, with considerable road frontage. The rear and side boundaries are fenced and ther...

Land off, Foundry Lane, Horsham, West Sussex
Rent: £1 / sq ft
Size: 31,234 sq ft
Date Added: 24/08/2011
Description:

Warrens Coaches, High Street , Ticehurst
Price: £1,650,000.00 (offers invited in the region)
Date Updated: 24/09/2011
Description: Brownfield Site 1.11 acres (0.45 hectares)to be sold with Agricultural Land to the Rear 5.23 acres (2.12 hectares)Planning Consent Granted for Demolition and Construction of 25 Extra Care Apartments plus On-Site FacilitiesAlso Considered Suitable for Other Employment Ge...

Stedmans Garage, Arundel Road, Worthing, West Sussex
Price: £600,000.00
Size: 0
Date Added: 24/09/2010
Description: Situated alongside an Esso Petrol Station (Glendale Service Station) on the south side of the main A27 trunk road at Worthing, just west of the A24 London Road junction. According to the Highways Agency, the A27 at this location has a daily traffic flow of circa 25,000 ...

Hodsons Mill, Northbridge Street, Robertsbridge, East Sussex
Date Added: 25/07/2011
Description: A major development opportunity suitable for a range of commercial uses. Land and buildings for sale.

The Wealden Brickworks Site, Site Hb, Langhurstwood Road, Horsham, West Sussex
Date Added: 09/06/2011
Description: The site is alongside the operational Warnham Brickworks, and site Ha which is owned by West Sussex County Council. The remaining areas are in the ownership or control of Biffa, who are developing a major mechanical and biological treatment facility (Ref: DC/06/2919), p...

Hodson's Mill, Northbridge Street, Robertsbridge, East Sussex
Price: POA
Size: 9.9000 Acres
Date Added: 28/09/2010
Description: A major development opportunity suitable for a range of commercial uses.Located on the northern side of Robertsbridge approximately 1/2 mile from the A21 London to Hastings Road, the site comprises approximately 9.9 acres (4.0ha). The site has been partially cleared fo...

Open yard secure storage , Ranworth, Charlwood Road, Gatwick, Surrey
Rent: £520 - £15000 / Annum
Size: 250 - 5000 sq ft
Date Updated: 07/06/2011
Description: OPEN STORAGE suitable for HGV, car, van, caravan, container etc.Property is ideal for logistics and operators licence's.Self-store units available, 24 hour access, Short term/long term available at competitive prices.Located close to Gatwick Airport perimeter road, M23 ...

Water Farm, Bashurst Hill, Horsham, West Sussex
Price: £1,000,000.00 (OIRO)
Date Added: 28/09/2011
Description:

Appendix 3: BCIS Construction Costs

BCIS GIA £/m2 East Sussex 24/9/2011						
Building Function / Description		**Mean**	**Decile 1**	**Quartile 1**	**Median**	**Quartile 3**
Car parks (Multi-storey)		361		294	342	428
Car parks (Underground)		510			471	
Domestic scale garages		694			822	
Livestock buildings - farms(pig pens, milking parlours, etc)		279			304	
Agricultural storage buildings		457			433	
Factories	Generally	659	338	426	580	805
	Up to 500m2 GFA	806	518	606	685	888
	500 to 2000m2 GFA	645	353	433	566	787
	Over 2000m2 GFA	602	329	368	491	820
Advance factories	Generally	567	338	397	535	679
	Up to 500m2 GFA	731	566	596	652	767
	500 to 2000m2 GFA	566	338	402	515	702
	Over 2000m2 GFA	430	327	340	396	506
Advance Factories/Offices - mixed facilities (class B1)	Generally	782	334	419	719	1005
	Up to 500m2 GFA	1258			1468	
	500 to 2000m2 GFA	752	329	472	719	967
	Over 2000m2 GFA	648		416	573	917
Purpose built factories	Generally	697	330	432	608	866
	Up to 500m2 GFA	926		641	793	1258
	500 to 2000m2 GFA	660	362	458	566	774
	Over 2000m2 GFA	703	326	398	663	895
Purpose built factories/Offices - mixed facilities		664	313	402	570	806
Warehouses/stores	Generally	574	306	368	451	608
	Up to 500m2 GFA	1089		631	770	1072

	500 to 2000m2 GFA	581	342	374	474	725
	Over 2000m2 GFA	507	283	355	414	543
Advance warehouses/stores		412	283	347	384	429
Purpose built warehouses/stores	Generally	605	330	371	488	589
	Up to 500m2 GFA	1089		631	770	1072
	500 to 2000m2 GFA	518	311	359	400	545
	Over 2000m2 GFA	541	324	368	484	551
Offices	Generally	1239	806	965	1175	1402
	Air-conditioned	1372	932	1103	1252	1481
	Air-conditioned	1210	860	987	1180	1335
	Air-conditioned	1368	1031	1175	1256	1482
	Air-conditioned	1848	1276	1383	1609	2092
	Not air-conditioned	1134	764	869	1058	1278
	Not air-conditioned	1045	760	817	998	1199
	Not air-conditioned	1205	801	962	1136	1310
	Not air-conditioned	1566			1634	
Mixed commercial developments		1033		623	1040	1456
Retail warehouses	Generally	578	366	444	511	630
	Up to 1000m2	664		450	563	583
	1000 to 7000m2 GFA	564	344	416	503	644
	7000 to 15000m2	555		443	519	635
	Over 15000m2 GFA	415			397	
Shopping centres		931			884	
Department stores		966		763	810	1096
Hypermarkets, supermarkets	Generally	1094	654	777	1104	1413
	Up to 1000m2	1103			968	
	1000 to 7000m2 GFA	1115	598	786	1159	1428
	7000 to 15000m2	820			817	
Shops	Generally	783	429	524	691	890
	1-2 storey	788	421	518	668	911

	3-5 storey	738		623	726	831
Nursing homes, convalescent homes, short stay medical homes		1283	859	928	1289	1475
Hospices - Homes for chronic invalids, addicts, etc		1471		1172	1488	1718
Old people's home	Generally	1116	827	984	1123	1251
	Up to 500m2 GFA	1065			1059	
	500 to 2000m2 GFA	1134		995	1133	1240
	Over 2000m2 GFA	1103	857	919	1094	1244
Restaurants		1631		1443	1671	1818
Cafes, snack bars, coffee bars, milk bars		1752		1245	1807	1857
Public houses, licensed premises	Generally	1535	1297	1393	1474	1759
	Up to 500m2 GFA	1533		1437	1511	1633
	500 to 2000m2 GFA	1536	1212	1388	1413	1818
Function rooms, banqueting rooms, meeting rooms, etc		2955			2929	
Community Centres	Generally	1271	865	1037	1274	1492
	Up to 500m2 GFA	1223	826	923	1214	1456
	Up to 500m2 GFA	1275	854	953	1230	1474
	Up to 500m2 GFA	1166	782	923	1163	1304
	Up to 500m2 GFA	1400			1496	
	500 to 2000m2 GFA	1299			1296	
	500 to 2000m2 GFA	1309	895	1127	1299	1522
	500 to 2000m2 GFA	1319	924	1117	1295	1538
	500 to 2000m2 GFA	1275	769	1115	1311	1519
	Over 2000m2 GFA	1287		1157	1389	1424
	Over 2000m2 GFA	1302			1389	
General purpose halls	Generally	1343	920	1082	1340	1511
	Up to 500m2 GFA	1389	942	1227	1396	1539
	500 to 2000m2 GFA	1161	859	964	1108	1293
Sports centres/recreational centres	Generally	1109	824	936	1073	1231
	Up to 500m2 GFA	1454		1154	1308	1685
	500 to 2000m2 GFA	1064	822	913	1037	1206

	Over 2000m2 GFA	1100	822	973	1088	1176
Sports centre/recreation centres inc swimming pools	Generally	1606	1137	1375	1638	1779
	500 to 2000m2 GFA	1614		1177	1519	1946
	Over 2000m2 GFA	1603	1285	1425	1638	1772
Gymnasia/sports halls	Generally	1064	767	881	1056	1242
	Up to 500m2 GFA	1334		1270	1386	1508
	500 to 2000m2 GFA	1049	767	882	1050	1200
	Over 2000m2 GFA	979		803	960	1272
Indoor athletics training centres	Generally	946		752	939	1115
	Over 2000m2 GFA	997		807	1023	1120
Gymnasia, fitness centres, etc		1376		756	1537	1868
Sports pavilions, club houses and changing rooms	Generally	1240	770	937	1157	1442
Schools	Generally	1337	941	1104	1298	1528
	Public	1335	940	1104	1297	1527
	Private	1354	954	1105	1300	1523
Nursery schools/creches	Generally	1499	1058	1267	1441	1690
Primary schools	Generally	1339	1003	1140	1291	1520
Secondary schools (high schools)		1189	824	954	1158	1354
Sixth form/tertiary colleges		1250	862	999	1197	1426
Housing, mixed developments		835	635	704	815	934
Estate Housing	Generally	804	623	689	781	894
	Single storey	891	681	765	862	998
	2-storey	778	609	679	759	869
	3-storey	805	632	677	752	882
	4-storey or above	1337			1415	
Estate Housing detached		848	671	696	895	930
Estate housing semi detached	Generally	814	612	704	792	907
	Single storey	957	726	804	960	1079
	2-storey	781	598	699	775	884

	3-storey	653		636	648	684
Estate housing terraced	Generally	821	634	692	802	904
	Single storey	875	666	733	844	990
	2-storey	795	608	683	781	879
	3-storey	850	634	692	761	835
Flats (apartments)	Generally	973	705	807	930	1091
	1-2 storey	921	733	792	892	1026
	3-5 storey	958	700	807	932	1088
	6+ storey	1345	884	978	1218	1527
Housing with shops, offices, workshops or the like		1048	765	837	973	1175
'One-off' housing detached (3 units or less)	Generally	1360	882	1001	1172	1617
	Single storey	1100	883	948	1062	1184
	2-storey	1386	754	999	1185	1762
	3-storey	1751	1168	1570	1649	1948
	4-storey or above	1621			1378	
'One-off' housing semi-detached (3 units or less)		950	723	834	941	1072
'One-off' housing terraced (3 units or less)		1434		844	889	1543
Housing provided in connection with other facilities		1097		976	1112	1169
Sheltered Housing	Generally	992	726	810	940	1098
	Single storey	1041	708	766	946	1256
	2-storey	968	694	811	938	1090
	3-storey	1000	824	905	939	1054
	4-storey or above	945		789	916	1003
Sheltered Housing with shops, restaurants or the like		974			948	
Hotels		1267	934	1148	1293	1358
Motels		937		857	895	1076

Appendix 4: Commercial Comparables

COASTAL BELT

OFFICES

Newhaven Enterprise Centre, Denton Island, Newhaven, East Sussex
Date Added: 25/03/2011
Description: HIGH QUALITY OFFICE / STUDIO / WORKSHOP UNITS * Flexible licence agreements * Inclusive rent * Free parking * The property is located on Denton Island which adjoins the Town Centre where numerous multiple retailers, banks and catering outlets are represented * The buidl...

Denton Island, Newhaven
Price: POA Size: 240 - 9400
Description: Newhaven Enterprise Centre is a splendid place to locate your business, with its stunning design and harbour side location making it a great place to work. Designed for new and already established business to grow and prosper, the centre, provides a wide range of small ...

5 Coronation House, Newhaven, East Sussex
Rent: £6,950 / Annum Size: 1,202 sq ft £5.78/sqft pa
Description: A2 GROUND FLOOR RETAIL OFFICE & 1ST FLOOR OFFICE* Major rent reduction* Immediate occupation* Flexible terms available* Excellent High Street locationA prominent corner brick building with ground floor A2 retail office accommodation and 1st floor offices. Amenities incl...

The Hub, Drove Road, Newhaven, East Sussex
Size: 452 - 3,321 sq ft £11/sqft pa
Description: NEW OFFICE STUDIOS * With excellent parking * Flexible easy in/out terms 8 Ideal for new or rapidly expanding business * Close to Town Centre and public transport * Newhaven is located 10 miles east of Brighton on the A259 and 13 miles west of Eastbourne * The hub is si...

5 Avis Way, Newhaven, East Sussex

Price: £445,000.00 Size: 11317 sq ft £39/sqft
Description: Easy access to A26 New Road Ground floor factory 726.31 sq m (7,818 sq ft) 2 storey office block 325.06 sq m (3,499 sq ft) Let on FRI lease to expire 25 March 2014 Rent £57,500 per annum Offers in the region of £445,000 Net Initial Yield of 11% The property comprises p...

Tates Showroom, Avis Road, Newhaven
Rent: £45,000 / Annum Size: 5,580 sq ft £8/sqft pa
Description: Situated to the east side of the Brighton area, alongside the well known Paradise Park shopping and leisure attraction (parts of Tates Garden Centre Group). The site is in a prominent position fronting a busy link road between the A26 and A259. There is an adjacent pe...

Unit 6 Villandry, West Quay, Newhaven, East Sussex
Price: £180,000.00 (Offers invited) Rent: £12,000 / Annum Size: 945 sqft
£190.sqft / £12.50/sqft pa
Description: MODERN GROUND FLOOR SHOP/OFFICE PREMISES FORMING PART OF NEWHAVEN MARINA DEVELOPMENTTO LET

Network House, Quarry Road, Newhaven, East Sussex
Rent: £6,500 / Annum Size: 842 sq ft £7.75/sqft pa
Description: CHEAP OFFICE ACCOMMODATION * Located on an established industrial estate * Close to Newhaven harbour * With ample parking * 1st month rent free * The premises occupy a prominent location at the entrance to Quarry Road Industrial Estate, which is situated approximately 1...

116 Lustrells Vale, Saltdean, East Sussex
Price: £245,000.00 Size: 500 sq ft £490/ sq ft
Date Added: 27/06/2011
Description: Investment OpportunityGround Floor Shop S/C One Bedroom Flat OverBoth Let/ Parking to The RearFOR SALE

Bullimores House, Church Lane, Cranleigh, Surrey
Size: 147 - 323 sq ft
Description: Cranleigh is located approximately 10 miles south of Guildford and approximately 12 miles north of Horsham. Bullimores House is situated in Church Lane, which lies just off the High Street (B2128), which in turn provides easy access to the A281 London to Horsham road....

Upper Stalls & The Reading Rooms, Lewes, East Sussex
Size: 468 - 3,535 sq ft £15/sqft pa
Description: THREE ATTRACTIVE CONVERTED BARNS offering office space * Situated in a picturesque rural setting * Ample parking * Iford os a picturesque village situated approx 2 miles south of Lewes via Kingston Road. Easy access is afforded to the A27 Lewes bypass to the north * Upp...

RETAIL

1b The Drove, Newhaven, East Sussex
Rent: £75000 / Annum Size: 7250 sq ft £10.5/ sqft pa
Description:

The Drove, NEWHAVEN, East Sussex
Price: GBP
Date Added: 26/01/2011

Description: Please see attached brochure for further informationPlease see attached brochure for further information

Tates Showroom, Avis Road, Newhaven
Rent: £45,000 / Annum Size: 5,580 sq ft £8.06/ sqft pa
Description: Situated to the east side of the Brighton area, alongside the well known Paradise Park shopping and leisure attraction (parts of Tates Garden Centre Group). The site is in a prominent position fronting a busy link road between the A26 and A259. There is an adjacent pe...

196 South Coast Road, Peacehaven, East Sussex

Price: £105,000.00 (Freehold) Size: 383 sq ft £274/ sqft
Date Added: 01/07/2011
Description: PROMINENT RETAIL PREMISES with A1 retail & A2 office consent * Double fronted window display * Situated on A259 South Coast Road * Immediate occupation * Excellent signage opportunity * Peacehaven is situated on the A259 South Coast Road. The property is situated at the...

378 South Coast Road, Peacehaven, East Sussex
Rent: £55,000 / Annum Size: 5,980 sq ft £9.20/ sqft pa
Description: WELL PRESENTED SHOWROOM PREMISES with excellent on site car parking * Prominent main road location * Adjacentto Texaco service station * Peacehaven is situated on the A259 South Coast Road approx 5 miles to the east of Brighton * The property is principally arranged ove...

3, Shepway Parade, Seaford, East Sussex
Rent: £14,500 / Annum Size: 623 sq ft £23.20/ sqft pa
Description: The premises comprise of a mid terrace ground floor self contained lock up shop and modern aluminium shop front, night storage heating, W.C. alarm, internal frontage security shutters and fluorescent tube lighting.

14 Sutton Road, Seaford, East Sussex
Rent: £6,500 / Annum Size: 232 sq ft £28/sqft pa
Description: The property comprises a self contained lock up shop forming part of a parade of shops. The shop benefits from fully carpeted floors, fluorescent lighting, sink drainer, WC and and basin, Alarm, CCTV.AccommodationThe premises have the following approximate measurements...

74 High Street, Rottingdean, Brighton and Hove
Rent: £12,000 / Annum Size: 436 sq ft £27.50/ sqft pa
Description: Newly formed lock up shop historic village of Rottingdean.

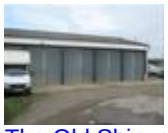
Leisure

Tates Showroom, Avis Road, Newhaven
Rent: £45,000 / Annum Size: 5,580 sq ft £8.07/ sqft pa
Description: Situated to the east side of the Brighton area, alongside the well known Paradise Park shopping and leisure attraction (parts of Tates Garden Centre Group). The site is in a prominent position fronting a busy link road between the A26 and A259. There is an adjacent pe...

314 South Coast Road, Peacehaven, East Sussex
Price: £399,950.00 (Freehold) Rent: £30,000 / Annum
Description: FULLY LICENCED RESTAURANT/TAKEAWAY PREMISES With 3 bed flat above * Main road trading location * Well established business * The subject property comprises a detached 3 storey building arranged to incorporate an Indian and Nepalese restaurant with waiting area, fully fi...

67 Lustrells Vale, Brighton, East Sussex
Rent: £9,500 / Annum Size: 611 sq ft ££15/sqft pa
Description: RESTAURANT * Suitable for A1 retail, A2 professional services and A3 restaurant * Popular neighbourhood parade The shop and premises are arranged over ground floor, to include rear outside seating area / yard with parking and external storage. The property is laid...

INDUSTRIAL



The Old Shipyard, Newhaven, East Sussex
Size Rent: £4 / sq ft: 5,627 sq ft
Description: SHORT TERM WAREHOUSE PREMISES * Only £4 per sq ft * Newhaven is located 10 miles east of Brighton. The property is situated immediately to the north of the A259 on the edge of the River Ouse with views to the South Downs * A steel portal frame building with concrete blo...

Unit 2 Tates Industrial Estate, Avis Way, Newhaven, East Sussex
Rent: £11.500 / Annum Size: 2.500 sq ft ££4.60/ sqft pa
Description: Situated in an established industrial and commercial location to the east of Brighton, just off the A259 Coast Road and close to the A26 (which in turn links with the A27 near Lewes). Newhaven town centre, retail parks, Port and cross-channel ferry terminal are conven...

Unit 1 Tates Industrial Estate, Avis Way, Newhaven, East Sussex
Rent: £13.500 / Annum Size: 3,390 sq ft £4/sqft pa
Description: Situated in an established industrial and commercial location to the east of Brighton, just off the A259 Coast Road and close to the A26 (which in turn links with the A27 near Lewes).Newhaven town centre, retail parks, Port and cross-channel ferry terminal are convenien...

5 Avis Way, Newhaven, East Sussex
Price: £445,000.00 Size: 11317 sq ft £39.32/ sqft
Description: Easy access to A26 New Road Ground floor factory 726.31 sq m (7,818 sq ft) 2 storey office block 325.06 sq m (3,499 sq ft) Let on FRI lease to expire 25 March 2014 Rent £57,500 per annum Offers in the region of £445,000 Net Initial Yield of 11% The property comprises p...

Unit 2 Bridge Industrial Estate, New Road, Newhaven, East Sussex
Rent: £22,000 / Annum Size: 3661 sq ft £6/sqft pa
Description: ***ONE UNIT REMAINING***INCENTIVIES AVAILABLE***The Bridge Industrial Estate, situated on the main A26 New Road linking Newhaven with Lewes and the A27. Each unit is of steel portal frame construction with insulated roofs, blockwork and profiled metal cladding elevation...

Unit 2F, Hawthorn Estate, Avis Way, Newhaven, East Sussex
Rent: £20,000 / Annum Size: 5,653 sq ft £3.50/ sqft pa
Description: Situated in an established industrial and commercial location to the east of Brighton, just off the A259 Coast Road and close to the A26 (which in turn links with the A27 near Lewes). Newhaven town centre, retail parks, Port and cross-channel ferry terminal are conven...

Unit 6, Willow Industrial Estate, Newhaven, East Sussex
Rent: £16,000 / Annum Size: 2,650 sq ft £6/ sqft pa
Description: The unit is of concrete portal frame and steel frame construction with brick/block work and profile steel clad walls under an internally lined pitched profile steel clad roof with roof lights.• Steel roller shutter loading door• Separate pedestrian access door• WC facil...

Unit 9, 0 North Industrial Estate, Newhaven, East Sussex
Price: £125,000.00 Size: 1098 sq ft £114/sqft
Description: Freehold investment for sale Adjacent to the A26 (New Road) Guide price £125,000 Net initial yield 7.1% after purchaser's costs of 1.8% 5 year FRI lease from January 2011 Passing rent £9,000 per annum Tenant in occupation since 2005The subject unit was constructed duri...

Unit 1b, The Drove, Newhaven, East Sussex
Rent: £90,000 / Annum Size: 7,250 sq ft £12.41/ sqft pa
Description: NON FOOD RETAIL WAREHOUSE* Adjoining new Lidl supermarket* Last unit remainingThe unit forms part of a substantial steel portal frame unit originally constructed in the mid 1980's as a retail warehouse. Situated in the centre of a terrace of 3 retail warehouses and will...

Beach Close, Newhaven, East Sussex
Price: £1,350,000.00 Size: 35404 sq ft ££38.13/ sqft
Description: The property comprises a purpose built, detached, 1970s warehouse complex consisting of three inter-linking buildings on a self-contained site of approximately 1.8 acres. Two of the buildings comprise standard warehouse accommodation and an eaves height in excess of 7.5...

Unit 6, Newhaven Industrial Park, Beach Road, Newhaven, East Sussex
Rent: 16,000 / Annum Size: 3,556 sq ft £4.50/sqft pa
Description: Newhaven Industrial Park is situated at the southern end of Beach Road close to Newhaven Railway Station and Harbour. A warehouse/industrial unit totalling 4,770 sq ft (443.13 sq m) gross internal which has undergone extensive refurbishment works including new cladding...

Unit 4, 4 Bolney Avenue, Peacehaven, East Sussex
Rent: 7000.00 / Annum Size: 963 sq ft £7.27/ sqft
Description: Situated between Brighton and Newhaven, and forming part of a modern gated development of 6 light industrial units, with frontage to the main A259 Coast Road. There are bus services and various other amenities in the immediate vicinity.The premises comprise a light indu...

5, 5 Bolney Avenue, Peacehaven, East Sussex
Rent: £7,000 / Annum Size: 972 sq ft £7.20/sqftpa
Description: Situated between Brighton and Newhaven, and forming part of a modern gated development of 6 light industrial units, with frontage to the main A259 Coast Road. There are bus services and various other amenities in the immediate vicinity. The premises comprise a ligh...

Unit E2, Meridian Industrial Estate, Peacehaven, East Sussex
Rent: £20,000 / Annum Size: 3,056 sq ft £6.54/sqft pa
Description: The Meridian Industrial Estate is adjacent to the Meridian Centre and Peacehaven Leisure Centre, approximately ½ mile to the north of the A259 South Coast Road. Brighton is approximately 6 miles to the west.The property comprises a purpose built steel framed light indu...

Unit B1, Meridian Industrial Estate, Peacehaven, East Sussex
Rent: £37,862.50 / Annum Size: 5,825 sq ft £6.50/sqft pa
Description: The property comprises a purpose built steel framed light industrial/warehouse unit with part brickwork and part blockwork walls and a concrete floor. The roof comprises a pre-fabricated corrugated roof with translucent roof panels. There is a loading area to the fron...

Unit 28 Cradle Hill Industrial Estate, Seaford, East Sussex
Rent: £10500 / Annum Size: 2,110 sq ft £4.98/sqft pa
Description: PURPOSE BUILT INDUSTRIAL UNIT * Established industrial estate * On site parking * The Cradle Hill Industrial Estate is situated approx 2 miles to the east of Seaford Town Cente * The subject premises consists of a single storey terraced industrial unit with brick elevat...

LEWES TOWN

OFFICES

The Mallings, Malling Street, Lewes, East Sussex
£9.10/sqft pa inclusive
Description: VARIOUS OFFICE SUITES* Available on flexible termsThe mallings Business centre comprises of 25 modern serviced offices plus 5 larger office units. There are 2 meeting rooms on site. Amenities include: 24 hour access, on site car parking, kitchen facilities, fully manne...

Waterside Centre, North Street, Lewes, East Sussex
Size: 247 - 7,587 sq ft Rent: £12.50 / sq ft
Description: The suites, from 247 sq ft to 2,484 sq ft, are to be refurbished and benefit from the use of communal male and female toilet facilities, communal kitchen facilities and ample onsite car parking.The Waterside Centre is located in the historic town of Lewes at the norther...

33 Cliffe High Street, Lewes, East Sussex
Rent: £8,950 / Annum Size: 980 sq ft £9.13/ sqft pa
Description: GROUND FLOOR OFFICES * UP TO 1 YEAR RENT FREE AVAILABLE * May suit studio / treatment uses or retail / showroom uses STPC * 5 Car parking spaces available upon seperate negotiation * Town Centre location * Forming part of an attractive 18th Century building, the offices...

11-13 High Street, Lewes, East Sussex

Size: 775 - 1,761 sq ft £10/sqft
Description: TWO TOWN CENTRE OFFICE SUITES * Within a prominent period building * Available on shoter term lets * RENT FREE INCENTIVES AVAILABLE * Occupied by Nat West at ground floor level, the property is prominentely situated at the eastern end of the High Street at the junction ...

Dial House, 220-221 High Street, Lewes, East Sussex
Rent: £50,000 / Annum Size: 6,881 sq ft £7.20/ sqft pa
Description: IMPRESSIVE SELF-CONTAINED OFFICE BUILDING with parking * Town Centre location * The property occupies a prominent position on the northern side of Lewes High Street within the popular pedestrianised Eastgate shopping area * A grade ll listed building ratining many origi...

209a High Street, Lewes, East Sussex
Rent: £5,200 / Annum Size: 1,056 sq ft £4.92/ sqft pa
Description: HIGH STREET OFFICE PREMISES * Close to parking, station and amenities * £100 per week * Located on the High Street in Lewes * Forming part of an imposing grade ll listed building, the subject office suite is situated over 1st, 2nd and 3rd floors.

The Old Candlemakers, West Street, Lewes, East Sussex
Size: 148 - 6,202 sq ft £11/sqft pa
Description: OFFICES WITHIN LANDMARK 19TH CENTURY FACTORY BUILDING * Town centre location * Retained many original features * Short-term lets available * The Old Candlemakers occupies a prominent position on West Street close to the junction with Market Street which links to Lewes H...

St. Andrews Lane, Lewes, East Sussex
Rent: £15,000 / Annum Size: 841 sq ft £17.83/sqft pa
Description: OFFICE BUILDING with covered parking * RENT FREE INCENTIVES AVAILABLE * Town Centre location close to Station * Creative and light space ideally suited to design related occupiers * The subject office is situated on St Andrews Lane which is bounded by St Andrews Place/ ...

85a High Street, Lewes, East Sussex
Size: 159 sq ft £28/sqft pa
Description: WELL PRESENTED TOWN CENTRE 1-2 PERSON OFFICE * High Street location * Flexible terms and fully inclusive rent * The subject proeprty is located on teh Southern side of the High Street a few doors from Lloyds TSB * The subject accommodation is arranged to the south of th...

Old Flint Barn, Mountfield Road, Lewes, East Sussex
Price: £285,000.00 Size: 1275 sq ft £223/ sqft

Description: The building comprises workshop/warehouse accommodation 118.47 sq m (1,275 sq ft) approx situated within a secure yard which provides external storage and parking for up to 6 cars. The total site comprises 402 sq m (4,327 sq ft) approx. The property is let on a 3 year l...

Sackville House, Lewes, East Sussex
Size: 1826.00 - 3033.00 sq ft £12.50/ sqft pa
Description: The county town of Lewes is an affluent commercial centre located in the heart of Sussex. Major office occupiers in the town include Fujitsu, East Sussex County Council, Sussex Police, Sussex Ambulance Service and Southdowns NHS Trust. Sackville House is a detached th...

Bell Lane, Lewes, East Sussex
£15/ sqft pa
Description: NEW HIGH QUALITY OFFICE SUITES with on site parking * Bell Lane is an impressive mixed use development totalling 47,000 sq ft of high quality office accommodation and 14 luxury apartments * The development benefits from: Open plan office suites, attractive reception and...

RETAIL

48-48a Cliffe High Street, LEWES, East Sussex
Price: £495,000.00 Size: 370 sq ft £1338/sqft
Description: A rare opportunity to acquire a charming grade II listed property set in the heart of Cliffe High Street. Versatile accommodation currently arranged as a ground floor retail premises with substantial self-contained residential maisonette.

197 High Street, Lewes, East Sussex
Price: £785,000.00 Size: 1674 sq ft £468.94/sqft
Description:

71 High Street, Lewes, East Sussex
Price: £399,950.00 £544/sqft
Description: RARE OPPORTUNITY TO ACQUIRE HIGH STREET RETAIL PREMISES with integral 2-bed accommodation * Prime Town Centre location * The subject property is situated on an excellent retailing pitch close to the entrance to Lewes Castle, on the southern side of the High Street * Cur...

LEISURE

1 Results

3a Fisher Street, Lewes, East Sussex
Price: £900,000.00 (Freehold) Rent: £65,000 / Annum Size: 3,744 sq ft £240/sqft
Description: A3 RESTAURANT / A4 BAR OPPORTUNITY * Central Lewes location * NIL PREMIUM * The subject property benefits from a central potition within Lewes town being on Fisher Street and within approximately 40m of the renowned High Street which is host to numerous multiple retaile...

INDUSTRIAL

Unit 4, Cliffe Industrial Estate, Lewes, East Sussex
Rent: 18500.00 / sq ft Size: 2178 sq ft £8.50/ sqft pa
Description: *Recently Refurbished*The unit comprises a purpose built ground floor factory/warehouse with additional storage provided at mezzanine level. Amenities:> Roller shutter loading door> Eaves height: minimum 4.86 m, maximum 6.10 m> 3 phase electricity> Gas supp...

Unit 16, 0 Cliffe Industrial Estate, Lewes, East Sussex
Size: 13046 sq ft Rent: 6.75 / sq ft
Description: The property comprises a modern, purpose-built industrial/warehouse unit of portal frame construction with part brick and blockwork and part insulated clad elevations. The unit has undergone a refurbishment programme. Amenities include: • 2 roller shutter loading doo...

Unit 14, Cliffe Industrial Estate, Lewes, East Sussex
Rent: 20000.00 / Annum Size: 2358 sq ft £8.48/sqft pa
Description: Light Industrial / Warehouse Unit - 219.06 sq m (2,358 sq ft) - To LetThe unit comprises a purpose built factory/warehouse of portal frame construction with part brick and blockwork and part insulated clad elevations. Amenities include:> Roller shutter loading door ...

Unit 16, Cliffe Industrial Estate, Lewes, East Sussex
Size: 13046 sq ft Rent: 6.75 / sq ft
Description: Light Industrial/Warehouse Unit To Let - Total 13,046 sq ftThe property comprises a modern, purpose built industrial/warehouse unit of portal frame construction with part brick/blockwork and part insulated clad elevations. The unit has recently undergone a full refurbis...

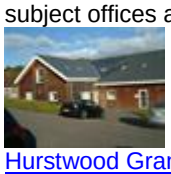
Residual Rural Area

OFFICES

The Base, Daux Road, Billingshurst, West Sussex
Price: £635,000.00 Rent: £62500 / Annum `Size: 12365 sq ft £50.20/sqft
Description:

Andrews Stables, Red Lane, Shipley, West Sussex
Rent: £4320 / Annum Size: 235 sq ft £18/sqft pa
Description:


East Wing, Oak Hall, Sheffield Park, UCKFIELD, East Sussex
Rent: £7,800 / Annum Size: 430 sq ft £18.14/sqft pa
Description: GROUND FLOOR OFFICES within a unique historic parkland setting * Stunning garden views * Ample on site parking * Sheffield Park is located to the north of North Chailey on the east side of the A275. * The subject offices are arranged over the east wing of Oak Hall being...


Hurstwood Grange, Hurstwood Lane, Haywards Heath, West Sussex
Rent: £60,000 / Annum Size: 3,713 sq ft £16.16/sqft pa
Description: CONVERTED BARN BUILDING providing high quality office accommodation * Ample on site parking * Semi-rural location setting * Hurstwood Grange is situated to the south of Haywards Heath in a semi-rural location * The accommodation is currently arranged to provide split le...

Delta House, Bridge Road, Haywards Heath, West Sussex
Price: £1,500,000.00 (Freehold) Size: 8,803 sq ft £170/sqft
Description: WELL PRESENTED MODERN OFFICE BUILDING* Excellent on site car parking* Within a short distance to Haywards Heath station* Part letDelta House is a modern office building arrange over ground, 1st and 2nd floors. There is ample on site parking located at both the front and...


Chelwood Suite, Delta House, Bridge Road, Haywards Heath, West Sussex
Size: 362 sq ft £20/sqft pa
Description: WELL PRESENTED GROUND FLOOR OFFICE SUITE * Within walking distance of Haywards Heath railway station * Allocated car parking * Flexible terms * Rent inclusive of electricity and service charge * Delta House is located within the Bridge Road Business Park, which is one o...


21-23 PERRYMOUNT ROAD, Haywards Heath, West Sussex
Size: 900 - 2005 sq ft Rent: £16.00 / Annum
Description: The property occupies a prominent position within the main business sector in Haywards Heath.This mid-1980's building comprises concrete frame construction with brick elevations beneath a mansard roof. Amenities include: central heating, comfort cooling, 2 x 6 person ...


Ground Floor, Oakfield House, 35 Perrymount Road, Haywards Heath, West Sussex
Rent: 33000.00 / Annum Size: 2200 sq ft £15/sqft pa

Description: Oakfield House is a multi let office building constructed we believe in the early 1970s which has been upgraded over the years. The available offices are situated on the ground floor and are accessed either via its own front door or the main building reception. The suit...

2 Lucastes Mews, Paddockhall Road, Haywards Heath, West Sussex
Price: £260,000.00 Size: 1,294 sq ft £200/sqft
Description: Two storey offices 1,294 sq ft (120 sq m)Self contained Attractive gated development parking spaces Close to Haywards Heath Station £260,000 Freehold

Milton Road, Haywards Heath, West Sussex
Price: POA Size: 3034.00 - 17561.00 sq ft
Description: Proposed new five storey office building which will occupy a prominent corner site at the junction of Milton Road and Paddockhall Road in the heart of Haywards Heath town centre. The mainline railway station is some 100m to the east and a variety of shops and restaurant...

4 Mill Green Business Estate, Haywards Heath, West Sussex
Price: POA Size: 1548.00 - 3116.00 sq ft
Description: Mill Green Business Estate is situated in the town centre on the east side of Mill Green Road, approximately 280m to the north of its junction with Sydney Road. The new building comprises a detached two storey office building with surface car parking. The offices are ...

Burns House, Haywards Heath, West Sussex
Rent: £48000.00 / Annum Size: 1000.00 - 3040.00 sq ft £15.80/sqft pa
Description: Burns House is a modern high quality detached office building, which benefits from a spacious reception area, on-site car parking, male and female WC facilities on each floor and a passenger lift to all floors. The available accommodation comprises a self-contained offi...

Horsted Keynes Industrial Park, Cinder Hill Lane, Haywards Heath, West Sussex
Price: £1,700,000.00 (OIRO) Size: 37266 sq ft £45/sqft
Description: Horsted Keynes Industrial Park comprises land and a group of commercial buildings mainly built between the 1950's and 1970's, formerly used, amongst other things, as a preserve factory and a chicken hatchery. In 1986 planning permission was granted for a change of use ...

RETAIL

24A Carfax, Horsham, West Sussex
Rent: £27000 / Annum £35/sqft pa
Size: 291 - 757 sq ft
Description:

20-22 South Road, Haywards Heath, West Sussex
Rent: £40,000 / Annum Size: 1,820 sq ft £22/sqft pa
Description: Situated on this busy high street close to the Orchards Shopping Centre and numerous multiple retailers including Laura Ashley, Boots, Co-op, Clintons, Gregs etc., see location plan overleaf.

Unit 8, The Orchards , Haywards Heath, West Sussex
Rent: 40000.00 / Annum Size: 1625 sq ft £24.61/sqft pa
Description: The premises comprise a ground floor lock up retail unit with first floor ancillary accommodation including offices, staff room and storage, fully fitted and equiped as a Coffee Shop and providing 44 covers internally. In addition there are approximately 36 covers with...

105 South Road, Haywards Heath, West Sussex
Rent: £20,000 / Annum Size: 1,571 sq ft £12.73/sqft
Description: PROMINENT RETAIL PREMISES* Excellent trading location* Superb signage opportunity* Close by the Orchards Shopping CentreThe subject premises provide a well proportioned retail area, rear store, basement stor and WC facilities. Amenities include: attractive timber shop f...

Unit 1, 30 BRIDGE ROAD, Haywards Heath, West Sussex
Price: £385,000.00 Size: 4917 sq ft £78.sqft
Description: Single storey mid-terraced building with sales area, office and workshop.Longlease for sale.

Leisure

Unit 8, The Orchards , Haywards Heath, West Sussex
Rent: 40000.00 / Annum Size: 1625 sq ft £24.61/sqft
Description: The premises comprise a ground floor lock up retail unit with first floor ancillary accommodation including offices, staff room and storage, fully fitted and equiped as a Coffee Shop and providing 44 covers internally. In addition there are approximately 36 covers with...

INDUSTRIAL

The Base, Daux Road, Billingshurst, West Sussex
Price: £635,000.00 Rent: £62500 / Annum Size: 12365 sq ft £51/sqft
Date Added: 22/06/2011
Description:

Andrews Stables, Red Lane, Shipley, West Sussex

Rent: £4320 / Annum Size: 235 sq ft £18.38/sqft
Description:

Chipman House, North Warehouse, Nightingale Road, Horsham, West Sussex
Rent: £13500 / Annum Size: 2768 sq ft £4.87/sqft pa
Description:


Unit 1-4, Unit 1-Unit 4 The Old Grain Store, Ditchling Common, Hassocks, West Sussex
£215000 - £260000 Size: 1850 - 2490 sq ft £105/sqft
Description: Newly Constructed Industrial Units Built To A High Specification Well Located Industrial Estate Servicing The Mid-Sussex AreaFREEHOLDS FOR SALE (or may let)


OLD KILN WORKS, Ditchling Common, Hassocks, East Sussex
Size: 2389 - 22727 sq ft Rent: 3.50 / sq ft
Description: Ditchling Common Industrial Estate is approx 1.5 miles east of Burgess Hill and approx 10 miles north of Brighton and Hove.Old Kiln Works comprises 6 light industrial units within a detached two storey building. *See attached details for accommodation schedule.


Unit 8 and 10, OLD KILN WORKS, off Middleton Common Lane, Burgess Hill
Size: 2,389 - 4,430 sq ft Rent: £3.50 / sq ft
Description: Old Kiln Works comprises six light industrial units within a detached two storey building. Units 7-9 are located on the upper level and Units 10-12 are located on the lower level. Both have ground floor access due to the split level site.Please see attached details for ...


Unit 19, MID SUSSEX BUSINESS PARK, Block C, Burgess Hill, East Sussex
Price: POA Size: 1660 sq ft £125/sqft
Description: Mid Sussex Business Park is a new development of 30 self contained units of steel portal frame construction with profile steel cladding and roofs. The units are capable of installing mezzanine floors and first floor accommodation. There is ample parking for each unit.* ...


Unit 1, 30 BRIDGE ROAD, Haywards Heath, West Sussex
Price: £385,000.00 Size: 4917 sq ft £78.30/sqft
Description: Single storey mid-terraced building with sales area, office and workshop.Longlease for sale.


Horsted Keynes Industrial Park, Cinder Hill Lane, Haywards Heath, West Sussex
Price: £1,700,000.00 (OIRO) Size: 37266 sq ft £45.61/sqft

Description: Horsted Keynes Industrial Park comprises land and a group of commercial buildings mainly built between the 1950's and 1970's, formerly used, amongst other things, as a preserve factory and a chicken hatchery. In 1986 planning permission was granted f

Appendix 5: Residential Appraisals

The following appraisals are those used for the base analysis and reported in Tables 6.2 and 10.2.

Site	A	Lewes BF	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 125		Price £/m2	GDV £	GIA m2
Market Housing	81.6	65%	81		3,900	25,847,494	6,628
Shared Ownership	81.6	10%	13		1,600	1,631,400	1,020
Affordable Rent	81.6	25%	31		1,100	2,803,969	2,549
Social Rent	81.6	0%	0		850	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	0.89	ha	140	/ha		**30,282,863**	**10,196**

Sales per Quarter	15	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**4,720,467**	**5,303,896**
Alternative Use Value		1,780,000	2,000,000
Uplift	20%		
Plus /ha		356,000	400,000
		2,136,000	**2,400,000**
Additional Profit		**3,100,274**	468 £/m2

RUN Residual MACRO ctrl+r
Closing balance = 0

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos
correct

DEVELOPMENT COSTS

		/unit or m2	Total		
LAND					
	Land	37,764		4,720,467	
	Stamp Duty		236,023		
	Easements etc		0		
	Legals Acquisition	1.50%	70,807	306,830	
PLANNING					
	Planning Fee		32,625		
	Architects	6.00%	970,525		
	QS / PM	0.50%	80,877		
	Planning Consultants	1.00%	161,754		
	Other Professional	2.50%	404,385	1,650,166	
CONSTRUCTION					
	Build Cost - BCIS Based	1,470	14,988,488		
	s106 / CIL	3500	437,500		
	Contingency	5.00%	749,424		
	Abnormals	0.00%	0	16,175,412	
FINANCE					
	Fees		10,000		
	Interest	7.00%			
	Legal and Valuation		20,000	30,000	
SALES					
	Agents	2.0%	605,657		
	Legals	0.5%	151,414		
	Misc.		5,000	762,072	**23,644,947**

Developers Profit			
	% of costs (before interest)	20.00%	**4,728,989**

Site	B	Rural Ringmer	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 85		Price £/m2	GDV £	GIA m2
Market Housing	80.3	60%	51		3,030	12,411,850	4,096
Shared Ownership	80.3	15%	13		1,855	1,899,668	1,024
Affordable Rent	80.3	25%	21		1,270	2,167,636	1,707
Social Rent	80.3	0%	0		978	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	2.10	ha	40	/ha		**16,479,154**	**6,827**

Sales per Quarter	15	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**4,048,790**	**1,927,995**
Alternative Use Value		52,500	25,000
Uplift	20%		
Plus /ha	250,000	535,500	255,000
		588,000	**280,000**
Additional Profit		**3,862,627**	943 £/m2

RUN Residual MACRO ctrl+r
Closing balance = 0

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos
correct

DEVELOPMENT COSTS					
LAND		**/unit or m2**	**Total**		
	Land	47,633		4,048,790	
	Stamp Duty		202,440		
	Easements etc		0		
	Legals Acquisition	1.50%	60,732	263,171	
PLANNING					
	Planning Fee		15,225		
	Architects	6.00%	438,563		
	QS / PM	0.50%	36,547		
	Planning Consultants	1.00%	73,094		
	Other Professional	2.50%	182,734	746,163	
CONSTRUCTION					
	Build Cost - BCIS Based	1,002	6,840,854		
	s106 / CIL	3500	297,500		
	Contingency	2.50%	171,021		
	Abnormals	0.00%	0	7,309,376	
FINANCE					
	Fees		10,000		
	Interest	7.00%			
	Legal and Valuation		10,000	20,000	
SALES					
	Agents	2.0%	329,583		
	Legals	0.5%	82,396		
	Misc.		5,000	416,979	**12,804,479**

Developers Profit			
	% of costs (before interest)	20.00%	**2,560,896**

Site	C	Rural Burgess Hill	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 72		Price £/m2	GDV £	GIA m2
Market Housing	99.1	60%	43		3,000	12,842,064	4,281
Shared Ownership	99.1	15%	11		1,900	2,033,327	1,070
Affordable Rent	99.1	25%	18		1,300	2,318,706	1,784
Social Rent	99.1	0%	0		1,000	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	2.30	ha	31	/ha		**17,194,097**	**7,134**

Sales per Quarter	15	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**3,805,804**	**1,654,698**
Alternative Use Value		57,500	25,000
Uplift	20%		
Plus /ha	250,000	586,500	255,000
		644,000	**280,000**

Additional Profit	**3,508,884**	820	£/m2

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Closing balance = 0

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos
correct

DEVELOPMENT COSTS					
LAND		**/unit or m2**	**Total**		
	Land	52,858		3,805,804	
	Stamp Duty		190,290		
	Easements etc		0		
	Legals Acquisition	1.50%	57,087	247,377	
PLANNING					
	Planning Fee		9,570		
	Architects	6.00%	486,081		
	QS / PM	0.50%	40,507		
	Planning Consultants	1.00%	81,013		
	Other Professional	2.50%	202,534	819,704	
CONSTRUCTION					
	Build Cost - BCIS Based	1,002	7,148,749		
	s106 / CIL	3500	252,000		
	Contingency	2.50%	178,719		
	Abnormals	7.30%	521,875	8,101,343	
FINANCE					
	Fees		10,000		
	Interest	7.00%			
	Legal and Valuation		10,000	20,000	
SALES					
	Agents	2.0%	343,882		
	Legals	0.5%	85,970		
	Misc.		5,000	434,852	**13,429,081**

Developers Profit			
	% of costs (before interest)	20.00%	**2,685,816**

Site	D	Seaside GF Seaford	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 42		Price £/m2	GDV £	GIA m2
Market Housing	97.6	70%	29		2,600	7,458,251	2,869
Shared Ownership	97.6	0%	0		1,900	0	0
Affordable Rent	97.6	30%	13		1,300	1,598,197	1,229
Social Rent	97.6	0%	0		1,000	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	1.00	ha	42	/ha		**9,056,447**	**4,098**

Sales per Quarter	9	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**1,611,699**	**1,611,699**
Alternative Use Value		250,000	250,000
Uplift	20%		
Plus /ha	250,000	300,000	300,000
		550,000	**550,000**

Additional Profit	**1,240,626**	432	£/m2

RUN Residual MACRO ctrl+r
Closing balance = 0

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos
correct

DEVELOPMENT COSTS					
LAND		**/unit or m2**	**Total**		
	Land	38,374		1,611,699	
	Stamp Duty		80,585		
	Easements etc		0		
	Legals Acquisition	1.50%	24,175	104,760	
PLANNING					
	Planning Fee		14,070		
	Architects	6.00%	279,047		
	QS / PM	0.50%	23,254		
	Planning Consultants	1.00%	46,508		
	Other Professional	2.50%	116,269	479,148	
CONSTRUCTION					
	Build Cost - BCIS Based	977	4,003,687		
	s106 / CIL	3500	147,000		
	Contingency	2.50%	100,092		
	Abnormals	9.99%	400,000	4,650,780	
FINANCE					
	Fees		10,000		
	Interest	7.00%			
	Legal and Valuation		10,000	20,000	
SALES					
	Agents	2.0%	181,129		
	Legals	0.5%	45,282		
	Misc.		5,000	231,411	**7,097,799**

Developers Profit			
	% of costs (before interest)	20.00%	**1,419,560**

Site	E	Peacehaven BF	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 25		Price £/m2	GDV £	GIA m2
Market Housing	84.6	70%	18		2,750	4,068,969	1,480
Shared Ownership	84.6	0%	0		1,600	0	0
Affordable Rent	84.6	30%	8		1,100	697,538	634
Social Rent	84.6	0%	0		850	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	0.42	ha	60	/ha		**4,766,506**	**2,114**

Sales per Quarter	7	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**1,000,000**	**2,380,952**
Alternative Use Value		378,000	900,000
Uplift	20%		
Plus /ha		75,600	180,000
		453,600	**1,080,000**

Additional Profit	**644,074**	435	£/m2

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Closing balance = -10,531

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos
correct

DEVELOPMENT COSTS					
LAND		**/unit or m2**	**Total**		
	Land	40,000		1,000,000	
	Stamp Duty		50,000		
	Easements etc		0		
	Legals Acquisition	1.50%	15,000	65,000	
PLANNING					
	Planning Fee		8,375		
	Architects	6.00%	137,832		
	QS / PM	0.50%	11,486		
	Planning Consultants	1.00%	22,972		
	Other Professional	2.50%	57,430	238,094	
CONSTRUCTION					
	Build Cost - BCIS Based	977	2,065,134		
	s106 / CIL	3500	87,500		
	Contingency	5.00%	103,257		
	Abnormals	2.00%	41,303	2,297,193	
FINANCE					
	Fees		5,000		
	Interest	7.00%			
	Legal and Valuation		5,000	10,000	
SALES					
	Agents	2.0%	95,330		
	Legals	0.5%	23,833		
	Misc.		5,000	124,163	**3,734,450**

Developers Profit			
	% of costs (before interest)	20.00%	**746,890**

Site	F	Lewes	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 21		Price £/m2	GDV £	GIA m2
Market Housing	130.4	65%	14		3,580	6,372,745	1,780
Shared Ownership	130.4	10%	2		1,840	503,904	274
Affordable Rent	130.4	25%	5		1,260	862,662	685
Social Rent	130.4	0%	0		970	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	0.49	ha	43	/ha		**7,739,312**	**2,739**

Sales per Quarter	15	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**2,285,141**	**4,663,552**
Alternative Use Value		490,000	1,000,000
Uplift	20%		
Plus /ha		98,000	200,000
		588,000	**1,200,000**

Additional Profit	**1,821,410**	1,023	£/m2

RUN Residual MACRO ctrl+r
Closing balance = 0

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos
correct

DEVELOPMENT COSTS					
LAND		**/unit or m2**	**Total**		
	Land	108,816		2,285,141	
	Stamp Duty		114,257		
	Easements etc		0		
	Legals Acquisition	1.50%	34,277	148,534	
PLANNING					
	Planning Fee		7,035		
	Architects	6.00%	184,694		
	QS / PM	0.50%	15,391		
	Planning Consultants	1.00%	30,782		
	Other Professional	2.50%	76,956	314,858	
CONSTRUCTION					
	Build Cost - BCIS Based	977	2,675,622		
	s106 / CIL	3500	73,500		
	Contingency	5.00%	133,781		
	Abnormals	7.30%	195,327	3,078,230	
FINANCE					
	Fees		5,000		
	Interest	7.00%			
	Legal and Valuation		5,000	10,000	
SALES					
	Agents	2.0%	154,786		
	Legals	0.5%	38,697		
	Misc.		5,000	198,483	**6,035,245**

Developers Profit			
	% of costs (before interest)	20.00%	**1,207,049**

Site	G	Rural Modelled 3	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 19		Price £/m2	GDV £	GIA m2
Market Housing	94.1	60%	11		3,000	3,218,562	1,073
Shared Ownership	94.1	15%	3		1,900	509,606	268
Affordable Rent	94.1	25%	5		1,300	581,129	447
Social Rent	94.1	0%	0		1,000	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	0.50	ha	38	/ha		**4,309,297**	**1,788**

Sales per Quarter	5	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**1,114,998**	**2,229,996**
Alternative Use Value		125,000	250,000
Uplift	20%		
Plus /ha	250,000	150,000	300,000
		275,000	**550,000**

Additional Profit **931,693** 868 £/m2

RUN Residual MACRO ctrl+r
Closing balance = 0

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos
correct

DEVELOPMENT COSTS		/unit or m2	Total		
LAND					
	Land	58,684		1,114,998	
	Stamp Duty		55,750		
	Easements etc		0		
	Legals Acquisition	1.50%	16,725	72,475	
PLANNING					
	Planning Fee		6,365		
	Architects	6.00%	111,428		
	QS / PM	0.50%	9,286		
	Planning Consultants	1.00%	18,571		
	Other Professional	2.50%	46,428	192,079	
CONSTRUCTION					
	Build Cost - BCIS Based	977	1,746,964		
	s106 / CIL	3500	66,500		
	Contingency	2.50%	43,674		
	Abnormals	0.00%	0	1,857,138	
FINANCE					
	Fees		5,000		
	Interest	7.00%			
	Legal and Valuation		5,000	10,000	
SALES					
	Agents	2.0%	86,186		
	Legals	0.5%	21,546		
	Misc.		5,000	112,732	**3,359,422**

Developers Profit			
	% of costs (before interest)	20.00%	**671,884**

Site	H	Conversion Lewes	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 14		Price £/m2	GDV £	GIA m2
Market Housing	101.1	65%	9		3,900	3,589,459	920
Shared Ownership	101.1	10%	1		1,600	226,554	142
Affordable Rent	101.1	25%	4		1,100	389,389	354
Social Rent	101.1	0%	0		850	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	0.40	ha	35	/ha		**4,205,401**	**1,416**

Sales per Quarter	5	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**1,793,906**	**4,484,765**
Alternative Use Value		1,750,000	4,375,000
Uplift	20%		
Plus /ha		350,000	875,000
		2,100,000	**5,250,000**
Additional Profit		**-266,251**	-289 £/m2

RUN Residual MACRO ctrl+r
Closing balance = 0

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos
correct

DEVELOPMENT COSTS					
LAND		/unit or m2	Total		
	Land	128,136		1,793,906	
	Stamp Duty		89,695		
	Easements etc		0		
	Legals Acquisition	1.50%	26,909	116,604	
PLANNING					
	Planning Fee		4,690		
	Architects	6.00%	65,866		
	QS / PM	0.50%	5,489		
	Planning Consultants	1.00%	10,978		
	Other Professional	2.50%	27,444	114,467	
CONSTRUCTION					
	Build Cost - BCIS Based	689	975,596		
	s106 / CIL	3500	49,000		
	Contingency	7.50%	73,170		
	Abnormals	0.00%	0	1,097,766	
FINANCE					
	Fees		5,000		
	Interest	7.00%			
	Legal and Valuation		5,000	10,000	
SALES					
	Agents	2.0%	84,108		
	Legals	0.5%	21,027		
	Misc.		5,000	110,135	**3,242,878**

Developers Profit			
	% of costs (before interest)	20.00%	**648,576**

Site	I	Rural Modelled 2	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 14		Price £/m2	GDV £	GIA m2
Market Housing	78.8	60%	8		3,042	2,013,816	662
Shared Ownership	78.8	15%	2		1,837	304,025	166
Affordable Rent	78.8	25%	4		1,258	347,000	276
Social Rent	78.8	0%	0		969	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	0.41	ha	34	/ha		**2,664,842**	**1,103**

Sales per Quarter	5	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**581,222**	**1,417,614**
Alternative Use Value		10,250	25,000
Uplift	20%		
Plus /ha	250,000	104,550	255,000
		114,800	**280,000**

Additional Profit	**529,375**	800	£/m2

RUN Residual MACRO ctrl+r
Closing balance = 0

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos
correct

DEVELOPMENT COSTS					
LAND		/unit or m2	Total		
	Land	41,516		581,222	
	Stamp Duty		23,249		
	Easements etc		0		
	Legals Acquisition	1.50%	8,718	31,967	
PLANNING					
	Planning Fee		4,690		
	Architects	6.00%	75,742		
	QS / PM	0.50%	6,312		
	Planning Consultants	1.00%	12,624		
	Other Professional	2.50%	31,559	130,927	
CONSTRUCTION					
	Build Cost - BCIS Based	1,023	1,128,717		
	s106 / CIL	3500	49,000		
	Contingency	2.50%	28,218		
	Abnormals	5.00%	56,436	1,262,371	
FINANCE					
	Fees		5,000		
	Interest	7.00%			
	Legal and Valuation		5,000	10,000	
SALES					
	Agents	2.0%	53,297		
	Legals	0.5%	13,324		
	Misc.		5,000	71,621	**2,088,108**

Developers Profit			
	% of costs (before interest)	20.00%	**417,622**

Site	J	Seaside BF 2 Seaford	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 8		Price £/m2	GDV £	GIA m2
Market Housing	108.8	70%	6		2,600	1,583,400	609
Shared Ownership	108.8	0%	0		1,900	0	0
Affordable Rent	108.8	30%	2		1,300	339,300	261
Social Rent	108.8	0%	0		1,000	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	0.24	ha	33	/ha		**1,922,700**	**870**

Sales per Quarter	4	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**371,422**	**1,547,592**
Alternative Use Value		216,000	900,000
Uplift	20%		
Plus /ha		43,200	180,000
		259,200	**1,080,000**

Additional Profit	**143,570**	236	£/m2

RUN Residual MACRO ctrl+r
Closing balance = 0

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos
correct

DEVELOPMENT COSTS			/unit or m2	Total		
LAND						
	Land		46,428		371,422	
	Stamp Duty			11,143		
	Easements etc			0		
	Legals Acquisition		1.50%	5,571	16,714	
PLANNING						
	Planning Fee			2,680		
	Architects		6.00%	57,749		
	QS / PM		0.50%	4,812		
	Planning Consultants		1.00%	9,625		
	Other Professional		2.50%	24,062	98,929	
CONSTRUCTION						
	Build Cost - BCIS Based		977	849,990		
	s106 / CIL		3500	28,000		
	Contingency		5.00%	42,500		
	Abnormals		2.00%	42,000	962,489	
FINANCE						
	Fees			5,000		
	Interest		7.00%			
	Legal and Valuation			5,000	10,000	
SALES						
	Agents		2.0%	38,454		
	Legals		0.5%	9,614		
	Misc.			5,000	53,068	**1,512,622**

Developers Profit			
	% of costs (before interest)	20.00%	**302,524**

Site	K	Rural Modelled 1	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 7		Price £/m2	GDV £	GIA m2
Market Housing	94.0	60%	4		3,000	1,184,400	395
Shared Ownership	94.0	15%	1		1,900	187,530	99
Affordable Rent	94.0	25%	2		1,300	213,850	165
Social Rent	94.0	0%	0		1,000	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	0.20	ha	35	/ha		**1,585,780**	**658**

Sales per Quarter	4	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**413,696**	**2,068,478**
Alternative Use Value		50,000	250,000
Uplift	20%		
Plus /ha	250,000	60,000	300,000
		110,000	**550,000**

Additional Profit	**337,256**	854	£/m2

RUN Residual MACRO ctrl+r
Closing balance = 0

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos

correct

DEVELOPMENT COSTS					
LAND		**/unit or m2**	**Total**		
	Land	59,099		413,696	
	Stamp Duty		12,411		
	Easements etc		0		
	Legals Acquisition	1.50%	6,205	18,616	
PLANNING					
	Planning Fee		2,345		
	Architects	6.00%	41,006		
	QS / PM	0.50%	3,417		
	Planning Consultants	1.00%	6,834		
	Other Professional	2.50%	17,086	70,689	
CONSTRUCTION					
	Build Cost - BCIS Based	977	642,866		
	s106 / CIL	3500	24,500		
	Contingency	2.50%	16,072		
	Abnormals	0.00%	0	683,438	
FINANCE					
	Fees		5,000		
	Interest	7.00%			
	Legal and Valuation		5,000	10,000	
SALES					
	Agents	2.0%	31,716		
	Legals	0.5%	7,929		
	Misc.		5,000	44,645	**1,241,083**

Developers Profit			
	% of costs (before interest)	20.00%	**248,217**

Site	L	Village	LEWES SITE VIABILITY APPRAISAL

INCOME	Av Size m2	%	Number 6		Price £/m2	GDV £	GIA m2
Market Housing	88.8	60%	4		3,000	959,364	320
Shared Ownership	88.8	15%	1		1,900	151,899	80
Affordable Rent	88.8	25%	2		1,300	173,219	133
Social Rent	88.8	0%	0		1,000	0	0
Grant and Subsidy	Shared Ownership				0	0	
	Affordable Rent				0	0	
	Social Rent				0	0	
SITE AREA	0.15	ha	40	/ha		**1,284,482**	**533**

Sales per Quarter	15	
Unit Build Time	3	Quarters

		Whole Site	Per ha
Residual Land Value		**301,679**	**2,011,194**
Alternative Use Value		37,500	250,000
Uplift	20%		
Plus /ha	250,000	45,000	300,000
		82,500	**550,000**

Additional Profit	**246,736**	772	£/m2

RUN Residual MACRO ctrl+r
Closing balance = 0

RUN CIL MACRO ctrl+c
Closing balance = 0

Check on phasing dwgs nos

correct

DEVELOPMENT COSTS					
LAND		**/unit or m2**	**Total**		
	Land	50,280		301,679	
	Stamp Duty		9,050		
	Easements etc		0		
	Legals Acquisition	1.50%	4,525	13,576	
PLANNING					
	Planning Fee		2,010		
	Architects	6.00%	34,984		
	QS / PM	0.50%	2,915		
	Planning Consultants	1.00%	5,831		
	Other Professional	2.50%	14,577	60,317	
CONSTRUCTION					
	Build Cost - BCIS Based	981	522,853		
	s106 / CIL	3500	21,000		
	Contingency	2.50%	13,071		
	Abnormals	5.00%	26,143	583,067	
FINANCE					
	Fees		5,000		
	Interest	7.00%			
	Legal and Valuation		5,000	10,000	
SALES					
	Agents	2.0%	25,690		
	Legals	0.5%	6,422		
	Misc.		5,000	37,112	**1,005,751**

Developers Profit			
	% of costs (before interest)	20.00%	**201,150**

Appendix 6: Non-Residential Appraisals

			Coastal Belt														
			Greenfield							Brownfield							
			Large Industial	Small Industrial	Large Office	Small Office	Large Retail	Smaller Retail	Shop	Large Industial	Small Industrial	Large Office	Small Office	Large Retail	Small Retail	Shop
Income																	
	m2		1,500	200	500	150	6,000	1,000	150	1,500	200	500	150	6,000	1,000	150
	£/m2		850	780	0	1,900	2,500	2,500	2,500	850	780	0	1,900	2,500	2,500	2,500
	Capital Value		**1,275,000**	**156,000**	**0**	**285,000**	**15,000,000**	**2,500,000**	**375,000**	**1,275,000**	**156,000**	**0**	**285,000**	**15,000,000**	**2,500,000**	**375,000**
Costs																	
	Land Used	ha	0.090	0.013	0.025	0.008	4.000	0.450	0.017	0.090	0.013	0.025	0.008	4.000	0.450	0.017
		£/ha	25,000	25,000	25,000	25,000	25,000	25,000	25,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
		Uplift £/ha	250,000	250,000	250,000	250,000	250,000	250,000	250,000	0	0	0	0	0	0	0
		20.00%	55,000	55,000	55,000	55,000	55,000	55,000	55,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
		Cost	29,700	4,356	8,250	2,475	1,320,000	148,500	5,610	97,200	14,256	27,000	8,100	4,320,000	486,000	18,360
	Strategic Promotion		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Planning		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Misc Land		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Constructi	/m2	690.25	815.75	1255.00	1380.50	721.63	991.45	1004.00	690.25	815.75	1255.00	1380.50	721.63	991.45	1004.00
		£	1,035,375	163,150	627,500	207,075	4,329,750	991,450	150,600	1,035,375	163,150	627,500	207,075	4,329,750	991,450	150,600
	Infrastruct	15.00%	155,306	24,473	94,125	31,061	649,463	148,718	22,590	155,306	24,473	94,125	31,061	649,463	148,718	22,590
	Abnormals	15.00%								155,306	24,473	94,125	31,061	649,463	148,718	22,590
	Fees	8.00%	82,830	13,052	50,200	16,566	346,380	79,316	12,048	82,830	13,052	50,200	16,566	346,380	79,316	12,048
	Contingen	2.5% & 5%	25,884	4,079	15,688	5,177	108,244	24,786	3,765	51,769	8,158	31,375	10,354	216,488	49,573	7,530
	Finance Costs		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	Sales	3.00%	38,250	4,680	0	8,550	450,000	75,000	11,250	38,250	4,680	0	8,550	450,000	75,000	11,250
	Misc Financial		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	Subtotal		**1,384,846**	**231,289**	**813,263**	**288,404**	**7,221,336**	**1,485,270**	**223,363**	**1,633,536**	**269,741**	**941,825**	**330,267**	**10,979,043**	**1,996,274**	**262,468**
	Interest	7.00%	96,939	16,190	56,928	20,188	505,494	103,969	15,635	114,348	18,882	65,928	23,119	768,533	139,739	18,373
	Profit % Co	20.00%	296,357	49,496	174,038	61,718	1,545,366	317,848	47,800	349,577	57,724	201,551	70,677	2,349,515	427,203	56,168
	COSTS		**1,778,142**	**296,975**	**1,044,229**	**370,311**	**9,272,196**	**1,907,086**	**286,798**	**2,097,461**	**346,347**	**1,209,303**	**424,063**	**14,097,091**	**2,563,215**	**337,009**
Additional Profit			-503,142	-140,975	-1,044,229	-85,311	5,727,804	592,914	88,202	-822,461	-190,347	-1,209,303	-139,063	902,909	-63,215	37,991
Residual Land Worth (APPROX)			-465,942	-129,119	-1,028,479	-75,336	7,055,304	748,914	101,312	-717,761	-168,591	-1,174,803	-123,463	5,230,409	430,285	63,851
	£/m2		-335	-705	-2,088	-569	955	593	588	-548	-952	-2,419	-927	150	-63	253

			National Park Area														
			Greenfield							Brownfield							
			Large Industial	Small Industrial	Large Office	Small Office	Large Retail	Smaller Retail	Shop	Large Industial	Small Industrial	Large Office	Small Office	Large Retail	Small Retail	Shop
	m2		1,500	200	500	150	6,000	1,000	150	1,500	200	500	150	6,000	1,000	150
	£/m2		1,500	1,050	2,500	1,900	2,600	3,000	2,500	1,500	1,050	2,500	1,900	2,600	3,000	2,500
	Capital Value		**2,250,000**	**210,000**	**1,250,000**	**285,000**	**15,600,000**	**3,000,000**	**375,000**	**2,250,000**	**210,000**	**1,250,000**	**285,000**	**15,600,000**	**3,000,000**	**375,000**
	Land Used ha		0.090	0.013	0.025	0.008	4.000	0.450	0.017	0.090	0.013	0.025	0.008	4.000	0.450	0.017
		£/ha	25,000	25,000	25,000	25,000	25,000	25,000	25,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
		Uplift £/ha	250,000	250,000	250,000	250,000	250,000	250,000	250,000	0	0	0	0	0	0	0
		20.00%	55,000	55,000	55,000	55,000	55,000	55,000	55,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
		Cost	29,700	4,356	8,250	2,475	1,320,000	148,500	5,610	97,200	14,256	27,000	8,100	4,320,000	486,000	18,360
	Strategic Promotion		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Planning		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Misc Land		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Constructi	/m2	690.25	815.75	1255.00	1380.50	721.63	991.45	1004.00	690.25	815.75	1255.00	1380.50	721.63	991.45	1004.00
		£	1,035,375	163,150	627,500	207,075	4,329,750	991,450	150,600	1,035,375	163,150	627,500	207,075	4,329,750	991,450	150,600
	Infrastruct	15.00%	155,306	24,473	94,125	31,061	649,463	148,718	22,590	155,306	24,473	94,125	31,061	649,463	148,718	22,590
	Abnormals	15.00%								155,306	24,473	94,125	31,061	649,463	148,718	22,590
	Fees	8.00%	82,830	13,052	50,200	16,566	346,380	79,316	12,048	82,830	13,052	50,200	16,566	346,380	79,316	12,048
	Contingen	2.5% & 5%	25,884	4,079	15,688	5,177	108,244	24,786	3,765	51,769	8,158	31,375	10,354	216,488	49,573	7,530
	Finance Costs		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	Sales	3.00%	67,500	6,300	37,500	8,550	468,000	90,000	11,250	67,500	6,300	37,500	8,550	468,000	90,000	11,250
	Misc Financial		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	Subtotal		**1,414,096**	**232,909**	**850,763**	**288,404**	**7,239,336**	**1,500,270**	**223,363**	**1,662,786**	**271,361**	**979,325**	**330,267**	**10,997,043**	**2,011,274**	**262,468**
	Interest	7.00%	98,987	16,304	59,553	20,188	506,754	105,019	15,635	116,395	18,995	68,553	23,119	769,793	140,789	18,373
	Profit % Co	20.00%	302,616	49,843	182,063	61,718	1,549,218	321,058	47,800	355,836	58,071	209,576	70,677	2,353,367	430,413	56,168
	COSTS		**1,815,699**	**299,055**	**1,092,379**	**370,311**	**9,295,308**	**1,926,346**	**286,798**	**2,135,018**	**348,427**	**1,257,453**	**424,063**	**14,120,203**	**2,582,475**	**337,009**
Additional Profit			434,301	-89,055	157,621	-85,311	6,304,692	1,073,654	88,202	114,982	-138,427	-7,453	-139,063	1,479,797	417,525	37,991
Residual Land Worth (APPROX)			471,501	-77,199	173,371	-75,336	7,632,192	1,229,654	101,312	219,682	-116,671	27,047	-123,463	5,807,297	911,025	63,851
	£/m2		290	-445	315	-569	1,051	1,074	588	77	-692	-15	-927	247	418	253

			Northern Area														
			Greenfield							Brownfield							
			Large Industial	Small Industrial	Large Office	Small Office	Large Retail	Smaller Retail	Shop	Large Industial	Small Industrial	Large Office	Small Office	Large Retail	Small Retail	Shop
	m2		1,500	200	500	150	6,000	1,000	150	1,500	200	500	150	6,000	1,000	150
	£/m2		600	700	3,000	2,350	2,600	2,500	2,500	600	700	3,000	2,350	2,600	2,500	2,500
	Capital Value		**900,000**	**140,000**	**1,500,000**	**352,500**	**15,600,000**	**2,500,000**	**375,000**	**900,000**	**140,000**	**1,500,000**	**352,500**	**15,600,000**	**2,500,000**	**375,000**
	Land Used	ha	0.090	0.013	0.025	0.008	4.000	0.450	0.017	0.090	0.013	0.025	0.008	4.000	0.450	0.017
		£/ha	25,000	25,000	25,000	25,000	25,000	25,000	25,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
		Uplift £/ha	250,000	250,000	250,000	250,000	250,000	250,000	250,000	0	0	0	0	0	0	0
		20.00%	55,000	55,000	55,000	55,000	55,000	55,000	55,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
		Cost	29,700	4,356	8,250	2,475	1,320,000	148,500	5,610	108,000	15,840	30,000	9,000	4,800,000	540,000	20,400
	Strategic Promotion		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Planning		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Misc Land		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Constructi	/m2	690.25	815.75	1255.00	1380.50	721.63	991.45	1004.00	690.25	815.75	1255.00	1380.50	721.63	991.45	1004.00
		£	1,035,375	163,150	627,500	207,075	4,329,750	991,450	150,600	1,035,375	163,150	627,500	207,075	4,329,750	991,450	150,600
	Infrastruct	15.00%	155,306	24,473	94,125	31,061	649,463	148,718	22,590	155,306	24,473	94,125	31,061	649,463	148,718	22,590
	Abnormals	15.00%								155,306	24,473	94,125	31,061	649,463	148,718	22,590
	Fees	8.00%	82,830	13,052	50,200	16,566	346,380	79,316	12,048	82,830	13,052	50,200	16,566	346,380	79,316	12,048
	Contingen	2.5% & 5%	25,884	4,079	15,688	5,177	108,244	24,786	3,765	51,769	8,158	31,375	10,354	216,488	49,573	7,530
	Finance Costs		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	Sales	3.00%	27,000	4,200	45,000	10,575	468,000	75,000	11,250	27,000	4,200	45,000	10,575	468,000	75,000	11,250
	Misc Financial		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	Subtotal		**1,373,596**	**230,809**	**858,263**	**290,429**	**7,239,336**	**1,485,270**	**223,363**	**1,633,086**	**270,845**	**989,825**	**333,192**	**11,477,043**	**2,050,274**	**264,508**
	Interest	7.00%	96,152	16,157	60,078	20,330	506,754	103,969	15,635	114,316	18,959	69,288	23,323	803,393	143,519	18,516
	Profit % Co	20.00%	293,949	49,393	183,668	62,152	1,549,218	317,848	47,800	349,480	57,961	211,823	71,303	2,456,087	438,759	56,605
	COSTS		**1,763,697**	**296,359**	**1,102,009**	**372,911**	**9,295,308**	**1,907,086**	**286,798**	**2,096,883**	**347,764**	**1,270,935**	**427,819**	**14,736,523**	**2,632,551**	**339,628**
Additional Profit			-863,697	-156,359	397,991	-20,411	6,304,692	592,914	88,202	-1,196,883	-207,764	229,065	-75,319	863,477	-132,551	35,372
Residual Land Worth (APPROX)			-826,497	-144,503	413,741	-10,436	7,632,192	748,914	101,312	-1,081,383	-184,424	266,565	-58,819	5,670,977	414,949	63,272
	£/m2		-576	-782	796	-136	1,051	593	588	-798	-1,039	458	-502	144	-133	236

			Budget Hotel	
			Greenfield	Brownfield
Income				
	m2		1,620	1,620
	£/m2		2,150	2,150
	Capital Value		3,483,000	3,483,000
Costs				
	Land Used	ha	0	0
		£/ha	25,000	900,000
		Uplift £/ha	250,000	0
		20%	110,000	360,000
		Cost	154,000	504,000
	Strategic Promotion		2,500	2,500
	Planning		2,500	2,500
	Misc Land		2,500	2,500
	Constructi	/m2	895	895
		£	1,449,900	1,449,900
	Infrastruct	15.00%	217,485	217,485
	Abnormals	10.00%		144,990
	Fees	8.00%	115,992	115,992
	Contingen	2.50%	36,248	36,248
	Finance Costs		5,000	5,000
	Sales	3.00%	104,490	104,490
	Misc Financial		5,000	5,000
	Subtotal		2,095,615	2,590,605
	Interest	7.00%	146,693	181,342
	Profit % C	20.00%	448,462	554,389
	COSTS		2,690,769	3,326,336
Additional Profit			792,231	156,664
Residual Land Worth (APPROX)			953,731	668,164
	£/m2		489	97