D|S|P Housing & Development Consultants

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Scarborough Borough Council
Local Development Framework

Affordable Housing
Economic Viability Assessment

Ref: DSP 11018

Final Report

November 2011

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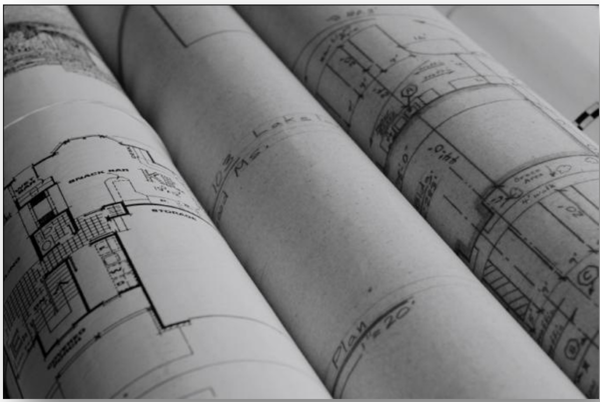

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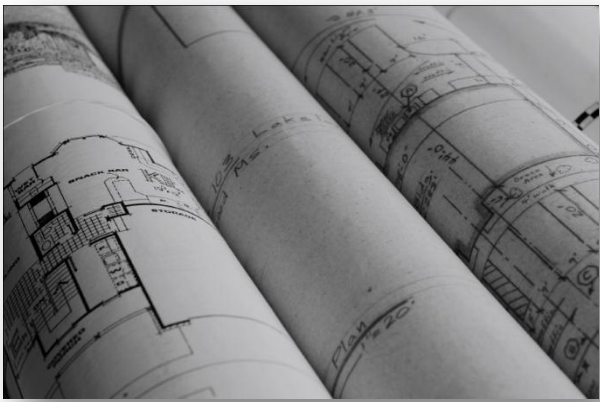

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Appendices

Non-Technical Executive Summary

- Scarborough Borough Council commissioned Dixon Searle Partnership (DSP) to carry out an Affordable Housing Economic Viability Assessment (AHEVA) to inform the Council's further development of its affordable housing policies.

- This resulting study explains the work that has been undertaken, its results and conclusions.

- The study focussed on the viability (meaning the "financial health") of market housing developments that are required under both national and local policy and planning guidance to provide a proportion of affordable homes. The affordable homes are usually a mix of rented properties and low cost home ownership (for example shared ownership), with a focus needed locally on affordable rented housing. These are referred to as forms of tenure, so that normally a target tenure mix is set at a strategic level and then discussed on specific schemes according to local needs, viability and funding circumstances.

- Affordable housing requirements of this nature are normally triggered at certain development sizes, known as threshold positions. The affordable housing provision to be sought is known as the proportion. That is expressed as a percentage (%) of the overall development numbers.

- Through this work, the Council asked DSP to provide detailed evidence to inform and support its policy development processes. This study reviews the impact on development viability of varying affordable housing policy positions – combinations of thresholds, proportions and varying tenure mixes.

- Affordable housing impacts (reduces) development viability because it generally produces a level of revenue for the developer that is significantly below the market sale level. We therefore see scheme viability decrease as the affordable housing proportion increases. Usually it also decreases as the tenure mix includes more affordable rented housing as opposed to low cost home ownership, although this varies.

- To consider and review these effects, we use the well established method of Residual Land Valuation. This means carrying out developer type financial appraisals (calculations) which deduct all the costs of development (including site related costs, build costs, finance costs, professional fees and development profits and the like) from the completed scheme value. The calculation process produces an amount left over as available for the land purchase (hence the term “residual land value” – RLV). We carry out a very large number of these appraisals, exploring a range of varying potential scheme types, affordable housing variations and the effect of market sales values, other inputs and costs changing. We cover a range of market sales value levels within the process because these will vary by locality within the Borough, and also over time with a changing market.

- In order to inform the appraisals process, we carried out a range of local market research (focusing on house prices and how those vary) and gathered information on the other cost and other inputs, so that we could make sure that sound relevant judgments were made.

- During the study period DSP met and discussed matters extensively with the Council’s officers involved in planning (policy and development control) and housing. Soundings were sought from local development industry representatives (the Scarborough Housing Market Partnership), who we also met with at a session to explain the emerging findings of this work. A further meeting was held with Council members on a similar basis.

- The study concludes that viability variations are seen throughout the Borough, as driven by the varying market sale values (house prices) seen for example between Scarborough Urban area and the smaller settlements in the rural areas, particularly in the north and also the west of the Borough. Typically, intermediate values are seen in a range of other locations, including in the southernmost areas of the Borough.

- This general pattern is indicated in the table below, which summaries our conclusions on the affordable housing policy scope in Scarborough Borough. This shows, broadly, increasing values and development viability moving from left to right, with the potential threshold positions on the far left and potential affordable housing target proportions (%s) beneath the various housing market areas in the Borough (those formed the basis for our review of values and viability variations).

- Whilst the Council could also consider a single affordable housing target (%) approach for application Borough-wide, we have concluded on balance that a more bespoke approach (following the principles outlined below) would better respect the varying local characteristics.

<table>
<tr><th rowspan="2">Affordable Housing Threshold (net new dwellings)</th><th colspan="3">Housing market area and guides for potential approach(es) & recommended scope for policy targets (on-site affordable housing or potential financial contribution)</th></tr>
<tr><th>Scarborough</th><th>Filey / Hunmanby / Southern Parishes</th><th>Whitby / Northern / Western Parishes</th></tr>
<tr><td>15+</td><td>No more than 20%</td><td>20% to 30%</td><td>30% to 40%</td></tr>
<tr><td>10-14</td><td>No more than 20%</td><td>20%</td><td>30%</td></tr>
<tr><td>5-9</td><td colspan="2">Potential financial contribution</td><td>20% on-site or Potential financial contribution</td></tr>
<tr><td>1-4</td><td colspan="3">Potential financial contribution</td></tr>
</table>

- The full study text provides detail on all of this, including discussion on the potential to secure valuable financial contributions from at least some developments falling beneath the main thresholds for providing on-site affordable housing. Particularly in periods of public funding (grant) uncertainty, such as the foreseeable future holds, we think this has significant potential to provide a useful additional housing tool (an affordable housing fund) which could be used flexibly to enhance the Council's enabling scope.

- Suggestions are made on the likely suitable levels of these contributions – i.e. not more than approximately £75 per square metre of housing floor space added by a development. This, again, might be varied so as to respect varying viability. However, it could also be set at a single level which would be workable in a range of circumstances. The level of contribution could be calculated and expressed in a number of ways and the Council should aim for a clear, simple approach.

- Finally, in summary, with all aspects of the policy potential we recommend that these are practically applied as targets. The policy development and wording ultimately chosen will need to be accompanied with a clear recognition that flexibility will be necessary as sites come forward, where developers demonstrate development viability issues that require discussion with the Council. In such cases, affordable housing may not be the only issue – usually there are a wide range of factors involved, including market conditions, the varying nature of sites and the collective costs including wider planning objectives and obligations.

Executive Summary ends.

November 2011

1 Introduction

1.1. Background

1.1.1 The level of affordable housing need within the Borough is supported by various documents within the Council's evidence base. The North Yorkshire Housing Market Assessment 2011[1] indicated a shortage of affordable housing of 405 units per annum over a five year period across the plan area.[2] This survey is supported by a number of more detailed parish surveys carried out since 2007 in order to justify the development of Rural Exception Sites. These further studies have confirmed the high level of housing need across the Borough.

1.1.2 The Council has commissioned Dixon Searle Partnership (DSP) to carry out an Affordable Housing Economic Viability Assessment (AHEVA) to inform the Council's affordable housing policies and decision making process.

1.1.3 The purpose of this study is to contribute to a robust evidence base to support the preparation of the Council's planning policy documents relating to affordable housing. The study assesses the (financial) capacity of residential development schemes in the Borough to deliver affordable housing without their viability being unduly affected. This is in the context of developing suitable affordable housing policies which aim to strike an appropriate balance between affordable housing needs and scheme viability, bearing in mind the need to also maintain overall housing supply. Specifically the study is carried out in accordance with Planning Policy Statement 3 (PPS3) - Housing[3] and its accompanying document "Delivering Affordable Housing"[4].

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

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1 GVA – North Yorkshire Strategic Housing Market Assessment (August 2011)
2 The LDF area comprises those parts of the Borough outside the North York Moors National Park
3 Communities and Local Government - Planning Policy Statement 3: Housing (June 2011)
4 Communities and Local Government – Delivering Affordable Housing (November 2006)

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

1.1.6 The draft National Planning Policy Framework reiterates this and places an emphasis upon ensuring the viability and deliverability of proposed development, and states that:

"To enable a plan to be deliverable, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, local standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and on site mitigation, provide acceptable returns to a willing land owner and willing developer to enable the development to be deliverable."

1.1.7 This study tests a range of affordable housing options by running development appraisals on a range of development scenarios or site typologies that reflect the nature of development coming forward across the Borough to test the impact of a range of variables on likely development viability (e.g. affordable housing proportion, tenure mix, developer's profit, planning obligations requirements etc). We also consider viability over a range of values ("value ranges") evidenced by our research for this study so that we can test how viability varies over both geography and over time taking into account variations to market conditions.

1.1.8 The study tests a range of affordable housing proportions and tenure mixes over a wide range of site types and sizes. The threshold at which on-site affordable housing is sought from market residential development is also included in the testing. In addition, the study includes wider work to investigate the viability of alternative approaches to reduce the threshold. This includes the potential introduction of a sliding scale of affordable housing requirements through either the collection of financial contributions in lieu of on-site affordable housing provision on smaller sites (those below any potential on-site threshold) or through a lower proportion (%) of on-site affordable housing on smaller sites; or possibly a combination of the two.

1.1.9 The methodology and assumptions used are outlined in Chapter 2, the results are discussed in Chapter 3 and the conclusions are set out in Chapter 4. The appraisal data and supporting information are appended to the rear of this document.

1.2 Notes and Limitations

1.2.1 This study has been carried out using well recognised residual valuation techniques by consultants highly experienced in the production of strategic viability assessments for local authority policy development. In order to carry out this type of study a large number of assumptions are required alongside a large quantity of data which rarely fits all eventualities. Small changes in assumptions can have a significant individual or cumulative effect on the residual land value generated – the RLVs generated by the development appraisals for this study *will not* reflect site specific circumstances.

1.2.2 It should be noted that every scheme is different and no study of this nature can reflect the variances seen in site specific cases. Specific assumptions and values applied for our schemes are unlikely to be appropriate for all developments and a degree of professional judgment is required. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and informing the Council's affordable housing policy decision making processes.

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

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

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

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

2 Assessment Methodology

2.1 Introduction

2.1.1 In order to determine the likely impact of the Council's affordable housing policies on the viability of residential development in the Borough we need to determine what effect changes to affordable housing proportion, tenure and other development requirements or costs may have on the value of a potential development site.

2.1.2 This study tests the broad viability of a range of potential affordable housing policy scenarios on notional site typologies across Scarborough Borough. The most established and accepted route for studying development viability at this level is Residual Land Valuation. In broad terms this involves assessing the value of the completed development (the revenue it will bring in - usually referred to as Gross Development Value – GDV) and deducting all costs (build costs, fees, surveys, finance, acquisition, and marketing etc) that need to be expended to create that value along with a level of developer's profit (risk reward and often related to securing finance). The result, after land purchase related costs are also allowed for, is an amount left over that indicates the sum of money available for the land purchase - hence the term Residual Land Value (RLV). This is then subjected to sensitivity testing to provide a range of possible outcomes.

2.1.3 Having determined the RLV results for each site typology and each sensitivity test (sensitivity testing has been carried out across a range of values, tenures, developer profit levels, build costs and planning infrastructure costs) we then need to compare the residual land value results produced by our development appraisals with land value levels relating to existing / alternative site uses (sometimes called 'competing use values') of those sites. As a part of this comparison, in many cases we also need to allow for a level of premium or uplift to provide the landowner with a sufficient incentive to sell (subject to there being an established market for an existing or alternative use). This equation can vary significantly. The ability of a scheme to produce a residual land value in excess of a "benchmark" land value (existing or alternative use value plus a premium to incentivise release of land for development) is a key factor in determining development viability. If insufficient value is created by a scheme then land will not come forward for development ultimately putting at risk the Council's housing targets (both open market and affordable).

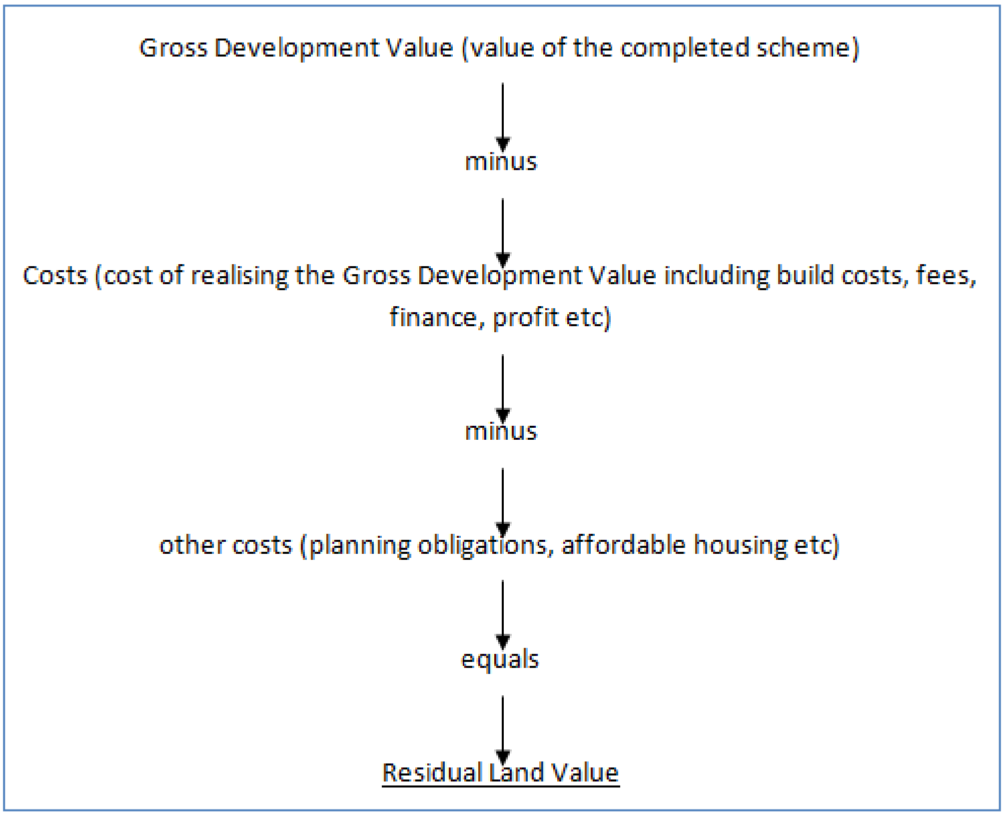
2.1.4 Hundreds of appraisals are carried out during the course of this study, each one reflecting a variation to be tested (e.g. value level or affordable housing proportion). The results of the appraisals (appraisal outputs) are shown in Appendix II and discussed in detail in Chapter 3.

2.1.5 The following sections set out a detailed methodology highlighting the key inputs into the residual land value approach and other key assumptions used in this process. Appendix I sets out a summary of the key assumptions used for appraising each site including site size, density, housing numbers, tenure mix, dwelling mix, market sales values, build cost and fees assumptions, profit levels and infrastructure costs.

2.2 Residual Valuation

2.2.1 Residual valuation as the name suggests provides a “residual” value from the gross development value of a scheme after all other costs are taken into account. The diagram below shows the simplified principles behind residual valuation:

Figure 1: Simplified Residual Land Valuation Principles



2.2.2 Having allowed for the costs of development, finance and profit, the resulting figure shows what is potentially left over to pay for land. In order to guide on a range of likely viability outcomes the assessment process also requires a benchmark against which to compare the resulting residual value - such as an indication of existing or alternative land use values ('EUVs' or 'AUVs') relevant to land in the Borough and any potential uplift required to encourage a site to be released for development (which might be termed a premium, excess, incentive or similar). A suitable land value to encourage the release of a site for development is a site specific and highly subjective matter and relates to the specific requirements or hopes of the landowner. It must be made clear here that the actual value of land is that agreed between a willing buyer and a willing seller. Given the generally private nature of the transaction, in most cases it is not possible to know the agreed sale price of land and as such estimates or benchmarks have to be used based on the evidence available at the time.

2.3 Developing Notional Schemes - Dwelling Mix, Tenure & Unit Size

2.3.1 The notional scheme typologies tested for this study were formulated to reflect both the type of residential development likely to come forward over the plan period as well as enabling us to test development viability at a strategic level. This means testing viability at a range of points with reference to potential affordable housing proportions and thresholds as well as varying dwelling mix.

2.3.2 The scheme typologies were developed and agreed with the Council taking into account such information as the Council's annual monitoring reports, Strategic Housing Land Availability Assessment (SHLAA) and through discussions with Council officers at project inception. Appendix I sets out the scheme typologies and other assumptions.

2.3.3 With regard to on-site affordable housing schemes of between 2 and 100 units were tested to allow us to investigate the range of policy options being considered by the Council. The smaller schemes allow us to test the impact of reduced thresholds on development viability whereas the larger schemes allow us to test the impact of both increased affordable housing proportions and variable tenure mix.

2.3.4 Appendix I sets out the proportions of affordable housing tested alongside the tenure mix variations. In summary each scheme type was tested at 0%, 20%, 30%, 40% and

50% affordable housing regardless of location and value to ensure a full suite of results from which to draw our conclusions. Figure 2 below shows a summary of the tenure mixes tested. Note: as there is an exponential increase in the number of appraisals required with each change to a variable, it was agreed with the Council that to reduce the number of appraisals, some variations were tested only on schemes of 25 and 50 units – these are indicated below.

Figure 2: Tenure mix variations[5]

Scheme Tested	Social Rent	Affordable Rent	LCHO
All schemes	0%	50%	50%
All schemes	0%	75%	25%
All schemes	0%	100%	0%
25 & 50 units only	25%	50%	25%
25 & 50 units only	25%	75%	0%
25 & 50 units only	50%	0%	50%

2.3.5 Alongside variation by value level, on a sample basis, the scheme typologies are further varied through altering key assumptions on profit, sustainable design and construction costs and planning obligations levels.

2.3.6 The financial impact of collecting financial contributions in-lieu of on-site affordable housing has also been reviewed on smaller sites (sites of less than 15 units). This provides an overlap in results between potential on-site affordable housing policy and collection of financial contributions in-lieu of on-site affordable housing so that a range of potential on-site / financial contribution thresholds has been tested.

2.3.7 The unit sizes assumed for the purposes of this study are as follows (and again can be found within Appendix I):

Figure 3: Residential Unit Sizes

Unit Sizes (sq m)	Affordable	Market
1-bed flat	50	45
2-bed flat	67	60
2-bed house	75	75
3-bed house	85	95
4-bed house	110	125

[5] See Glossary – Appendix V for tenure definitions

2.3.8 As with most assumptions there will be a variety of unit sizes and no single size or range of sizes will represent all dwellings coming forward on each of the sites. It must be remembered that the aim of this study is to investigate the broad viability of the policies being appraised.

2.3.9 Since there is a relationship between values and build costs, it is the levels of those that are most important for the purposes of this study, rather than the specific dwelling sizes. The sizes indicated are gross internal areas (GIAs). They are reasonably representative of standard unit types coming forward for smaller and average family accommodation in our experience. We acknowledge that these 3 and 4-bed house sizes, in particular, may be small compared with some coming forward, but our research suggests that the values for larger house types would also often exceed those we have used and would, therefore, be similar on a "£ per sq m" basis. All will vary, and from scheme to scheme. It is always necessary to consider the size of new build accommodation while looking at its price – hence the range of prices expressed per square metre is the key measure used in considering the research, working up the range of values and reviewing the results.

2.3.10 It has been assumed, again for the purposes of this study, that the affordable housing mix will broadly reflect that of the private housing and thus be "transferred" to a Registered Provider (RP) on a proportional basis to the private dwellings. The one exception to this is that, where possible, we have assumed that larger units (3+ beds) would not be "transferred" as shared ownership due to perceived lack of affordability of those unit types.

Smallest sites – potential financial contributions (housing enabling fund)

2.3.11 The study scope also included taking an initial look at the potential to bring all sites providing additional (net new) dwellings in to the overall policy scope. This is an area that many local authorities have progressed policy on, or are reviewing, in order to arrive at an equitable approach rather than one which seeks provision only from larger developments that "trigger" current policy thresholds. We consistently find that smaller developments are not necessarily any less of more viable than larger ones – site size alone is not a determinant of viability.

2.3.12 An approach to include financial contributions from the smallest sites (but usually on a net new dwellings and not a gross basis) has great potential to provide additional housing enabling funds, which can be used in a variety of ways. This can be particularly positive in times of public funding (grant) availability, such as we have now and are likely to continue see in the next few years.

2.3.13 To inform the Council's thinking on this, and review the scope to seek a suitable level of contribution from sites falling beneath the on-site affordable housing thresholds, we have considered various potential calculation methods, carried out some sample appraisals and made some high level recommendations. Further information is set out in Chapters 3 and 4.

2.3.14 For clarity, we consider that this small sites financial contributions discussion is distinct from the Council reviewing any potential financial contributions in lieu of affordable housing relevant to larger sites where, exceptionally, an alternative to on-site provision may be considered. For those exceptional schemes or parts of schemes, we expect that the Council would require a negotiated process from the starting point of on-site affordable housing and the finances associated with that.

2.4 Gross Development Value (Scheme Value) – Open Market Values

2.4.1 The gross development value of a scheme is determined by the revenue generated the open market and affordable units in the completed scheme. We have carried out our own desktop and on the ground research on residential values and have utilised existing information for example internet property search engines, estate agents information, Land Registry data and VOA data. The data sources behind our values assumptions are shown in Appendix III – Background Data - and are not included in the main part of this report.

2.4.2 Research was undertaken into property prices across the Borough during June to August 2011. Average house prices for settlements across the Borough were calculated from the research (shown in Appendix III along with minimum, maximum and quartile data). The settlements / parish data was then grouped into sub-areas matching the Council's "Market Areas" of Scarborough, Whitby, Filey / Hunmanby, Western Parishes, Southern Parishes and Northern Parishes (as defined in the SHMA 2011) with average values calculated for those. This allowed us to see broadly how values varied across the market areas in the context of the range of value levels tested.

2.4.3 From the results of our research it was decided that open market values should be tested at 7 levels (value levels) covering both the likely range of new build property values seen currently, as varied by geography, and moving forward allowing for upward and downward movements in property prices over time. By looking at viability across a range of value levels effectively we are considering what the viability of a particular scheme or site typology might look like if it were moved to a range of locations or Market Areas or viewed it over time. Although we have provided a very broad indication of the likely relationship between Market Area and value level it should be remembered that values can change significantly within a very small area with variations in values often seen at a street by street level or even between one end of a street and another. The information provided here is therefore purely a broad guide.

2.4.4 A summary of the values used for each unit type at each value level is shown in Figure 4 below. These are shown as £ per sq m rates and also expressed as equivalent property values based on the dwelling types and sizes assumed within this study. The values for each site appraisal are also shown in Appendix I.

Figure 4: Summary of Value Levels

Value Level (£ /m²)	1-bed flat (45m²)	2-bed flat (60m²)	2-bed house (75m²)	3-bed house (95m²)	4-bed house (125m²)
1 (£1,500/m²)	£67,500	£90,000	£112,500	£142,500	£187,500
2 (£1,800/m²)	£81,000	£108,000	£135,000	£171,000	£225,000
3 (£2,100/m²)	£94,500	£126,000	£157,500	£199,500	£262,500
4 (£2,400/m²)	£108,000	£144,000	£180,000	£228,000	£300,000
5 (£2,700/m²)	£121,500	£162,000	£202,500	£256,500	£337,500
6 (£3,000/m²)	£135,000	£180,000	£225,000	£285,000	£375,000
7 (£3,300/m²)	£148,500	£198,000	£247,500	£313,500	£412,500

2.4.5 Figure 5 below shows the broad relationship between the value levels tested and both market areas and market conditions.

Figure 5: Relationship between value level and market area

<table>
<tr><th>Value Level</th><th colspan="3">Relationship between value level, market area and market conditions</th></tr>
<tr><td>1 (£1,500/m²)</td><td>In the main representing market falling from current lower end new builds</td><td rowspan="2"></td><td rowspan="3">Lower range values – e.g. most typically seen in Scarborough Market Area</td></tr>
<tr><td>2 (£1,800/m²)</td><td rowspan="2">Lower / mid range values – e.g. most typically seen in Filey / Hunmanby and Southern Parishes Market Areas</td></tr>
<tr><td>3 (£2,100/m²)</td><td rowspan="3">Mid range values – e.g. most typically seen in Whitby Market Area</td></tr>
<tr><td>4 (£2,400/m²)</td><td rowspan="2">Mid to upper range values – e.g. most typically seen in Western Parishes Market Area</td><td rowspan="3">Upper range values – e.g. most typically seen in Northern Parishes Market Area</td></tr>
<tr><td>5 (£2,700/m²)</td></tr>
<tr><td>6 (£3,000/m²)</td><td colspan="2"></td></tr>
<tr><td>7 (£3,300/m²)</td><td colspan="3">In the main representing market rising from current upper end new builds.</td></tr>
</table>

2.4.6 Property market reporting continues to indicate a weak and uncertain residential market (as highlighted in Appendix III). Future values cannot be predicted, but our methodology does allow for potential future review of results in response to changes over time, perhaps including more established market trends or revised price levels - as well as sale price variations through site characteristics or location. It enables us to look more widely at the sensitivity of results to value levels as part of making our strategic overview.

2.5 Gross Development Value (Scheme Value) - Affordable Housing Revenue

2.5.1 As part of the revenue of a development, we need to allow for the affordable housing content of the schemes being studied, since that significantly reduces the revenue to be received and yet costs broadly the same to build as the market housing. This has the effect of reducing the RLVs.

2.5.2 The affordable housing revenue for the developer is based on what a Registered Provider (RP) can generate based on the capitalised net rental stream (for affordable rent or social rent) and the capital value plus capitalised net rental stream (for intermediate tenures such as shared ownership) approach for completed affordable housing units of varying tenure (see Glossary for definition of terms). In past studies this has included social rent and forms of intermediate tenure and potentially included public subsidy in the form of social housing grant. However the HCA Affordable Homes Programme framework (2011-2015) published in February 2011 states that "*there is an expectation that S106 schemes can be delivered at nil grant for both affordable home ownership and for Affordable Rent. For the latter, our assumption is that the price paid will be no more than the capitalised value of the net rental stream of the homes"*[6]. The Council has therefore requested that Affordable Rent, Social Rent and shared ownership tenures be modelled for the purposes of this study and on the basis of nil grants.

2.5.3 The actual payment made by an RP to a developer has been calculated using the capitalised net rental stream approach utilising the assumptions inputs made following consultation with locally active RPs and our experience of working with a number of RSLs (RPs). As a result of the consultation responses and calculations carried out using SDS Proval software, the payments that an RP may make to a developer for completed affordable housing units equate to between approximately 38% of market value (MV) on average for social rented properties; 41% of MV on average for affordable rented properties and 64% of MV on average for shared ownership properties, varying by unit type and size. For affordable rented properties the assumption has been made that the Local Housing Allowance (LHA) levels will act as an upper level above which rents will not be set (i.e. they represent 80% of market rent including service charge). We have taken the average figure derived from a range of indicative offer prices provided by consulted RPs alongside our own calculations using the LHA as the 80% of market rent level. In reality, as with other assumptions, the level of market (and therefore rents at 80% of market) will be a site specific consideration and RPs will take varying views on their attitudes to risk on the development or purchase of affordable rented properties.

2.5.4 For shared ownership the offer prices have calculated on the basis of 40% equity share with a rent yield of 2.75% on the remaining unsold equity. For social rent increases are based on RPI +0.5% (compared to just RPI for affordable rent); voids and bad debts are based on 2% (compared to 3% for affordable rent) and target rents are for April 2012.

2.5.5 In practice, the values generated could be dependent on property size and other factors including the RP's own development strategies and thus would vary from case to case when looking at site specifics. The RP may have access to other sources of funding, such as its own resources or recycled capital grant from stair-casing receipts,

[6] Homes & Communities Agency - 2011-15 Affordable Homes Programme – Framework

for example, but such additional funding cannot be regarded as the norm – it is highly scheme dependent and variable and thus has not been factored in here.

2.6 Development Costs – Build Costs

2.6.1 The build costs shown below are taken from the Build Cost Information Service (BCIS) from the Royal Institute of Chartered Surveyors (RICS). The costs are taken as the "Median" figure for that build type - assuming flats (generally); mixed housing development. The figures are from Q1 2011 (latest non-forecast data available at the time of carrying out the appraisals and a Scarborough location index (98) is used.

Figure 6: Build Cost Data (BCIS Median, Q1 2011, Location Index 98)

Property Type	BCIS Build Cost (£/m²)*
Houses (Mixed Developments)	£783
Flats (3-5 Storey)	£900

*excludes externals and contingencies (these are added to base build cost)

2.6.2 The above build costs do not include contingencies or external works. An allowance for externals has been added to the above base build cost on a variable basis depending on the scheme type but typically between 14% and 21% of build cost for flatted and housing schemes based on analysis of specific schemes within the BCIS dataset. There will always be a range of data and opinions on, and methods of describing, build costs. In our view, we have made reasonable assumptions which lie within the range of figures we generally see for typical new build schemes (rather than high specification or particularly complex schemes which might require particular construction techniques or materials). As with many aspects there is no single appropriate figure in reality, so a judgement on some form of benchmark is necessary. As with any assumption of course this will be highly scheme specific. The base build costs have been applied to all sites.

2.6.3 An allowance of 3% of build cost has also been added to cover contingencies. This is a relatively standard assumption in our experience.

2.6.4 In addition, for this broad test of viability it is not possible to test all variations to additional costs however a further allowance of 5% has also been added to the total build cost on a sample basis in respect of achieving higher sustainable design and construction standards (either in relation to building regulations or equivalent requirements – e.g. Code for Sustainable Homes / BREEAM and Lifetime Homes)[7]. This allowance has been added to all build costs to reflect a potential future increase in costs in relation to the sustainable construction agenda above current standards.

2.6.5 The interaction of costs and values levels will need to be considered again at future review points. In this context it is also important to bear in mind that the base build cost levels will also vary over time. In the recent recessionary period we have seen build costs fall, but moving ahead they are expected to rise again. The latest BCIS Q4 2010 data indicates that tender prices increased by 1.9% over the preceding quarter and by 3.3% compared to a year earlier with general inflation standing at 4.8% in the year to the 4th quarter 2010. The BCIS forecasts suggest a rise of 3.2% in the year to 1st quarter 2012 and *"it is anticipated that tender prices will continue on "a slow upward trend" over each year of the forecast driven by increases in input costs"*[8]. The 'All-in tender price index' now stands at a similar level to that seen at Q2 of 2010, and prior to that, similar to tender price levels seen in 2004-05. In between those points the index rose to its peak in late 2007/early 2008. This overview indicates current costs at around 13% below their peak level on this basis. The forecasts indicate tender prices recovering to some extent by the end of 2012 (to around 7% below peak levels).

2.7 Other Development Costs – Fees, Finance & Profit

2.7.1 The following costs allowances have been assumed for the purposes of this study:

Professional and other fees:	*Total of 12% of build cost (including architect, QS, Project Management, Insurances)*
Contingencies:	*3% of build cost*
Site Purchase Costs:	*1.0% agent's fees* *0.75% legal fees* *Standard rate for stamp duty*

[7] On the basis (for the purposes of this study only) of achieving uplift in standards to meet Code for Sustainable Homes Level 4 with percentage estimated from DCLG - Code For Sustainable Homes: A Cost Review (March 2010). In practice costs for individual sites will vary along with build costs generally dependent on the specific requirements of that site or specific standards required. This sum also includes allowance for Lifetime Homes where required.

[8] BCIS – Update on Quarterly Briefing – April 2011 (http://service.bcis.co.uk/V3_BCIS/template.html)

<u>Planning Application Costs:</u>	*£335 per dwelling where the number of dwellings is 50 or fewer; where the number of dwelling houses exceeds 50 - £16,565 plus £100 per dwelling in excess of 50, subject to a maximum total of £250,000.*
<u>Planning obligations / Infrastructure:</u>	*All appraisals were carried out assuming a rate of £67/m² to cover other (i.e. non-affordable housing) planning obligations contributions. In order to review the potential combined impact in the event of those assumed typical obligations reducing or increasing, sensitivity testing was also carried out assuming a rate of £33/m² and £100/m². These figures are <u>not</u> potential Community Infrastructure Levy (CIL) rates but a rate per sq m has been used to ensure that the cost of other planning obligations had been accounted for in a way which fits the overview nature of the study including allowing comparison between scenarios and outcomes so as to focus primarily on affordable housing impacts. These costs can also relate to a range of different factors including representing additional sustainability measures or site abnormals.*
<u>Sustainable Design & Construction:</u>	*The main appraisals assume that the council's policies and building regulations levels are met. As a sensitivity test, further appraisals were also carried out assuming a notional 5%[9] increase in build cost to cover future increases in standards.*
<u>Lifetime Homes:</u>	*While this can affect scheme viability in a wider sense - from the point of view of increasing building footprints and therefore cost and, potentially, site capacity - it may not necessarily add significant cost but instead has design implications. There have been a number of studies into the costs and benefits of building to the Lifetime Homes standard. These have concluded that the costs range from £545 to £1615 per dwelling, depending on: the experience of the home designer and builder; the size of the dwelling (it is easier to design larger dwellings that incorporate Lifetime Homes standards cost effectively than smaller ones); whether Lifetime Homes design criteria were designed into developments from the outset or whether a standard house type is modified (it is more cost effective to*

[9] But based on the Code for Sustainable Homes: A Cost Review (March 2010) cost data.

	incorporate the standards at the design stage rather than modify standard designs); and any analysis of costs is a 'snapshot' in time. The net cost of implementing Lifetime Homes will diminish as the concept is more widely adopted and as design standards, and market expectations, rise (www.lifetimehomes.org.uk).
Finance:	*6.0% interest rate (assumes scheme is debt funded)*
Marketing costs:	*3.0% sales fees* *£600 per unit legal fees*
Developer Profit:	*Affordable Housing – 6% of GDV* *Open Market Housing – 17.5% of GDV* *(sensitivity testing also carried out applying 20% developer's profit)*
Build period:	*6-24 months - varies by site size – details as per Appendix I based on BCIS Construction Duration Calculator and professional experience*

2.7.2 Other costs assumptions including for surveys etc vary by site and are shown in Appendix I.

2.8 Competing Land Use Values and Comparisons (Existing / Alternative Use Values)

2.8.1 As discussed previously, in order to measure the likely viability of sites in terms of the required level of infrastructure including affordable housing, a comparison needs to be made between the outturn results of the development appraisals (in terms of residual value) and some benchmark or known land value.

2.8.2 In order to determine this we undertook to evidence land transactions locally, or find any local indications, alongside data sourced from the Valuation Office Agency (VOA). Each of the results is compared to a range of values representing either typical values for sites (as per the VOA data), known land value data from comparable evidence or from other indications we found from taking local soundings.

2.8.3 As well as an existing or alternative use value, there may be an element of premium (excess or incentive) required to enable the release of land for development (where there is an established ready market for an existing or alternative use – 'EUV' or 'AUV'. The HCA's draft document 'Transparent Viability Assumptions'[10] that accompanies its Area Wide Viability Model suggests that "*the rationale of the development appraisal process is to assess the residual land value that is likely to be generated by the proposed development and to compare it with a benchmark that represents the value required for the land to come forward for development*". This benchmark is referred to as threshold land value. '*Threshold land value is commonly described as existing use value plus a premium, but there is not an authoritative definition of that premium, largely because land market circumstances vary widely'*. Further it goes on to say that '*There is some practitioner convention on the required premium above EUV, but this is some way short of consensus and the views of Planning Inspectors at Examination of Core Strategy have varied'; and: 'For greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value*'. In practice, as mentioned above, the premium over EUV / AUV will vary according to a number of factors including the strength of demand for new homes, the supply of land at various stages within the planning process and the attitude of the landowner to the sale of their land – '*In areas where landowners have long investment horizons and they are content with current land use, the premium will be relatively high. Conversely, the premium will be relatively low (and in extreme cases non-existent) where landowners are minded to sell or financially distressed'.*

2.8.4 In practice a range of land value comparisons and requirements will be relevant, according to site characteristics, opportunities and constraints, owners' situations, timing, market conditions and other circumstances.

2.8.5 Landowners' expectations will need to be realistic. Land values reflect these various factors – its value is associated with what can be done with it; its potential as affected by any constraints. A premium or uplift level of land value may well not be appropriate in all circumstances – that would rely on there being a ready market for a site in its existing or in an alternative use. For example, we would not expect to see premium value levels applied where commercial premises have not been marketable for that use. The commercial property market has also been, and continues to be, subdued during recessionary times. The range of influences on viability outcomes will

[10] Homes and Communities Agency – The HCA Area Wide Viability Model – Annex 1 Transparent Viability Assumptions (August 2010) Consultation Version

need to be considered as the Council and Developers consider sites and apply the approach in dealing with scheme specifics.

2.8.6 Other information, as far as was available, is included within our property market reporting in Appendix III.

2.9 Stakeholder Consultation

2.9.1 As part of considering a range of information and informing our judgments for each of our studies we consult with a range of stakeholders including developers, landowners, RPs and agents as a matter of course. This is done through the “on the ground” and web based / desktop research we have mentioned.

2.9.2 For this study details of the main assumptions were circulated to a number of organisations active in the local residential development market plus Registered Providers (RPs) via the Council through its Housing Market Partnership. Participants were given the opportunity to submit their views individually (privately) on the proposed study assumptions. The purpose of this was for DSP (and the Council) to engage with a range of organisations involved in the local market and to gain an insight into stakeholders’ perspectives on the local market and development issues in the Borough. It also enables us to ensure that the appraisal variables used within the modelling reflect the costs and values associated with development within Scarborough.

2.9.3 We undertook not to disclose the detail of any of the responses received but these were collated and have helped to inform our progress from that point. Although the number of responses was low, as we often find to be the case, our role is to present our independent view. A sample pro-forma issued to stakeholders is shown in Appendix IV. Draft findings were subsequently presented to the Housing Market Partnership for discussion.

3 Results

3.1 Introduction and interpretation.

3.1.1 This section is complied with reference to the range of tables set out within Appendix II. Those tables show the RLV results generated by our wide range of appraisals on the basis of the assumptions explained in chapter 2. Before outlining the results trends, the following first provides a brief guide to interpreting the tables which, in the order seen in Appendix II, provide results relating to the 8 appraisals sets. Each table corresponds to an appraisal set with assumptions varied for each, as follows:

Figure 7: Summary of main assumptions applied for each appraisal set at Appendix II

Table No.	**Affordable Housing Tenure Mix**	**Build costs basis / sustainable construction** (all homes to stated standard)	**Profit % on GDV of market homes**	**Wider planning obligations (infrastructure) level - £/sq m**
1	75% AR / 25% LCHO	CFSH Level 3 Equivalent	17.5	67
2	50% AR / 25% LCHO	CFSH Level 3 Equivalent	17.5	67
3	100% AR	CFSH Level 3 Equivalent	17.5	67
4	75% AR / 25% LCHO	CFSH Level 3 Equivalent	20	67
5	75% AR / 25% LCHO	CFSH Level 4 Equivalent	17.5	67
6	75% AR / 25% LCHO;	CFSH Level 3	17.5	33

	50% AR / 50% LCHO; 100% AR	Equivalent		
7	75% AR / 25% LCHO; 50% AR / 50% LCHO; 100% AR	CFSH Level 3 Equivalent	17.5	100
8	75% AR / 25% LCHO; 50% AR / 50% LCHO; 100% AR; 75% AR / 25% SR; 50% SR / 50% LCHO; 25% SR / 50% AR / 25% LCHO	CFSH Level 3 Equivalent	17.5	67
Note: Other assumptions across above scenarios remained constant.				

Key to terms:
AR = Affordable Rent (at up to 80% market rents including service charge)
LCHO = Low Cost Home Ownership (predominantly in the form of Shared ownership)
SR = Social Rent (at Target Rents)

3.1.2 Reading from left to right across each of the tables we see:

- Development Scenario – notional scheme types appraised
- Value level – the appraisals within each set have been run at all value levels tested; increasing from value level 1 through to value level 7.
- Residual Land Value in £s (RLV) indication associated with 0% (i.e. nil) affordable housing and then increasing through 20%, 30%, 40% and 50% affordable housing.
- RLV expressed in £s per Hectare allowing comparison with greenfield related land use comparisons (with individual outcomes colour coded so as to provide a feel for the tone of viability outcomes – the key at the foot of each table provides details).
- RLV expressed in £s per Hectare allowing comparison with a range of previously developed land use related comparisons (again with individual outcomes colour coded so as to provide a feel for the tone of viability outcomes – the key at the foot of each table provides details).
- In all cases noting that these are guides only intended to highlight the trends, rather than anything firmer (they are not definitive and should not be

interpreted as such), based on the assumptions sets applied, the shading indicates as follows:

Figure 8: Appendix II Tables 1-8 colour coding guide

green	results that point to a positive viability outcome (likely positive land value comparison)
orange	scenarios that at best are likely to be marginally viable (potentially positive land value comparison, but not in all cases and at best likely to be marginal)
red	represents scenarios that are likely to be unviable (likely unfavourable land value comparisons – most cases likely to be unviable)

3.1.3 In the following sections we will outline the meaning on the results – moving through tables 1 to 8, in each case considering the results by reference to increasing value level (increasing value of market housing) - and then provide our overall interpretation of these by drawing the points together before providing our conclusions in chapter 5.

3.1.4 It should be noted that in the case of all results tables there are a number of not applicable ('N/A') scenarios where the affordable housing proportions and / or specific tenure mix variations cannot be applied to the development scenario (scheme type) listed on the left hand side.

3.1.5 The 0% affordable housing results will only vary from one table to another where assumptions other than affordable housing tenure mix (which only affects schemes that include affordable housing) are varied. So varying the developer's profit level, build costs or other planning obligations levels (as in tables 4 - 7 inclusive) will see those 0% results varying; a potentially useful pointer to the viability impacts of those influences alone on a scenario.

3.2 Table 1 – Base appraisal results

3.2.1 All value level 1 results are negative RLVs, at all values levels – including at 0% affordable housing (with no affordable housing) and regardless of the land value comparison made – greenfield or PDL (whether the exiting land use is industrial / commercial or residential). In the main these results are associated with values beneath the current market levels seen.

3.2.2 In all cases (at all value levels) the results deteriorate further, as expected, with increasing affordable housing proportion. This can be seen by the dramatic reduction in RLV seen between 0% and 50% affordable housing for a scheme of 5 dwellings – the first point at which (with numbers rounding) an affordable tenure mix of any form can be accommodated within the scheme. This point needs to be kept in mind for developing more detailed guidance in due course; and for scheme specifics. The commentary on later tables reviews further aspects on tenure mix.

3.2.3 Whilst value level 1 (£1,500 / sq m) may be relevant to some lower end schemes, especially in the event of a further falling market, the RLV outcomes for values levels 2 and 3 also need to be considered in relation to the town of Scarborough. The values range covered by value levels 2 and 3 is also relevant to Filey / Hunmanby and the Southern Parishes – overall this represents a key area of the results bearing in mind the likely significance of these settlements and areas to overall housing supply in the Borough.

3.2.4 By value level 2 (£1,800) we see some meaningful land values generated which in some cases could start to represent potentially viable scenarios in the greenfield comparison scenarios columns; but still assuming 0% affordable housing. With PDL land value comparison those RLVs are in many cases unlikely to reach suitable levels to compete with commercial land uses, however, again even with a 0% affordable housing assumption. In the case of both Greenfield and PDL comparisons, moving to a 20% affordable housing assumption at value level 2 sees the RLVs fall in to negative territory (schemes unviable).

3.2.5 As we expect a variety of new build values to be seen across varying parts of Scarborough town, Filey / Hunmanby and the Southern Parishes, the range of values encompassed by, and results relating in particular to levels 2 to 3, are an important part of the overall picture.

3.2.6 Building on this picture, by value level 3 (£2,100 / sq m) where we are within the mid-range values seen for the Borough overall, there is a notable improvement in the RLVs so that our findings suggest - on the greenfield basis - viable or at worse marginally viable outcomes with 20%; and potentially some marginally viable scenarios at up to 30% affordable housing. The PDL comparisons suggest that no more than 20% affordable housing is likely to be viable on that basis at value level 3. With 30% affordable housing on the PDL basis the RLVs significantly reduce and, while they remain positive, that is generally marginally so and therefore they are unlikely to support viable schemes on the assumptions applied.

3.2.7 Moving up to value level 4 (£2,400 / sq m) on the greenfield basis the RLVs point to clearly viable schemes at 30% affordable housing; potentially or marginally viable schemes at 40%. With the PDL comparisons, the 30% affordable housing schemes produce RLVs at that point to likely viable schemes on lower end commercial value land (industrial comparison) but that are unlikely to be viable on sites with established residential use. A reduction to 20% affordable housing boosts the RLVs notably, and with those the viability of the residential land use comparison scenarios. As above, value level 4 lies amongst the mid range values for the Borough as a whole and is also relevant being towards the lower end of the range of values likely to be seen in the northern and western parishes settlements.

3.2.8 By value level 5 (£2,700 / sq m) , representing some upper levels potentially seen in Whitby and also overlapping with the levels likely for schemes in the Western and Northern parishes, the results indicate viable scenarios with scope for up to 40% affordable housing on the Greenfield scenarios but likely reduced scope for the PDL comparisons – with potentially / marginally viable schemes with 34% on some former commercial / industrial sites; with an equivalent tone of results 30% on land with established residential use.

3.2.9 At values levels 6 to 7 (£3,000 – 3,300 / sq m -e.g. likely in some instances Northern parishes only, or potentially other upper end values in a rising market) the greenfield and former industrial land comparisons point to viable scenarios with up to 50% affordable housing with this assumptions set applied. However, the comparisons representing land with established residential use suggest that the only scenarios likely to be clearly viable even at these upper end and non-typical value levels include 40% affordable housing. The results at 50% affordable housing on the residential comparisons within this table suggest only potentially / marginally viable schemes.

3.2.10 Looking at table 1 it is also important with the smaller schemes in particular (especially those of fewer than say 15 dwellings total) to consider the actual RLVs (in £s) and not just the RLVs in £s per Ha. Quite often it can be seen that although the traffic light style colour coding may indicate a marginally viable outcome in fact the sums of money generated by the scenarios can be quite small and potentially insufficient to purchase a small sites with a variety of uses.

3.2.11 While, as in this case, our studies invariably find that site size in itself is not a determinant of scheme viability (smaller sites are not necessarily any less or more viable than larger ones), these sensitivities together with any potential first time impact of affordable housing policies (imposing requirements on smaller sites for the first time) warrant careful consideration in policy development. In respect of these issues we will also consider sliding scale principles (the potential for reduced affordable housing target proportions on smaller sites) and whether there could be a role for financial contributions

3.2.12 The general results trends reported above are not repeated in the following reviews of the subsequent tables 2 – 7. Below we will focus on the influence that the varied assumptions have had on the RLV results in each case (key assumptions changes as summarised at Figure 8 / 3.1.1 above).

3.3 Table 2 – Balanced affordable tenure mix (50% affordable rent; 50% LCHO)

3.3.1 In this results table we have additional scenarios of 4 dwellings appraised as the assumed affordable tenure mix can be accommodated physically within those – this envisages a scheme totalling 4 dwellings including 2 affordable and so the numbers only work at 50% affordable housing (for further comments on those and the other 50% results, see below). At 5 dwellings we appraised 40% affordable housing, which can be made to work numerically (producing 2 affordable homes of 5 total), whereas 50% does not work mathematically. It can be seen, as a general comment, that the purely numerical side / numbers rounding can play a significant role in the detail as part of the package of influences that needs to be considered, especially on the smaller sites. Similar issues effect the selection (or non selection) of certain other dwelling numbers and affordable housing proportions (%s) / tenure mix combinations – as will be seen at particular points throughout this work (this comment will not be re-made).

3.3.2 To consider properly the effect of this affordable tenure mix change, we have to look then at the outcomes for the schemes of 10 or more dwellings.

3.3.3 Overall, it can be seen that the same results trend / overview is evident – with more orange and red cells (indicating reducing and then non-viability) occurring with lower range values and with increasing affordable housing proportion.

3.3.4 The tenure mix adjustment does bring about some improvement in the RLVs and, as such, these results sets are the most positive of all the scenarios appraised apart from the 25 and 50 unit sample appraisal outcomes shown within Table 6 – for which the wider planning obligations level was halved.

3.3.5 It is not necessary or meaningful to discuss all possible variations but the Council could use this type of understanding as a rough guide to help it compare and consider different scenarios (on affordable housing %, mix and potentially other factors) that might either produce similar or improved results.

3.3.6 Working on the nil grant basis as applied throughout the study in accordance with latest HCA investment plans for s.106 schemes, whilst there is no doubt that on the assumptions used the reducing of the rented affordable housing element (switching it to LCHO – e.g. shared ownership) boosts the viability outcome, we do not consider that to be so significant as to effect the likely choice of affordable housing % policy selections. Along with other factors that influence viability, as will be seen, varying to a more balanced affordable tenure mix is more likely to be a tool used where the particular circumstances and needs dictate or suit.

3.4 Table 3 – 100% affordable rent (whole of the affordable element as affordable rent)

3.4.1 It has been possible to appraise more scenarios with this assumption – with only one type of affordable housing to accommodate within the overall dwelling mixes. Again, detailed interpretation of this type of table and its individual results may have a similar purpose in considering particular issues when leading towards specific discussions or later SPD / guidance detail.

3.4.2 In contrast to the changes seen between tables 1 and 2 (modest improvements in viability), we see viability deteriorating throughout here, as expected. As the previous change was a graduated one, so is this – going the other way. This means that a much more notable change (results deterioration) is seen between tables 2 and 3 than between tables 1 and 2 or tables 1 and 3. This overall grading downwards of results with increasing rented tenure included is to be expected in our experience.

3.4.3 Overall, given the tone of the starting point results (table 1 – including 75% affordable rent) we expect that to be the likely practical maximum starting point on rented tenure in many scenarios; with a movement to reduced rented tenure from those levels likely to help viability where needed (or where other tenure mix issues dictate). We think it likely that the deterioration caused to already mixed results by 100% rented tenure would be unworkable as a regular starting point.

3.5 Table 4 – Developers profit at 20% GDV.

3.5.1 Here sample schemes of 25 and 50 dwellings were appraised, changing only the developers profit from the base (Table 1) assumptions set – up from 17.5%.

3.5.2 Again this change does not affect the overall outcomes trend.

3.5.3 This produces generally quite similar results to those seen on the same scheme types with table 3 (100% affordable rented tenure). In itself, in many cases it is not likely to be a make or break scenario for overall scheme viability. We can see how a few results have changed from 'green to orange' or 'orange to red' within our purely indicative viability guide categories and, again, that all results have deteriorated compared with the base (table 1) levels.

3.5.4 In our experience this is likely to be a factor with has an impact in some scenarios alongside other factors, and which will need to be kept in mind as part of the collective effect of the various scheme viability influences. As such, it also likely to be a factor which, with others, points away from pursuing any policy targets that may be too high because they rely on too much help from such assumptions moving too far in favour of supporting viability; and therefore the risk rewards potentially becoming insufficient for developers and their funders.

3.6 Table 5 – Increased build costs (increased sustainable construction cost to CfSH 4 equivalent)

3.6.1 As it is based on the same sample scheme types as table 4, we can see that this development costs addition produces a very similar overall results trend to the impact in isolation of the increased developer's profit assumption. In fact the RLV results themselves are very similar to those seen at table 4.

3.6.2 Briefly exploring the results from these increased cost assumptions (overview also applicable to table 4 therefore), we can see 20% affordable housing becoming viable or marginally viable on Greenfield sites from around value level 3; 30% from around value level 4 and with, in the main, one step up needed in value level in each case to support the same %s on PDL sites. 40% affordable housing appears to need value level 5 or higher to support the collective costs and obligations at this point; possibly higher values still in PDL scenarios. 50% affordable housing appears viable only at value level 6 or more (likely top end / rising market values only) and on PDL scenarios even that could be in question where land already in residential use is concerned. Once again, we can see that this points us towards not selected targets that appear workable with more favourable collective assumptions but that start to look extremely challenging as some elements of costs increases and / or necessary affordable housing tenure mix requirements impact viability outcomes.

3.7 Table 6 – Reduced level of other planning obligations (infrastructure) contributions

3.7.1 As mentioned at 3.3.4, amongst table 6 are the most favourable viability outcomes produced by our various assumptions sets – this reduced cost assumption associated with a more favourable for viability affordable tenure mix (50/50).

3.7.2 The effect of this reduced cost is to modestly improve the viability indications in all scenarios, but again without significantly changing the overall trends. We would regard this as a potentially useful area for the Council to bear in mind where some level of prioritisation of or "trade-off" between obligations may be appropriate in particular circumstances.

3.7.3 However, again given the mixed set of base results this type of adjustment to overall costs is unlikely to justify an increased view of policy targets compared with those which start to feel potentially appropriate from review of the base appraisal positions. This type of potential positive viability influence might bring some balance to a view which could otherwise go too far the other way by setting insufficient targets though. Of course the same can be said of any other costs reductions made relative to the appraisal assumptions, or of positive market house price movements – which can have a very positive effect on scheme viability, and particularly on the marginal areas of the results.

3.7.4 As would be expected, each of the table 6 results deteriorates form the 50/ 50 tenure mix position with the inclusion of more affordable rented tenure – the fewest green results cells are seen in the bottom area of the table showing 100% affordable rent;

the most are seen in the central area corresponding to the 50/50 mix. The 75/25 tenure mix provides an intermediate scenario, viability wise.

3.8 Table 7 – Increased level of other planning obligations (infrastructure) contributions

3.8.1 Here we again see the same overall study trends and also see the same tenure mix influences as displayed in table 6. This time though we see fewer viable or potentially / marginally viable RLV indications and this affect is largest here when combined with increasing affordable housing proportion and increasing rent within the tenure mixes.

3.8.2 These results suggest looking to no more than 40% affordable housing under any circumstances since the 50% results rely on a combination of high end values (most likely value level 5/6 plus) and reduced rented tenure even with Greenfield comparison. On PDL scenarios, at best we see potentially or marginally viable schemes at 50% affordable housing assuming former commercial use but most likely not in the case of land with established residential use.

3.8.3 This all indicates that with affordable housing targets set too high there would be insufficient scope with which to deal with rises in other costs or obligations areas. We can see that more suitable targets might well lie principally in the 20 – 30% range given the more typical range of values in the Borough; potentially up to 40% in certain circumstances – higher values only.

3.9 Table 8 – Further affordable housing tenure mix variations.

3.9.1 In general similar comments apply here to the observations made previously on the influence of varying the affordable housing tenure mix. Graduated effects are seen with steps in assumptions; more significant effects are seen when a larger switch in tenure mix is seen.

3.9.2 Here we can still see the potential in general for LCHO to support scheme viability to a greater degree relative to rented tenure (whether affordable or social rented), but the specific relationship vary dependent on the market housing values and unit types being considered. Overall, and whilst it is still early days for the affordable rented tenure model in its current form, it appears to us that at this overview level there is not a large difference in viability terms between social and affordable rent in the Scarborough context..

3.9.3 Our ethos and established thinking in carrying out such studies, of applying cautious assumptions, means that in areas with higher sales values we could see higher market rents driving higher affordable rents and thus higher developer revenue levels than assumed in some cases for that affordable tenure type. This in turn could mean increased viability outcomes in some instances. However, this may be balanced or watered down by the need to ensure the affordability of affordable rented tenure. Overall our high level assessment is that we do not expect affordable rented revenue levels and therefore viability outcomes to be any lower than those seen with social rented tenure and, across a range of schemes locally, provisionally they are likely to be higher.

3.9.4 Once again, table 8 shows us that for viable or at least potentially viable scenarios at the more typical value levels (mid range values of say levels 3 to 5 Borough wide; typically lower for Scarborough and southern areas) we are within the parameters 20 – 30% affordable housing targets; potentially up to 40% in some scenarios – most likely to be where we see highest values or are looking at a greenfield basis for comparison.

3.10 Consideration of financial contributions as may be sought from developments beneath the on-site affordable housing thresholds

3.10.1 The following sections develop the theme outlined at 2.3.11 to 2.3.14 above, given that small sites are not necessarily any less (or more) viable than larger ones.

3.10.2 Generally, we consider that is often impractical to expect on-site affordable housing to be integrated into the smallest sites; certainly developments of fewer than 5 dwellings. This may be possible in some cases, but may be problematic in others owing to design, affordability, management and any wider sustainability and management issues associated with highly dispersed RP housing stock. We find that views vary from one area to another, but in our experience on-site affordable housing on the very smallest schemes should not usually be a rigid expectation.

3.10.3 A financial contributions approach can provide a more practical solution which is more consistently deliverable and potentially sees all additional dwellings contributing to a very useful enabling fund (it could be applied to schemes providing one new dwelling or more; up to say 9 dwellings – depending on the on-site affordable thresholds selected). This means collecting financial contributions as the primary route on the small sites; not in-lieu of on-site affordable scenarios that are unworkable. There would be no on-site affordable housing requirement or discussion in these scenarios (unless, unusually, a landowner or developer preferred to offer on-site provision).

3.10.4 Next, we will provide further background and outline a range of potential routes to calculating affordable housing contributions. There are many possible routes, including variations of the following. This is not an exhaustive review by any means, but an indication of the issues to be considered and potential alternatives. Ultimately there are various options for the Council to consider, depending on the level of complexity thought appropriate in the local circumstances; and the degree of resourcing the various routes might need in terms of guidance, updating and site specific discussions / negotiations. Having outlined a number of alternatives, we provide our views on potentially suitable principles for Scarborough Borough – for consideration by the Council. These suggestions will then be confirmed in Chapter 5.

3.10.5 There is no Government or other formal requirement, or widely recognised guidance, as to how affordable housing contributions of this type should be calculated or set out. We are assuming that these contributions would be made on top other s.106 obligations already factored in to the appraisals.

3.10.6 In essence, the precise calculation method and accompanying text is a means to an end in that the important aspects are to arrive at a suitable figure or figures which can be clearly explained; and that do not unduly affect development viability so that site supply is not restricted by the implementation of the approach.

3.10.7 There is also no requirement to link the contribution level to a stated proportion (%) of affordable housing. This is sometimes done, but at the low proportions (%s) that are appropriate for this part of a sliding scale in viability terms (usually no more than 10 to 20% equivalent) the calculation rarely means that as much as one whole affordable dwelling equivalent is being requested. A continuation of the sliding scale approach in this Borough would mean a 10% affordable housing equivalent in most cases; potentially 20% in some higher value rural area settlements.

3.10.8 We find that on most occasions these calculations on developments of this scale arrive at a fraction of an affordable dwelling, and the contribution is ultimately expressed as a sum in pounds. Following on from 3.10.4, this will be the case in this Borough if the approach is selected to apply only up to 4 dwellings (4 dwellings x 20% = 0.8 affordable dwelling; or 4 dwellings x 10% = 0.4 affordable dwelling). If it is to apply up to 9 dwellings in any parts of the Borough, at a 10% equivalent proportion it would provide 0.9 affordable dwelling (9 dwellings x 10% = 0.9). Only at 20% applied to more than 5 dwellings would it mean the equivalent of a whole affordable dwelling.

3.10.9 The calculation of a financial contribution (monetary sum) can be exact and thereby overcome these matters – it does not need to reflect whole dwellings and in our view need not be tied by such a link to the proportion. Effectively, the proportion could be omitted from the calculation to simplify it, if a suitable contribution level can be described in another way.

3.10.10 The 10% equivalent (affordable housing) proportion, where used in the examples below, reflects a potential extension downwards (based on sliding scale principles) of the 20% affordable housing proportions likely to be relevant for the start of the on-site affordable housing requirements.

3.10.11 Each of the following potential methods / principles (outlined at 3.10.10 A to E below) requires different inputs and assumptions / judgments. These are examples only – as guides purely to illustrate the types of calculation approaches that could be considered by the Council. This section is not exhaustive – there are many potential routes to calculating contributions; and variations on those themes. Our purpose is to offer up options for the Council to consider.

3.10.12 Where it forms part of the calculation examples below, an assumption of affordable housing revenue at 50% of market value (MV) is appropriate at this level of consideration. As explained at section 2.5 above, affordable housing revenue level means the payment made by the registered affordable housing provider ('RP' – usually a Housing Association; formerly known as 'RSL') to a developer. In practice payments made by RPs to developers can vary considerably. For this study, assumptions have been made ranging from 38% MV for social rented tenure to 41% MV for affordable rent and 64% MV for shared ownership. 50% MV therefore represents a mid-range affordable housing revenue assumption for the purposes of the examples below, and recognising the fact that affordable housing tenure varies between sites.

3.10.13 **Outline of potential principles / alternative methods for calculations**

A. Market revenue less affordable housing revenue level

This is one of the more common principles applied in the calculation of affordable housing contributions more generally. However, it may be best suited to larger sites where, exceptionally, on-site affordable housing is accepted as unworkable or where an alternative to that, or in place of part of the on-site requirement, is accepted. The thinking involves comparing the on and off-site affordable housing routes. Once a developer no longer provides an on-site affordable home, the scheme revenue is increased; the difference being the gap between the market sale price (revenue level) and the affordable housing revenue level. The preceding paragraph outlines the typical levels at which the affordable housing revenue could be seen. There is usually a significant gap between that and the market sale level of revenue, and this is at the heart of the viability impact that affordable housing has.

Example:

4 x 3 bed houses of 95 sq m selling at £2,100/sq m (Value level 3)

= £199,500 Market value (MV) each.

Less affordable housing revenue level @ say 50% MV = £99,750 each

Produces an affordable housing contribution per whole dwelling equivalent of £99,750.

4 dwellings x 10% equivalent proportion = 0.4 x £99,750 = £39,900 contribution.

£39,900 / 4 equates to a contribution of £9,975 per dwelling within this 4 unit example. This equates to an affordable housing contribution of £105/sq m.

Viability impact:

In our view dependent on the assumptions used with this approach, it could produce potentially excessive contribution figures except for in the higher value, most viable, scenarios. In the Scarborough BC context this could mean frequent negotiations. If linked to a higher equivalent proportion of say 20%, the above per-dwelling sums would be doubled. There could also be points in between these. We can see that if the affordable housing revenue assumption were less than the 50% used in this example (e.g. reflecting rented tenure) the gap between that and the market value would increase and the contribution would grow.

Pros:

- Derived from on-site affordable housing thinking;
- There are examples in operation, although more usually in respect of monies in lieu on larger schemes where agreed on an exceptional basis instead of on-site affordable housing.
- Can produce large affordable housing contributions.

Cons:

- Potentially complex;
- Requires understanding of affordable housing revenue;

- Needs detailed guiding and updating;
- Potentially some criticism because it can be viewed as seeking to extract value gained by removing the requirement off-site, rather than being subsidy (affordable housing cost) based;
- Potentially produces too great an impact to be workable across the board in the Scarborough context, unless applied at a low equivalent proportion of affordable housing;
- Could relate better to larger developments where, exceptionally, an alternative to on-site provision is agreed as appropriate in the circumstances.

B. Land value based contribution

This is based on the land subsidy (cost benefit) that would be provided on-site if the developer were reimbursed reasonable build costs for the on-site affordable homes provision. This is a method which the authors of this report have devised and supported elsewhere, and is in operation with several local authorities that have adopted SPD to include it.

Same example as at A above:
4 x 3 bed houses of 95 sq m @ MV £199,500 each

Residual land value (RLV) before affordable housing say 25% of MV (guide) = market land plot value of say £49,875.
Add 15% for land acquisition & preparation costs = £57,356 per whole dwelling equivalent.

Same basic calculation as at A above; assuming a 10% equivalent proportion = 0.4 x £57,356 = £22,942.

Equates to a contribution of £22,942 / 4 = £5,736 per dwelling (again doubled if the affordable housing equivalent proportion is 20%; and points in between are also possible outcomes).

Viability impact:

In our view a more workable scenario in viability terms, amounting to approximately £60/sq m in this illustrative example (at 10% affordable housing equivalent). This would increase with increasing RLV% (proportion of market sale value represented by the land plot value) and with increasing affordable housing proportion over this 10% assumption.

Pros:

- There are examples in operation, including on smaller sites.
- Derived from on-site affordable housing thinking.
- Potential to be better understood by landowners and developers.
- Links better to cost of affordable housing provision, particularly where on-site AH policies sought nil cost land / discounted land or equivalent.
- Avoids need to understand and keep under review the affordable housing revenue level aspect of the above calculation (in potential method A above).

Cons:

- Can produce large sums from a viability perspective.
- Needs guiding and updating – which may not be considered straight-forward by some / may need to be considered, resourcing wise.
- Again, needs to be carefully judged re impact.
- Might be viewed as complex by some landowners and others.
- As with A, has the potential to secure large sums, but would tend to require discussion on its interpretation site by site unless the elements of the formula were defined.

C. **Straight % of Market Value (MV) of the appropriate dwelling(s)**.

We are aware of an approach based on taking a straight % of market value (MV) of an average property – say a 2 bed house - in the local authority area. This could also be varied by location and / or by property type so at to make it more proportional.

Example:
Say MV of £199,500 x 20% = £39,900 contribution per dwelling
(approximately £420/sq m).
Say MV of £199,500 x 10% = £19,950 contribution per dwelling
(approximately £210/sq m).

Viability impact:

In our view, this is likely to produce an impact that is very often too great. It would not be an approach that could be set in place with a view to reducing the extent of negotiations and delays. If considered further, the Council would need to decide whether to keep it linked to a single property type, or to make it more proportional through variances by property type and price variations by locality.

Pros:

- Simpler to describe and guide than potential methods A and B above, providing that the base value is set, updated and not challenged.

<u>Cons</u>:

- Impact typically too large.
- Sums and therefore viability impact not proportional in any way unless applied in a more complex way which varies the approach to include either standard contribution levels for a variety of house types (more proportional) or links the approach to the site specifics (potential to be fully proportional).
- If linked to site specifics, requires some level of valuation / house price agreement or basis.
- Requires regular updating if based on a standard dwelling type or types.

D. "Grant replacement" or grant related view – relate or equate the contribution to the amount of public subsidy (grant) that might have been available / be available.

This is an approach that we have seen used, but not on any regular basis recently given that the industry now has strong nil-grant starting point assumptions to work with.

This might have produced a per whole dwelling sum in the order of £60,000-£70,000 being of the order commonly secured for social rented affordable homes in previous funding regimes (HCA Affordable Housing Development Programme 2008-11; but noting the large variances that were seen). It would need to be allied to a target proportion (equivalent) approach as with potential methods A and B above, producing (based on £70,000 per dwelling and 10% target) say 0.4 x £70,000 for a scheme of 4 dwellings = £28,000; or £7,000 per dwelling (equivalent to approximately £74/sq m). At 20% affordable housing equivalent this would be doubled to £14,000 per dwelling (equivalent to £148/sq m) based on these assumptions.

<u>Pros</u>:

- Simplicity in stating a figure and perhaps reviewing it annually; on an average / typical unit or per person housed basis.

<u>Cons</u>:

- Information for updating basis may be inconsistent and / or out of date.
- Arguably has a low level of current relevance - This route not analysed further for this reason.

E. Affordable housing provision / build cost based - Variations on A above

It is possible to devise calculations that have the potential to be more reflective of affordable housing cost; rather than looking at value gained by the developer through not providing it on-site. However, such calculations can get complex and require a greater levels of input, updating and discussion. The following are just examples and, overall, are unlikely to be suitable in our view – mainly because of the number of assumptions needed and the potential complexity. They may not offer sufficient clarity and simplicity. Therefore we will not dwell in detail on these.

For example (in all cases components of the calculations simplified for ease of illustration)**:**

i. **MV less profit and RP payment** (profit @ 20% Gross Development Value - GDV)
e.g. £199,500 – (£199,500 x 0.2) - £99,750 =
so £199,500 - £39,900 - £99,750 = £59,850.

x 0.8 dwelling = £47,880 / 4 = £11,970 per dwelling (@ 20% AH equivalent; approximately £126/sq m).
x 0.4 dwelling = £5,985 per dwelling (@ 10% AH equivalent; £63/sq m).

ii. **Build + land cost less RP payment**
[Build – 95 sq m @ £783/sq m base plus say 30% allowances; land at say 25% MV (£199,500 x 0.25); RP payment @ 50% MV (£159,570)]

e.g. say (£96,710 + £49,875) - £99,750 = £46,835 per whole dwelling.

10% equivalent proportion x 4 dwellings = 0.4 dwelling = £18,743 (equivalent to £4,684 per dwelling or £49/sq m)

Or at 20% equivalent proportion x 4 dwellings = 0.8 dwelling = £37,468 (equivalent to £9,367 per dwelling or £99/sq m)

iii. **Build cost gap (left by any short-fall from AH revenue) plus land cost**
Again, it should be noted that in the above examples we have assumed AH revenue at 50% market value MV. That is suitable as an assumption to illustrate the basic working of these calculations and an appropriate viability overview assumption bearing in mind a mix of affordable housing tenure. As discussed, in practice this could be lower (at more like 40% MV) if a more specific approach to calculations were adopted including an

assumption that rented affordable tenure was the driver. Generally, shared ownership tenure would close the gap between affordable and market levels revenues to some extent.

This could be a key point with all such mechanisms – as the affordable housing revenue assumption decreases and/or market value increases, any sums based on the gap between the two can become very large. Affordable housing revenue much below 50% MV would leave a shortfall in funding the build costs in many cases. With affordable housing revenue reduced to say 40% MV (£79,980 based on the same MV of £199,500), this calculation would produce a shortfall of £16,730. Adding 25% MV for land (£49,875) produces a whole dwelling equivalent sum of £66,605. Multiplied by the 0.4 again (10% of 4 dwellings) this would produce a total sum of £26,642; approximately £6,661 per dwelling or £70/sq m.

Pros:
- Potential to produce more workable contribution levels in some instances but depending on the approach and figures used;
- Arguably scope to produce a more appropriate outcome than MV less AH revenue approach.

Cons:
- More complex still;
- Potential debate over which cost elements to allow for in the calculation.

3.11 Financial contributions from smaller sites - Overview of above and next review steps

3.11.1 The above illustrates that there are many ways in which affordable housing contributions might be calculated. It is not an exhaustive review by any means. However, the process above reinforced our ideas that it ought to be possible to create a simpler route to describing and seeking affordable housing enabling fund contributions from the smallest sites; at least as an alternative option for the Council to consider alongside these types of methods.

3.11.2 Several of the methods in use could be regarded as complex, and they are all likely to require potentially significant resourcing in terms of updating, negotiations and the like.

3.11.3 In our experience such calculations are in the main a means to an end. Ultimately what tends to matter more is seeking and agreeing an appropriate, proportionate and equitable level of contribution from schemes. In our previous work as consultants for local authorities on these aspects, solutions have often been found successfully through negotiation. This has sometimes included varying the mechanism and/or figures used within a formulaic approach according to scheme specifics and viability outcomes (regardless of the particular mechanism in place). While it depends largely on the particular local authority approach, in our experience, therefore, a specified mechanism often acts simply (but positively) as a starting point or framework rather than necessarily being the precise route through which final contributions are rigidly calculated and agreed.

3.11.4 In practice there tends to be a number of ways of reaching and justifying particular figure(s), as can be seen from the above example workings. Usefully, however, from those a tone of outcomes can be seen – some of which, as we have commented, are considered to produce contribution figures which may be too high in some cases.

3.11.5 In the Scarborough Borough context of mixed values and viability outcomes, using principles or methods of the type illustrated above might not meet all the requirements unless the Council was able to input the guidance, discussion / negotiation and updating time. A simpler approach and seeking affordable contribution levels which are generally workable with less resourcing would be advantageous.

3.11.6 The Council will need to consider how the resourcing side balances with the need to do all possible to optimise the enabling scope that might be provided through the contributions approach. We can point to no compelling reason why the Council should be fixed to types of approach outlined above – the consideration of potential calculation routes should be opened out to explore any alternative for getting to a clear method of requesting appropriate levels of affordable housing contributions.

3.11.7 So, having considered these types of mechanisms, their potential complexities and a potential reliance on Council resourcing through ongoing guidance, discussion / negotiation and updating, etc, we widened our thinking.

3.12 Considering an alternative calculation method

3.12.1 In summary, the key "ingredients" of an approach that we suggest should be sought are:

- Clarity - certainty for developers, landowners, their advisers and others when looking at opportunities and exploring scheme feasibility etc.

- Simplicity – ease of explanation (e.g. guidance in SPD), calculation and understanding.
- Viability impacts not too great – meaningful contributions for the enabling fund, but striking a balance so that negotiations are not required too frequently or as the norm.
- Proportional contributions and effects.
- Simple to monitor and review / update

3.12.2 In seeking to meet these criteria, we first considered whether it would be possible to set a fixed (standard) sum in £s per additional dwelling that could be workable in a wide range of circumstances in the Borough. We considered that this would need to be set at a similar level to the wider s.106 obligations assumption – probably not more than about £5–6,000 per dwelling if it was to work in the case of developments producing relatively low values and / or small new dwelling types.

3.12.3 On balance, we felt that whilst this might be simple it would not offer any proportionality. Dependent on where the standard level of contribution were set, smaller / lower value dwelling types might be stretched for viability in some cases whilst larger schemes / dwelling types might under-pay relatively. It became difficult to envisage an equitable approach founded on such a simple basis; especially one which would reliably produce meaningful housing enabling contributions.

3.12.4 Therefore we considered other potential ways of expressing an approach and scale of contributions which would offer similar simplicity but which we felt had to retain a proportional element; so that the sums requested varied by dwelling and scheme size.

3.12.5 We are currently involved in a range of viability and other work associated with the Community Infrastructure Levy (CIL). We considered that in general terms this type of thinking – in essence based on contributions made on a per sq m basis of net new (additional) development – had the potential to provide the above ingredients with the purpose of the Council's affordable housing enabling fund in mind. This can also start to be compared with the range of per sq m equivalent contribution levels indicated from the illustrations above at 3.10.10 A to E.

3.12.6 From this point, we therefore decided to explore varying levels of potential affordable housing contributions in £ per sq m terms (assuming application to additional dwellings only – not replacements (so a net new dwellings approach).

3.12.7 To do this we used a used a sample of our 0% (no) affordable housing residual land valuation appraisals (as used for the main affordable housing study viability modelling discussed earlier). The results examples below relate to value levels 3 and

4 using an iterative approach to increase the trial rates of per sq m contributions, adding in cost to represent these potential contribution levels in addition to other assumed s.106 sums, we arrived at the following results set:

Figure 9: Sample RLV appraisal results – financial contributions

Scheme type & RLV outcome	Trial / potential £ per sq m affordable housing financial contribution (cost at rate below added to RLV appraisal base with 0% on-site affordable housing and £67/sq m s.106 cost already included as base – 95 sq m houses test)					
	£0	**£25**	**£50**	**£75**	**£100**	**£125**	**£150**
= per unit	£0	£2,375	£4,750	£7,125	£9,500	£11,875	£14,250
1 house @ 95 sq m (VL 4)							
RLV (£)	£52,482	£50,331	£48,180	£46,029	£43,878	£41,727	£39,576
4 houses @ 95 sq m each (VL 3)							
RLV(£)	£129,106	£120,502	£111,898	£103,294	£94,690	£86,086	£77,482
RLV(£/Ha)	£1.94m	£1.81m	£1.68m	£1.55m	£1.42m	£1.29m	£1.16m

3.12.8 From the above, and comparing back to the illustrations of a range of other calculation methods, we consider that at this initial stage of implementation an affordable housing contribution that equated to not more than approximately £75 / sq m (applied to the gross internal area of additional (net) new dwellings. The Council could give consideration to reducing this, initially at least, for the Scarborough Urban Area or Scarborough Local Housing Market area; in recognition of typically lower values and viability outcomes there, as have been identified. If so, a lower charge of (or equivalent to) approximately £50/sq m could be appropriate for further consideration.

3.12.9 While a mechanism could be arrived at to produce affordable housing contributions at this type of level (expressed either £ per dwelling, £per sq m sums) a straight-forward contribution per sq m could also be appropriate for clarity and simplicity in our view.

3.12.10 The above text seeks to provide information to enable the Council to consider this further – there are a range of options and therefore there is no single right answer to this area. Our suggestions need not be followed, provided that at the initial stage of implementation the selected method does not produce contribution levels that will greatly exceed the levels suggested above. These levels will be re-iterated in Chapter 4, Conclusions, which follows.

4 Conclusions

4.1 Property market and values

4.1.1 The highest values in the Borough are typically seen in the Northern Parishes market area. Our research points to an indicative hierarchy of value levels then running down through the Western Parishes market area (typically with the next highest values); Whitby; Southern Parishes; Filey / Hunmanby and with typical Scarborough values the lowest in the Borough. It must be noted however that there will be variety within each of these areas, including in Scarborough, so that in practice some blurring and a variety of site specifics will be seen.

4.2 Consideration of policy targets

4.2.1 Given the mixed tone of results this produces and the reliance on values needed beyond the most typical levels to support more than 20 – 30% affordable housing across most scenarios in the Borough, including many with a Greenfield land basis for land value, our findings point to careful consideration of affordable housing policy targets to aim for an appropriate balance between needs and viability. The upper end of the parameters for suitable targets is likely to be 40%, not 50%, and then only in certain circumstances in our view.

4.2.2 We consider that there are various options for dealing with the wide range of viability conditions that are undoubtedly seen within the Borough, within the parameters we set out below.

4.2.3 One option, potentially attractive in terms of clarity and simplicity, would be to set out policy on a blanket basis – i.e. single approach Borough-wide. If followed, the aim with this route would be to find the right line between the target working a sufficient proportion of the time without too much negotiation, but seeking enough affordable housing in situations that could provide more towards meeting needs.

4.2.4 Overall, that balance may prove difficult to find, however, and in fact it could still prove quite resource intensive given the variety of situations likely to be encountered.

4.2.5 Alternatively, therefore, the local circumstances might be better reflected by a more bespoke and directed set of policy targets, following some similar principles to those incorporated in the Council's early stages Core Strategy options.

4.2.6 If this route of varying requirements is pursued then we suggest this could beneficially include consideration of the following principles:

- Proceed with headline affordable housing target %s applicable to sites of 15 or more new dwellings;
- A general tone of viability outcomes for the various market areas pointing to no more than 20% affordable housing likely for Scarborough; 20 – 30% for Filey / Hunmanby / Southern Parishes; 30% to 40% Whitby / Western / Northern Parishes – being the potential ranges within which headline positions applicable at 15 or more new dwellings might be set;
- With the application of upper targets within those ranges dependent on location (primarily driven by value level) and site type (e.g. with Greenfield potentially supporting upper figures within stated ranges);
- Where there is sufficient scope for it beneath these targets, sliding scale principles could be used to reduce the burdens on smaller sites – given the sensitivities identified;
- This could mean scope for a fuller sliding scale applicable to Whitby / Western and Northern Parishes market areas – through 20% and 30% affordable housing targets;
- It could also mean scope to consider a lower than 15 dwellings threshold (i.e. 10 dwellings) allied to a 20% target for Scarborough / the Scarborough market area;
- Recommend no on-site affordable housing is sought on sites of fewer than 5 dwellings (aside viability there are a range of practical issues, including design / integration, marketing, management, numerical workings allied to proportions / numbers rounding, etc);
- A potential role for financial contributions on some of the smallest sites – set at appropriate and workable levels (and in any event considered very carefully for the lower to mid value levels scenarios and possibly excluding single dwelling scenarios);
- Policy positions recommended for net application –i.e. to additional new dwellings, not replacements. Some schemes, especially small developments, can be particularly sensitive to a gross application of policy (counting of all dwellings – no netting-off).

4.2.7 Overall, this range of considerations produces the following for consideration by Scarborough Borough Council:

Figure 10: Potential policy targets parameters for suggested consideration by the Council.

No. of dwellings (Net additional)	**Housing market area and policy parameters / potential approach(es)**		
	Scarborough	**Filey / Hunmanby / Southern Parishes**	**Whitby / Northern / Western Parishes**
15+	No more than 20%	20% to 30%	30% to 40%
10-14	No more than 20%	20%	30%
5-9	Financial contribution	Financial contribution	20% on-site or Financial contribution
2-4	Financial contribution		
1			

4.2.8 These are put forward given the need to ensure that affordable housing targets are not set so high as to jeopardise overall development in the Borough taking into account the potential for other development costs to increase and also the potential for falling values in a further period of sustained economic uncertainty. In all cases, we regard the potential financial contributions layer as scope for the Council to consider – that element does not have to be pursued and there is flexibility at which point it might take effect (at 1 new dwelling or at any point, over any range, up to say 9 dwellings).

4.2.9 The affordable housing contributions element does have potential to provide valuable contributions to add to the Council's enabling tools through and affordable housing fund. If it decides to pursue this element, the Council will need to link it to an open strategy and records relating to the funding plans, collection and allocation of monies. In our experience local authorities are able to use these funds flexibly to support a variety of affordable housing initiatives. These might include gap funding or forward funding schemes, development on Council or RP owned land, empty properties / refurbishments, purchase of existing properties, improvement of numbers or tenure provision on s.106 quota sites, etc.

4.2.10 Should the Council take further its consideration of the financial contributions route, with reference to the discussion in this study we suggest that it seeks a clear, simple mechanism which produces sums that are not too high given the variable values and viability scenarios found across the Borough. There are a range of options to consider but, in any event, we have set out parameters suggesting suitable contributions from these small sites in the order of £50 to £75/sq m. The sums could be expressed in various ways. In our view, amongst the options, the contributions could be set out in those simple terms – there is no need to add calculation layers as a means to an end. This would fit with the Community Infrastructure Levy (CIL) type thinking and in fact at the point of closing-off this study the Government is consulting on the potential to bring affordable housing within the scope of the CIL to some extent. Chapter 3 provides more detail on the potential financial contributions route which we will not repeat here. As stated earlier, this refers only to a potential new approach for sites currently beneath affordable housing thresholds; rather than larger sites where, exceptionally, a financial contribution might be discussed in-lieu of the required on-site affordable housing.

4.2.11 This is based not only on a "current" view, but also taking into account potentially increasing confidence and improving market conditions. Affordable housing targets of this level in the Scarborough context are likely to be achievable, if reasonably challenging rather than unambitiously low (as is appropriate in trying to meet affordable housing need in the Borough). We consider that this is appropriate in finding a suitable balance, in accordance with 4.2.1 above and in line our wide experience of successful Core Strategy and Affordable Housing DPD evidence and EiP outcomes, as well as the detail of affordable housing and other planning policies and viability factors in operation in practice.

4.2.12 Our review suggests that an area based approach, allied to flexibility as needed in application recognising that viability will tend to vary between localities is one that we consider would be appropriate, as at Figure 10 above.

4.2.13 Where we set out ranges for target proportions (%s) of affordable housing – e.g. at Figure 10 - it is important to note that those are parameters within which a single clear target level could be set. We are not suggesting the adoption of target ranges. The Council should also note that where a target is set at the upper end of parameters, the degree of flexibility and negotiation input that may need to be considered in particular cases could be increased.

4.3 Affordable Housing Tenure mix

4.3.1 The study outcomes suggest that as strategic starting point and basis for discussions an affordable housing tenure mix containing not more than 75% rented accommodation could be applied.

4.4 Other considerations

4.4.1 Wherever pitched, the policies will need to be accompanied and explained by appropriate wording and guidance that sets out the strategic context and nature of the targets but also recognises the role of viability amongst the various drivers.

4.4.2 Allied to this, a practical, negotiated approach will need to be acknowledged - which can be responsive to particular circumstances as those will continue to be highly variable with site specifics. The need for this type of approach is likely to be particularly important in the event of ongoing economic and market uncertainty such as we still have at the current time.

4.4.3 Viability evidence will need to be considered in conjunction with wider evidence on housing needs and the shape of site supply (type, location and size of sites coming forward).

4.4.4 Other detail will need to be considered, including on:

- Numbers rounding / numerical implications of targets etc (often best dealt with through negotiation, which may also include dwelling types and mix, tenure mix, and so on)
- Detailed application of targets – e.g. with reference to net or gross new dwelling numbers, and bearing in mind our reservations about gross application in some circumstances.
- Strategy for financial contributions, if pursued.
- Monitoring / review / updating – it will be essential to consider the monitoring and review aspects as part of creating a sound overall approach.

Main report text ends.
November 2011.
Appendices follow.

D|S|P Housing & Development Consultants

Appendix I
Development Appraisal Assumptions

Scarborough Borough Council - Affordable Housing Economic Viability Assessment - Residential Assumptions Sheet

			Percentage Affordable Housing & Tenure Mix															
			20% Affordable Housing				30% Affordable Housing				40% Affordable Housing				50% Affordable Housing			
Site Size Appraised	**Potential Site Location**	Dwelling Mix (BF = Bed Flat; BH = Bed House	Private Mix	**Affordable Tenure Split 50% AR; 50% LCHO**	**Affordable Tenure Split 75% AR; 25% LCHO**	**Affordable Tenure Split 100% AR**	Private Mix	**Affordable Tenure Split 50% AR; 50% LCHO**	**Affordable Tenure Split 75% AR; 25% LCHO**	**Affordable Tenure Split 100% AR**	Private Mix	**Affordable Tenure Split 50% AR; 50% LCHO**	**Affordable Tenure Split 75% AR; 25% LCHO**	**Affordable Tenure Split 100% AR**	Private Mix	**Affordable Tenure Split 50% AR; 50% LCHO**	**Affordable Tenure Split 75% AR; 25% LCHO**	**Affordable Tenure Split 100% AR**
1 House	Main towns / villages - PDL / infil	1 x 3BH	Financial Contribution Only				Financial Contribution Only				Financial Contribution Only				Financial Contribution Only			
2 Houses	Main towns / villages - PDL / infil	2 x 3BH	N/A				N/A				N/A				N/A			1 x 3BH
4 Houses	Main towns / villages - PDL / infil	4 x 3BH	3 x 3BH	N/A		1 x 3BH AR	N/A				N/A				2 x 3BH	1 x 3BH AR; 1 x 3BH LCHO	N/A	2 x 3BH
5 Houses	Main towns / villages - PDL / infil	2 x 2BH; 3 x 3BH	2 x 2BH; 2 x 3BH	N/A		1 x 3BH AR	N/A				1 x 2BH; 2 x 3BH	1 x 3BH AR; 1 z 2BH LCHO	N/A	1 x3BH, 1 x 2BH AR	1 x 2BH; 1 x 3BH	N/A	2 x 3BH AR; 1 x 2BH LCHO	2 x 3BH, 1 x 2BH AR
10 Mixed	Main towns / villages - PDL / infil	3 x 2BF; 3 x 2BH; 4 x 3BH	3 x 2BF, 2 x 2BH, 3 x 3BH	1 x 3BH AR; 1 x 2BH LCHO	N/A	1 x 3BH, 1 x 2BH AR	3 x 2BF, 1 x 2BH, 3 x 3H	N/A	1 x 2BH, 1 x 2BH AR; 1 x 2BH LCHO	2 x 2BH, 1 x 3BH AR	3 x 2BF, 1 x 2BH, 2 x 3BH	2 x 3BH AR; 2 x 2BH LCHO	2 x 3BH, 1 x 2BH AR; 1 x 2BH LCHO	2 x 3BH, 2 x 3BH AR	3 x 2BF, 2 x 3BH	2 x 3BH, 1 x 2BH AR; 2 x 2BH LCHO	2 x 3BH, 2 x 2BH AR; 1 x 2BH LCHO	2 x 3BH, 3 x 2BH AR
15 Mixed	Main towns / villages - PDL / infil	2 x 1BF; 4 x 2BF; 2 x 2BH; 5 x 3H; 2 x 4BH	2 x 1BF, 3 x 2BF; 1 x 2BH, 4 x 3BH, 2 x 4BH	N/A	1 x 3BH, 1 x 2BH AR; 1 x 2BF LCHO	1 x 3BH, 1 x 2BH, 1 x 2BF AR	2 x 1BF, 2 x 2BF; 4 x 3BH, 2 x 4BH	1 x 3BH, 2 x 2BH AR; 2 x 2BF LCHO	1 x 3BH, 2 x 2BH 1 x 2BF AR; 1 x 2BF LCHO	1 x 3BH, 2 x 2BH 2 x 2BF AR	2 x 1BF, 2 x 2BF; 3 x 3BH, 2 x 4BH	2 x 3BH, 1 x 2BH AR; 2 x 2BF, 1 x 2BH LCHO	2 x 3BH, 2 x 2BH 1 x 2BF AR; 1 x 2BF LCHO	2 x 3BH, 2 x 2BH 2 x 2BF AR	2 x 1BF, 1 x 2BF; 2 x 3BH, 2 x 4BH	3 x 3BH, 1 x 2BH AR; 3 x 2BF, 1 x 2BH LCHO	3 x 3BH, 2 x 2BH 1 x 2BF AR; 2 x 2BF LCHO	3 x 3BH, 2 x 2BH 3 x 2BF AR
25 Mixed	Main towns / villages - PDL / infil	5 x 1BF; 3 x 2BF; 4 x 2BH; 10 x 3BH; 3 x 4BH	5 x 1BF, 1 x 2BF, 3 x 2BH, 8 x 3BH, 3 x 4BH	N/A	1 x 2BF, 1 x 2BH, 2 x 3BH AR; 1 x 2BF LCHO	2 x 2BF, 1 x 2BH, 2 x 3BH AR	5 x 1BF, 2 x 2BH, 8 x 3BH, 2 x 4BH	1 x 2BH, 2 x 3BH, 1 x 4BH AR; 3 x 2BF, 1 x 2BH LCHO	1 x 2BF, 2 x 2BH, 2 x 3BH, 1 x 4BH AR; 2 x 2BF LCHO	3 x 2BF, 2 x 2BH, 2 x 3BH, 1 x 4BH AR	5 x 1BF, 1 x 2BH, 7 x 3BH, 2 x 4BH	1 x 2BH, 3 x 3BH, 1 x 4BH AR; 3 x 2BF, 2 x 2BH LCHO	1 x 2BF, 3 x 2BH, 3 x 3BH, 1 x 4BH AR; 2 x 2BF LCHO	3 x 2BF, 3 x 2BH, 3 x 3BH, 1 x 4BH AR	5 x 1BF, 5 x 3BH, 2 x 4BH	5 x 3BH, 1 x 4BH AR; 3 x 2BF, 4 x 2BH LCHO	4 x 2BH, 5 x 3BH, 1 x 4BH AR; 3 x 2BF LCHO	3 x 2BF, 4 x 2BH, 5 x 3BH, 1 x 4BH AR
50 Mixed	Main town PDL or fringes / village fringes / Potential Greenfield release	10 x 1BF; 6 x 2BF; 8 x 2BH; 20 x 3BH; 6 x 4BH	10 x 1BF, 2 x 2BF, 6 x 2BH, 16 x 3BH, 6 x 4BH	1 x 2BH, 4 x 3BH AR; 4 x 2BF, 1 x 2BH LCHO	2 x 2BF, 2 x 2BH, 4 x 3BH AR; 2 x 2BF LCHO	4 x 2BF, 2 x 2BH, 4 x 3BH AR	10 x 1BF, 4 x 2BH, 16 x 3BH, 5 x 4BH	2 x 2BH, 4 x 3BH, 1 x 4BH AR; 6 x 2BF, 2 x 2BH LCHO	2 x 2BF, 4 x 2BH, 4 x 3BH, 1 x 4BH AR; 4 x 2BF LCHO	6 x 2BF, 4 x 2BH, 4 x 3BH, 1 x 4BH AR	10 x 1BF, 2 x 2BH, 14 x 3BH, 4 x 4BH	2 x 2BH, 6 x 3BH, 2 x 4BH AR; 6 x 2BF, 4 x 2BH LCHO	2 x 2BF, 6 x 2BH, 6 x 3BH, 2 x 4BH AR; 4 x 2BF LCHO	6 x 2BF, 6 x 2BH, 6 x 3BH, 2 x 4BH AR	10 x 1BF, 11 x 3BH, 4 x 4BH	1 x 2BH, 9 x 3BH, 2 x 4BH AR; 6 x 2BF, 7 x 2BH LCHO	8 x 2BH, 9 x 3BH, 2 x 4BH AR; 6 x 2BF LCHO	6 x 2BF, 8 x 2BH, 9 x 3BH, 2 x 4BH AR
100 Mixed	Main town PDL or fringes / village fringes / Potential Greenfield release	10 x 1BF x 15 x 2BF; 15 x 2 BH; 40 x 3BH; 20 x 4BH	10 x 1BF, 10 x 2BF, 9 x 2BH, 35 x 3BH, 16 x 4BH	1 x 2BH, 5 x 3BH, 4 x 4BH AR; 5 x 2BF, 5 x 2BH LCHO	6 x 2BH, 5 x 3BH, 4 x 4BH AR; 5 x 2BF LCHO	6 x 2BH, 5 x 3BH, 4 x 4BH, 5 x 2BF AR	10 x 1BF, 8 x 2BF, 6 x 2BH, 32 x 3BH, 14 x 4BH	1 x 2BH, 8 x 3BH, 6 x 4BH AR; 7 x 2BF, 8 x 2BH LCHO	9 x 2BH, 8 x 3BH, 6 x 4BH AR; 7 x 2BF LCHO	7 x 2BF, 9 x 2BH, 8 x 3BH, 6 x 4BH AR	10 x 1BF, 5 x 2BF, 4 x 2BH, 28 x 3BH, 13 x 4BH	1 x 2BH, 12 x 3BH, 7 x 4BH AR; 10 x 2BF, 10 x 2BH LCHO	11 x 2BH, 12 x 3BH, 7 x 4BH AR; 10 x 2BF LCHO	11 x 2BH, 12 x 3BH, 7 x 4BH 10 x 2BF AR	10 x 1BF, 2 x 2BF, 26 x 3BH, 12 x 4BH	3 x 2BH, 14 x 3BH, 8 x 4BH AR; 13 x 2BF, 12 x 2BH LCHO	15 x 2BH, 14 x 3BH, 8 x 4BH AR; 13 x 2BF LCHO	15 x 2BH, 14 x 3BH, 8 x 4BH, 13 x 2BF AR

Unit Sizes (sq m)	**Affordable**	**Private**
1-bed flat	50	45
2-bed flat	67	60
2-bed house	75	75
3-bed house	85	95
4-bed house	110	125

Open Market Value	Value Level 1	Value Level 2	Value Level 3	Value Level 4	Value Level 5	Value Level 6	Value Level 7
1-bed flat	£67,500	£81,000	£94,500	£108,000	£121,500	£135,000	£148,500
2-bed flat	£90,000	£108,000	£126,000	£144,000	£162,000	£180,000	£198,000
2-bed house	£112,500	£135,000	£157,500	£180,000	£202,500	£225,000	£247,500
3-bed house	£142,500	£171,000	£199,500	£228,000	£256,500	£285,000	£313,500
4-bed house	£187,500	£225,000	£262,500	£300,000	£337,500	£375,000	£412,500
(£ / m²)	£1,500	£1,800	£2,100	£2,400	£2,700	£3,000	£3,300

Development Costs		
RESIDENTIAL BUILDING, MARKETING & S106 COSTS		
Build Costs Flats (£/m²)[1]	£1,050	
Build Costs Houses (£/m²)[1]	£990	
Site Preparation (£ / unit)	£1,000	
Survey Costs (£ / unit)	£500	
Contingencies (% of build cost)	3%	
Professional Fees & Insurances (% of build cost)	12.0%	
Sustainable Design / Construction Standards (% of	5%	
Lifetime Homes / Other (£ per unit)[3]	£545	
Planning obligations / CIL costs (£ per m²)	Variable	see notes below
Marketing & Sales Costs (%of GDV)	3%	
Legal Fees on sale (£ per unit)	£600	
DEVELOPER'S RETURN FOR RISK AND PROFIT		
Open Market Housing Profit (% of GDV)	Variable	see notes below
Affordable Housing Profit (% of GDV)	6.0%	
FINANCE & ACQUISITION COSTS		
Arrangement Fee - (% of loan)	1.0%	
Miscellaeneous (Surveyors etc) - per unit	0.00%	
Agents Fees (% of site value)	0.75%	
Legal Fees (% of site value)	0.75%	
Stamp Duty (% of site value)	0% to 5%	
Finance Rate - Build (%)	6.0%	
Finance Rate - Land (%)	6.0%	

Notes:

[1] Build cost taken as "Median" figure from BCIS for that build type - e.g. flats ; houses storey heights etc and then rounded. Median figure gives a better figure than the Mean as it is not so influenced by rogue figures that can distort the mean on small sample sizes. BCIS data: Flats (Generally): £900/m² GIA; Houses Mixed Development: £783/m².

Build costs taken from 1st Quarter 2011 (i.e. not forecast) and rebased to Scarborough Location Factor of 98 without externals, contingencies or fees

Above build costs have externals at 21% for houses; 14% for flats added.

[2] The above costs are based on the Code for Sustainable Homes: A Cost Review (March 2010) cost data. In this case and for simplicity only assuming the cost data for a small brownfield development. The percentages shown are approximated from the Cost Review data for achieving Code Level 3 (standard assumption); and Code Lvel 4 - sensitivity testing.

[3] Allowance to achieve Lifetime Homes Standards acknowledged within report as potential variable cost issue (depending on design etc).There have been a number of studies into the costs and benefits of building to the Lifetime Homes standard. These have concluded that the costs range from £545 to £1615 per dwelling, depending on: the experience of the home designer and builder; the size of the dwelling (it is easier to design larger dwellings that incorporate Lifetime Homes standards cost effectively than smaller ones); whether Lifetime Homes design criteria were designed into developments from the outset or whether a standard house type is modified (it is more cost effective to incorporate the standards at the design stage rather than modify standard designs); and any analysis of costs is a 'snapshot' in time. The net cost of implementing Lifetime Homes will diminish as the concept is more widely adopted and as design standards, and market expectations, rise (www.lifetimehomes.org.uk).

Housing density: Assumes housing density of 30dph; mixed housing / flatted schemes at 50 dph as per Core Strategy Preferred Options

Planning obligations £67/m² for all units and appraisals. Sensitivity tested at £33/m² and £100/m² on sample of sites.

Profit levels - base assumptionof 17.5% with 20% tested on sample sites (25 and 50 units)

Tenure mix As above plus sensitivity testing on 25 and 50 unit schemes testing 25% SR/50%AR/25%LCHO; 25% SR/75% AR; 50% SR/50%LCHO

Sites of 1-9 units also to be appraised on basis of financial contributions in-lieu of on-site affordable housing to provide overlapping results with on-site approach.

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Appendix II
Results Summaries

Table 1: Residual Land Value Results by Scheme Type & Affordable Housing Proportion
75% Affordable Rent/25% LCHO
Planning Obligations Level £67/m²

			Residual Land Value (£)					Residual Land Value (£/Ha) - Greenfield					Residual Land Value (£/Ha) - PDL				
Development Scenario	Value Level	Site Density (dph)	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Houses	1	30	-£18,234	N/A	N/A	N/A	N/A	-£273,513	N/A	N/A	N/A	N/A	-£273,513	N/A	N/A	N/A	N/A
	2	30	£24,141	N/A	N/A	N/A	N/A	£362,119	N/A	N/A	N/A	N/A	£362,119	N/A	N/A	N/A	N/A
	3	30	£64,553	N/A	N/A	N/A	N/A	£968,295	N/A	N/A	N/A	N/A	£968,295	N/A	N/A	N/A	N/A
	4	30	£104,965	N/A	N/A	N/A	N/A	£1,574,470	N/A	N/A	N/A	N/A	£1,574,470	N/A	N/A	N/A	N/A
	5	30	£145,376	N/A	N/A	N/A	N/A	£2,180,645	N/A	N/A	N/A	N/A	£2,180,645	N/A	N/A	N/A	N/A
	6	30	£185,788	N/A	N/A	N/A	N/A	£2,786,821	N/A	N/A	N/A	N/A	£2,786,821	N/A	N/A	N/A	N/A
	7	30	£226,200	N/A	N/A	N/A	N/A	£3,392,996	N/A	N/A	N/A	N/A	£3,392,996	N/A	N/A	N/A	N/A
4 Houses	1	30	-£36,468	N/A	N/A	N/A	N/A	-£273,513	N/A	N/A	N/A	N/A	-£273,513	N/A	N/A	N/A	N/A
	2	30	£48,283	N/A	N/A	N/A	N/A	£362,119	N/A	N/A	N/A	N/A	£362,119	N/A	N/A	N/A	N/A
	3	30	£129,106	N/A	N/A	N/A	N/A	£968,295	N/A	N/A	N/A	N/A	£968,295	N/A	N/A	N/A	N/A
	4	30	£209,929	N/A	N/A	N/A	N/A	£1,574,470	N/A	N/A	N/A	N/A	£1,574,470	N/A	N/A	N/A	N/A
	5	30	£290,753	N/A	N/A	N/A	N/A	£2,180,645	N/A	N/A	N/A	N/A	£2,180,645	N/A	N/A	N/A	N/A
	6	30	£371,576	N/A	N/A	N/A	N/A	£2,786,821	N/A	N/A	N/A	N/A	£2,786,821	N/A	N/A	N/A	N/A
	7	30	£441,651	N/A	N/A	N/A	N/A	£3,312,382	N/A	N/A	N/A	N/A	£3,312,382	N/A	N/A	N/A	N/A
5 Houses	1	30	-£44,315	N/A	N/A	N/A	-£137,395	-£265,892	N/A	N/A	N/A	-£824,372	-£265,892	N/A	N/A	N/A	-£824,372
	2	30	£52,979	N/A	N/A	N/A	-£82,775	£317,874	N/A	N/A	N/A	-£496,652	£317,874	N/A	N/A	N/A	-£496,652
	3	30	£145,500	N/A	N/A	N/A	-£28,610	£873,003	N/A	N/A	N/A	-£171,660	£873,003	N/A	N/A	N/A	-£171,660
	4	30	£238,022	N/A	N/A	N/A	£22,803	£1,428,132	N/A	N/A	N/A	£136,818	£1,428,132	N/A	N/A	N/A	£136,818
	5	30	£330,543	N/A	N/A	N/A	£71,135	£1,983,261	N/A	N/A	N/A	£426,808	£1,983,261	N/A	N/A	N/A	£426,808
	6	30	£423,065	N/A	N/A	N/A	£119,466	£2,538,390	N/A	N/A	N/A	£716,799	£2,538,390	N/A	N/A	N/A	£716,799
	7	30	£503,337	N/A	N/A	N/A	£167,798	£3,020,020	N/A	N/A	N/A	£1,006,789	£3,020,020	N/A	N/A	N/A	£1,006,789
10 Flats / Houses	1	50	-£106,444	N/A	-£199,166	-£232,741	-£266,179	-£532,218	N/A	-£995,828	-£1,163,703	-£1,330,893	-£532,218	N/A	-£995,828	-£1,163,703	-£1,330,893
	2	50	£70,673	N/A	-£56,390	-£112,604	-£163,914	£353,367	N/A	-£281,952	-£563,018	-£819,570	£353,367	N/A	-£281,952	-£563,018	-£819,570
	3	50	£234,658	N/A	£75,329	£6,205	-£62,104	£1,173,290	N/A	£376,643	£31,026	-£310,521	£1,173,290	N/A	£376,643	£31,026	-£310,521
	4	50	£398,643	N/A	£200,090	£111,122	£34,807	£1,993,213	N/A	£1,000,451	£555,609	£174,036	£1,993,213	N/A	£1,000,451	£555,609	£174,036
	5	50	£548,828	N/A	£324,852	£216,038	£124,056	£2,744,141	N/A	£1,624,260	£1,080,191	£620,281	£2,744,141	N/A	£1,624,260	£1,080,191	£620,281
	6	50	£708,791	N/A	£438,587	£320,955	£213,305	£3,543,955	N/A	£2,192,933	£1,604,773	£1,066,527	£3,543,955	N/A	£2,192,933	£1,604,773	£1,066,527
	7	50	£868,754	N/A	£560,288	£425,871	£302,555	£4,343,768	N/A	£2,801,442	£2,129,356	£1,512,773	£4,343,768	N/A	£2,801,442	£2,129,356	£1,512,773
15 Flats / Houses	1	50	-£177,178	-£265,641	-£330,331	-£363,800	-£418,836	-£590,594	-£885,469	-£1,101,104	-£1,212,668	-£1,396,121	-£590,594	-£885,469	-£1,101,104	-£1,212,668	-£1,396,121
	2	50	£94,609	-£23,366	-£120,218	-£176,319	-£258,280	£315,363	-£77,888	-£400,726	-£587,730	-£860,935	£315,363	-£77,888	-£400,726	-£587,730	-£860,935
	3	50	£341,759	£190,034	£78,961	£11,176	-£94,088	£1,139,198	£633,448	£263,203	£37,252	-£313,627	£1,139,198	£633,448	£263,203	£37,252	-£313,627
	4	50	£573,998	£400,577	£261,815	£174,545	£61,139	£1,913,327	£1,335,257	£872,715	£581,815	£203,796	£1,913,327	£1,335,257	£872,715	£581,815	£203,796
	5	50	£814,891	£595,646	£433,409	£337,913	£203,283	£2,716,302	£1,985,486	£1,444,696	£1,126,378	£677,610	£2,716,302	£1,985,486	£1,444,696	£1,126,378	£677,610
	6	50	£1,055,783	£800,858	£611,633	£488,589	£345,427	£3,519,276	£2,669,525	£2,038,776	£1,628,631	£1,151,423	£3,519,276	£2,669,525	£2,038,776	£1,628,631	£1,151,423
	7	50	£1,317,883	£1,006,069	£789,856	£647,822	£475,225	£4,392,943	£3,353,564	£2,632,855	£2,159,406	£1,584,084	£4,392,943	£3,353,564	£2,632,855	£2,159,406	£1,584,084
25 Flats / Houses	1	50	-£286,086	-£439,282	-£544,846	-£611,742	-£702,409	-£572,173	-£878,564	-£1,089,692	-£1,223,483	-£1,404,819	-£572,173	-£878,564	-£1,089,692	-£1,223,483	-£1,404,819
	2	50	£170,055	-£37,394	-£194,897	-£302,292	-£446,091	£340,111	-£74,787	-£389,794	-£604,584	-£892,181	£340,111	-£74,787	-£389,794	-£604,584	-£892,181
	3	50	£571,568	£315,377	£136,622	£9,293	-£184,317	£1,143,136	£630,755	£273,245	£18,586	-£368,634	£1,143,136	£630,755	£273,245	£18,586	-£368,634
	4	50	£977,387	£646,544	£430,637	£279,627	£67,860	£1,954,774	£1,293,087	£861,274	£559,254	£135,720	£1,954,774	£1,293,087	£861,274	£559,254	£135,720
	5	50	£1,383,206	£985,695	£728,111	£536,036	£294,408	£2,766,411	£1,971,391	£1,456,221	£1,072,072	£588,816	£2,766,411	£1,971,391	£1,456,221	£1,072,072	£588,816
	6	50	£1,789,024	£1,324,847	£1,025,585	£799,525	£507,765	£3,578,049	£2,649,695	£2,051,169	£1,599,050	£1,015,529	£3,578,049	£2,649,695	£2,051,169	£1,599,050	£1,015,529
	7	50	£2,194,843	£1,663,999	£1,323,058	£1,063,014	£728,576	£4,389,686	£3,327,998	£2,646,117	£2,126,028	£1,457,152	£4,389,686	£3,327,998	£2,646,117	£2,126,028	£1,457,152
50 Flats / Houses	1	50	-£653,674	-£959,653	-£1,120,094	-£1,303,671	-£1,450,865	-£653,674	-£959,653	-£1,120,094	-£1,303,671	-£1,450,865	-£653,674	-£959,653	-£1,120,094	-£1,303,671	-£1,450,865
	2	50	£259,658	-£156,331	-£390,828	-£685,119	-£915,895	£259,658	-£156,331	-£390,828	-£685,119	-£915,895	£259,658	-£156,331	-£390,828	-£685,119	-£915,895
	3	50	£1,032,940	£525,186	£286,798	-£59,299	-£370,021	£1,032,940	£525,186	£286,798	-£59,299	-£370,021	£1,032,940	£525,186	£286,798	-£59,299	-£370,021
	4	50	£1,813,232	£1,177,296	£875,052	£458,764	£148,149	£1,813,232	£1,177,296	£875,052	£458,764	£148,149	£1,813,232	£1,177,296	£875,052	£458,764	£148,149
	5	50	£2,593,525	£1,829,405	£1,471,050	£965,393	£586,979	£2,593,525	£1,829,405	£1,471,050	£965,393	£586,979	£2,593,525	£1,829,405	£1,471,050	£965,393	£586,979
	6	50	£3,373,817	£2,481,515	£2,067,048	£1,472,022	£1,029,809	£3,373,817	£2,481,515	£2,067,048	£1,472,022	£1,029,809	£3,373,817	£2,481,515	£2,067,048	£1,472,022	£1,029,809
	7	50	£4,154,110	£3,133,624	£2,663,046	£1,978,652	£1,472,639	£4,154,110	£3,133,624	£2,663,046	£1,978,652	£1,472,639	£4,154,110	£3,133,624	£2,663,046	£1,978,652	£1,472,639
100 Flats / Houses	1	50	-£1,495,611	-£2,152,776	-£2,512,663	-£2,826,973	-£3,141,952	-£747,806	-£1,076,388	-£1,256,331	-£1,413,486	-£1,570,976	-£747,806	-£1,076,388	-£1,256,331	-£1,413,486	-£1,570,976
	2	50	£459,326	-£454,952	-£974,518	-£1,457,554	-£1,931,741	£229,663	-£227,476	-£487,259	-£728,777	-£965,870	£229,663	-£227,476	-£487,259	-£728,777	-£965,870
	3	50	£2,078,125	£970,578	£446,808	-£69,971	-£697,917	£1,039,062	£485,289	£223,404	-£34,986	-£348,958	£1,039,062	£485,289	£223,404	-£34,986	-£348,958
	4	50	£3,696,924	£2,295,617	£1,651,576	£1,024,998	£420,039	£1,848,462	£1,147,808	£825,788	£512,499	£210,019	£1,848,462	£1,147,808	£825,788	£512,499	£210,019
	5	50	£5,315,722	£3,620,656	£2,856,344	£2,104,242	£1,381,138	£2,657,861	£1,810,328	£1,428,172	£1,052,121	£690,569	£2,657,861	£1,810,328	£1,428,172	£1,052,121	£690,569
	6	50	£6,934,521	£4,945,695	£4,061,112	£3,183,486	£2,342,236	£3,467,261	£2,472,847	£2,030,556	£1,591,743	£1,171,118	£3,467,261	£2,472,847	£2,030,556	£1,591,743	£1,171,118
	7	50	£8,553,320	£6,270,734	£5,265,881	£4,262,730	£3,303,335	£4,276,660	£3,135,367	£2,632,940	£2,131,365	£1,651,668	£4,276,660	£3,135,367	£2,632,940	£2,131,365	£1,651,668

Base appraisals - 17.5% developer's profit; 75% affordable rent / 25% LCHO; standard build costs; planning obligations of £67/m²

Greenfield Key:
- RLV at or below agricultural value (c£20,000/Ha)
- RLV between agricultural value and agricultural value with premium (c£20,000 - £400,000)
- RLV above agricultural value with premium (>c£400,000)

PDL Key:
- RLV at or below industrial value (c£400,000/Ha)
- RLV between industrial value and residential value (c£400,000 - £1.5m)
- RLV above residential value (>c£1.5m)

Source: Dixon Searle LLP (August 2011)

Table 2: Residual Land Value Results by Scheme Type & Affordable Housing Proportion
50% Affordable Rent/50% LCHO
Planning Obligations Level £67/m²

			Residual Land Value (£)					Residual Land Value (£/Ha) - Greenfield					Residual Land Value (£/Ha) - PDL				
Development Scenario	Value Level	Site Density (dph)	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Houses	1	30	-£18,234	N/A	N/A	N/A	N/A	-£273,513	N/A	N/A	N/A	N/A	-£273,513	N/A	N/A	N/A	N/A
	2	30	£24,141	N/A	N/A	N/A	N/A	£362,119	N/A	N/A	N/A	N/A	£362,119	N/A	N/A	N/A	N/A
	3	30	£64,553	N/A	N/A	N/A	N/A	£968,295	N/A	N/A	N/A	N/A	£968,295	N/A	N/A	N/A	N/A
	4	30	£104,965	N/A	N/A	N/A	N/A	£1,574,470	N/A	N/A	N/A	N/A	£1,574,470	N/A	N/A	N/A	N/A
	5	30	£145,376	N/A	N/A	N/A	N/A	£2,180,645	N/A	N/A	N/A	N/A	£2,180,645	N/A	N/A	N/A	N/A
	6	30	£185,788	N/A	N/A	N/A	N/A	£2,786,821	N/A	N/A	N/A	N/A	£2,786,821	N/A	N/A	N/A	N/A
	7	30	£226,200	N/A	N/A	N/A	N/A	£3,392,996	N/A	N/A	N/A	N/A	£3,392,996	N/A	N/A	N/A	N/A
4 Houses	1	30	-£36,468	N/A	N/A	N/A	-£97,009	-£273,513	N/A	N/A	N/A	-£727,564	-£273,513	N/A	N/A	N/A	-£727,564
	2	30	£48,283	N/A	N/A	N/A	-£36,257	£362,119	N/A	N/A	N/A	-£271,926	£362,119	N/A	N/A	N/A	-£271,926
	3	30	£129,106	N/A	N/A	N/A	£22,263	£968,295	N/A	N/A	N/A	£166,969	£968,295	N/A	N/A	N/A	£166,969
	4	30	£209,929	N/A	N/A	N/A	£76,471	£1,574,470	N/A	N/A	N/A	£573,535	£1,574,470	N/A	N/A	N/A	£573,535
	5	30	£290,753	N/A	N/A	N/A	£131,086	£2,180,645	N/A	N/A	N/A	£983,144	£2,180,645	N/A	N/A	N/A	£983,144
	6	30	£371,576	N/A	N/A	N/A	£185,295	£2,786,821	N/A	N/A	N/A	£1,389,709	£2,786,821	N/A	N/A	N/A	£1,389,709
	7	30	£441,651	N/A	N/A	N/A	£239,909	£3,312,382	N/A	N/A	N/A	£1,799,318	£3,312,382	N/A	N/A	N/A	£1,799,318
5 Houses	1	30	-£44,315	N/A	N/A	-£103,714	N/A	-£265,892	N/A	N/A	-£622,287	N/A	-£265,892	N/A	N/A	-£622,287	N/A
	2	30	£52,979	N/A	N/A	-£26,450	N/A	£317,874	N/A	N/A	-£158,698	N/A	£317,874	N/A	N/A	-£158,698	N/A
	3	30	£145,500	N/A	N/A	£44,936	N/A	£873,003	N/A	N/A	£269,619	N/A	£873,003	N/A	N/A	£269,619	N/A
	4	30	£238,022	N/A	N/A	£113,474	N/A	£1,428,132	N/A	N/A	£680,844	N/A	£1,428,132	N/A	N/A	£680,844	N/A
	5	30	£330,543	N/A	N/A	£182,012	N/A	£1,983,261	N/A	N/A	£1,092,069	N/A	£1,983,261	N/A	N/A	£1,092,069	N/A
	6	30	£423,065	N/A	N/A	£250,549	N/A	£2,538,390	N/A	N/A	£1,503,294	N/A	£2,538,390	N/A	N/A	£1,503,294	N/A
	7	30	£503,337	N/A	N/A	£319,087	N/A	£3,020,020	N/A	N/A	£1,914,520	N/A	£3,020,020	N/A	N/A	£1,914,520	N/A
10 Flats / Houses	1	50	-£106,444	-£165,727	N/A	-£225,011	-£258,449	-£532,218	-£828,637	N/A	-£1,125,057	-£1,292,247	-£532,218	-£828,637	N/A	-£1,125,057	-£1,292,247
	2	50	£70,673	-£5,080	N/A	-£47,152	-£142,090	£353,367	-£25,400	N/A	-£235,758	-£710,451	£353,367	-£25,400	N/A	-£235,758	-£710,451
	3	50	£234,658	£135,976	N/A	£37,294	-£26,640	£1,173,290	£679,879	N/A	£186,468	-£133,202	£1,173,290	£679,879	N/A	£186,468	-£133,202
	4	50	£398,643	£276,405	N/A	£154,167	£77,853	£1,993,213	£1,382,024	N/A	£770,836	£389,263	£1,993,213	£1,382,024	N/A	£770,836	£389,263
	5	50	£548,828	£416,834	N/A	£271,041	£179,059	£2,744,141	£2,084,169	N/A	£1,355,203	£895,294	£2,744,141	£2,084,169	N/A	£1,355,203	£895,294
	6	50	£708,791	£543,596	N/A	£387,914	£280,265	£3,543,955	£2,717,978	N/A	£1,939,571	£1,401,325	£3,543,955	£2,717,978	N/A	£1,939,571	£1,401,325
	7	50	£868,754	£680,580	N/A	£492,407	£381,471	£4,343,768	£3,402,902	N/A	£2,462,037	£1,907,356	£4,343,768	£3,402,902	N/A	£2,462,037	£1,907,356
15 Flats / Houses	1	50	-£177,178	N/A	-£320,634	-£346,376	-£414,897	-£590,594	N/A	-£1,068,780	-£1,154,586	-£1,382,990	-£590,594	N/A	-£1,068,780	-£1,154,586	-£1,382,990
	2	50	£94,609	N/A	-£100,520	-£134,803	-£215,956	£315,363	N/A	-£335,068	-£449,344	-£719,854	£315,363	N/A	-£335,068	-£449,344	-£719,854
	3	50	£341,759	N/A	£106,094	£68,834	-£12,015	£1,139,198	N/A	£353,648	£229,447	-£40,051	£1,139,198	N/A	£353,648	£229,447	-£40,051
	4	50	£573,998	N/A	£299,514	£254,510	£166,412	£1,913,327	N/A	£998,381	£848,365	£554,708	£1,913,327	N/A	£998,381	£848,365	£554,708
	5	50	£814,891	N/A	£433,918	£392,441	£271,553	£2,716,302	N/A	£1,446,393	£1,308,137	£905,178	£2,716,302	N/A	£1,446,393	£1,308,137	£905,178
	6	50	£1,055,783	N/A	£617,100	£558,138	£428,949	£3,519,276	N/A	£2,057,001	£1,860,460	£1,429,828	£3,519,276	N/A	£2,057,001	£1,860,460	£1,429,828
	7	50	£1,317,883	N/A	£800,283	£733,772	£593,220	£4,392,943	N/A	£2,667,609	£2,445,907	£1,977,399	£4,392,943	N/A	£2,667,609	£2,445,907	£1,977,399
25 Flats / Houses	1	50	-£286,086	N/A	-£527,421	-£586,590	-£671,500	-£572,173	N/A	-£1,054,842	-£1,173,179	-£1,343,000	-£572,173	N/A	-£1,054,842	-£1,173,179	-£1,343,000
	2	50	£170,055	N/A	-£153,381	-£238,958	-£388,292	£340,111	N/A	-£306,763	-£477,916	-£776,585	£340,111	N/A	-£306,763	-£477,916	-£776,585
	3	50	£571,568	N/A	£194,281	£97,476	-£42,498	£1,143,136	N/A	£388,562	£194,953	-£84,995	£1,143,136	N/A	£388,562	£194,953	-£84,995
	4	50	£977,387	N/A	£508,577	£401,858	£236,921	£1,954,774	N/A	£1,017,154	£803,715	£473,842	£1,954,774	N/A	£1,017,154	£803,715	£473,842
	5	50	£1,383,206	N/A	£827,793	£688,356	£497,506	£2,766,411	N/A	£1,655,586	£1,376,712	£995,011	£2,766,411	N/A	£1,655,586	£1,376,712	£995,011
	6	50	£1,789,024	N/A	£1,147,009	£985,030	£764,089	£3,578,049	N/A	£2,294,017	£1,970,060	£1,528,179	£3,578,049	N/A	£2,294,017	£1,970,060	£1,528,179
	7	50	£2,194,843	N/A	£1,466,224	£1,281,704	£1,030,673	£4,389,686	N/A	£2,932,448	£2,563,408	£2,061,346	£4,389,686	N/A	£2,932,448	£2,563,408	£2,061,346
50 Flats / Houses	1	50	-£653,674	-£932,545	-£1,085,261	-£1,253,391	-£1,396,801	-£653,674	-£932,545	-£1,085,261	-£1,253,391	-£1,396,801	-£653,674	-£932,545	-£1,085,261	-£1,253,391	-£1,396,801
	2	50	£259,658	-£95,148	-£307,837	-£558,513	-£763,242	£259,658	-£95,148	-£307,837	-£558,513	-£763,242	£259,658	-£95,148	-£307,837	-£558,513	-£763,242
	3	50	£1,032,940	£604,645	£397,861	£120,666	-£121,959	£1,032,940	£604,645	£397,861	£120,666	-£121,959	£1,032,940	£604,645	£397,861	£120,666	-£121,959
	4	50	£1,813,232	£1,287,560	£1,024,924	£687,849	£421,398	£1,813,232	£1,287,560	£1,024,924	£687,849	£421,398	£1,813,232	£1,287,560	£1,024,924	£687,849	£421,398
	5	50	£2,593,525	£1,970,475	£1,662,729	£1,258,289	£941,242	£2,593,525	£1,970,475	£1,662,729	£1,258,289	£941,242	£2,593,525	£1,970,475	£1,662,729	£1,258,289	£941,242
	6	50	£3,373,817	£2,653,390	£2,300,534	£1,828,730	£1,461,085	£3,373,817	£2,653,390	£2,300,534	£1,828,730	£1,461,085	£3,373,817	£2,653,390	£2,300,534	£1,828,730	£1,461,085
	7	50	£4,154,110	£3,336,305	£2,938,339	£2,399,171	£1,980,929	£4,154,110	£3,336,305	£2,938,339	£2,399,171	£1,980,929	£4,154,110	£3,336,305	£2,938,339	£2,399,171	£1,980,929
100 Flats / Houses	1	50	-£1,495,611	-£2,131,302	-£2,450,905	-£2,749,776	-£3,049,316	-£747,806	-£1,065,651	-£1,225,453	-£1,374,888	-£1,524,658	-£747,806	-£1,065,651	-£1,225,453	-£1,374,888	-£1,524,658
	2	50	£459,326	-£333,348	-£800,144	-£1,239,586	-£1,670,179	£229,663	-£166,674	-£400,072	-£619,793	-£835,090	£229,663	-£166,674	-£400,072	-£619,793	-£835,090
	3	50	£2,078,125	£1,140,717	£666,482	£226,884	-£272,879	£1,039,062	£570,358	£333,241	£113,442	-£136,440	£1,039,062	£570,358	£333,241	£113,442	-£136,440
	4	50	£3,696,924	£2,541,622	£1,955,740	£1,405,203	£876,284	£1,848,462	£1,270,811	£977,870	£702,601	£438,142	£1,848,462	£1,270,811	£977,870	£702,601	£438,142
	5	50	£5,315,722	£3,942,527	£3,244,998	£2,590,059	£1,964,117	£2,657,861	£1,971,263	£1,622,499	£1,295,029	£982,059	£2,657,861	£1,971,263	£1,622,499	£1,295,029	£982,059
	6	50	£6,934,521	£5,343,432	£4,534,256	£3,774,915	£3,051,951	£3,467,261	£2,671,716	£2,267,128	£1,887,458	£1,525,976	£3,467,261	£2,671,716	£2,267,128	£1,887,458	£1,525,976
	7	50	£8,553,320	£6,744,337	£5,823,514	£4,959,771	£4,139,785	£4,276,660	£3,372,168	£2,911,757	£2,479,886	£2,069,892	£4,276,660	£3,372,168	£2,911,757	£2,479,886	£2,069,892

Base appraisals - 17.5% developer's profit; 50% affordable rent / 50% LCHO; standard build costs; planning obligations of £67/m²

Greenfield Key:
- RLV at or below agricultural value (c£20.000/Ha)
- RLV between agricultural value and agricultural value with premium (c£20.000 - £400.000)
- RLV above agricultural value with premium (>c£400.000)

PDL Key:
- RLV at or below industrial value (c£400.000/Ha)
- RLV between industrial value and residential value (c£400.000 - £1.5m)
- RLV above residential value (>c£1.5m)

Source: Dixon Searle LLP (August 2011)

Table 3: Residual Land Value Results by Scheme Type & Affordable Housing Proportion
100% Affordable Rent
Planning Obligations Level £67/m²

			Residual Land Value (£)					Residual Land Value (£/Ha) - Greenfield					Residual Land Value (£/Ha) - PDL				
Development Scenario	Value Level	Site Density (dph)	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Houses	1	30	-£18,234	N/A	N/A	N/A	-£64,865	-£273,513	N/A	N/A	N/A	-£972,976	-£273,513	N/A	N/A	N/A	-£972,976
	2	30	£24,141	N/A	N/A	N/A	-£42,220	£362,119	N/A	N/A	N/A	-£633,306	£362,119	N/A	N/A	N/A	-£633,306
	3	30	£64,553	N/A	N/A	N/A	-£19,576	£968,295	N/A	N/A	N/A	-£293,636	£968,295	N/A	N/A	N/A	-£293,636
	4	30	£104,965	N/A	N/A	N/A	£2,738	£1,574,470	N/A	N/A	N/A	£41,076	£1,574,470	N/A	N/A	N/A	£41,076
	5	30	£145,376	N/A	N/A	N/A	£22,944	£2,180,645	N/A	N/A	N/A	£344,164	£2,180,645	N/A	N/A	N/A	£344,164
	6	30	£185,788	N/A	N/A	N/A	£43,150	£2,786,821	N/A	N/A	N/A	£647,252	£2,786,821	N/A	N/A	N/A	£647,252
	7	30	£226,200	N/A	N/A	N/A	£63,356	£3,392,996	N/A	N/A	N/A	£950,339	£3,392,996	N/A	N/A	N/A	£950,339
4 Houses	1	30	-£36,468	-£70,149	N/A	N/A	-£103,830	-£273,513	-£526,120	N/A	N/A	-£778,726	-£273,513	-£526,120	N/A	N/A	-£778,726
	2	30	£48,283	-£2,215	N/A	N/A	-£58,541	£362,119	-£16,615	N/A	N/A	-£439,056	£362,119	-£16,615	N/A	N/A	-£439,056
	3	30	£129,106	£58,641	N/A	N/A	-£13,251	£968,295	£439,806	N/A	N/A	-£99,386	£968,295	£439,806	N/A	N/A	-£99,386
	4	30	£209,929	£119,258	N/A	N/A	£28,587	£1,574,470	£894,438	N/A	N/A	£214,406	£1,574,470	£894,438	N/A	N/A	£214,406
	5	30	£290,753	£179,876	N/A	N/A	£68,999	£2,180,645	£1,349,069	N/A	N/A	£517,493	£2,180,645	£1,349,069	N/A	N/A	£517,493
	6	30	£371,576	£240,493	N/A	N/A	£109,411	£2,786,821	£1,803,701	N/A	N/A	£820,581	£2,786,821	£1,803,701	N/A	N/A	£820,581
	7	30	£441,651	£301,111	N/A	N/A	£149,822	£3,312,382	£2,258,332	N/A	N/A	£1,123,669	£3,312,382	£2,258,332	N/A	N/A	£1,123,669
5 Houses	1	30	-£44,315	-£77,996	N/A	-£111,446	-£145,127	-£265,892	-£467,977	N/A	-£668,674	-£870,759	-£265,892	-£467,977	N/A	-£668,674	-£870,759
	2	30	£52,979	£2,720	N/A	-£48,279	-£104,604	£317,874	£16,318	N/A	-£289,674	-£627,627	£317,874	£16,318	N/A	-£289,674	-£627,627
	3	30	£145,500	£75,035	N/A	£13,284	-£64,082	£873,003	£450,212	N/A	£79,706	-£384,494	£873,003	£450,212	N/A	£79,706	-£384,494
	4	30	£238,022	£147,351	N/A	£69,648	-£23,560	£1,428,132	£884,106	N/A	£417,888	-£141,362	£1,428,132	£884,106	N/A	£417,888	-£141,362
	5	30	£330,543	£219,667	N/A	£126,012	£15,135	£1,983,261	£1,318,000	N/A	£756,070	£90,809	£1,983,261	£1,318,000	N/A	£756,070	£90,809
	6	30	£423,065	£291,982	N/A	£182,375	£51,293	£2,538,390	£1,751,894	N/A	£1,094,252	£307,756	£2,538,390	£1,751,894	N/A	£1,094,252	£307,756
	7	30	£503,337	£364,298	N/A	£238,739	£87,451	£3,020,020	£2,185,788	N/A	£1,432,434	£524,703	£3,020,020	£2,185,788	N/A	£1,432,434	£524,703
10 Flats / Houses	1	50	-£106,444	-£173,457	-£206,895	-£240,470	-£273,908	-£532,218	-£867,284	-£1,034,474	-£1,202,349	-£1,369,540	-£532,218	-£867,284	-£1,034,474	-£1,202,349	-£1,369,540
	2	50	£70,673	-£26,904	-£78,214	-£134,427	-£185,738	£353,367	-£134,519	-£391,071	-£672,137	-£928,689	£353,367	-£134,519	-£391,071	-£672,137	-£928,689
	3	50	£234,658	£104,887	£44,240	-£28,385	-£97,568	£1,173,290	£524,437	£221,201	-£141,925	-£487,839	£1,173,290	£524,437	£221,201	-£141,925	-£487,839
	4	50	£398,643	£233,359	£157,045	£68,076	-£9,398	£1,993,213	£1,166,797	£785,224	£340,382	-£46,989	£1,993,213	£1,166,797	£785,224	£340,382	-£46,989
	5	50	£548,828	£361,831	£269,850	£161,036	£69,054	£2,744,141	£1,809,157	£1,349,248	£805,179	£345,269	£2,744,141	£1,809,157	£1,349,248	£805,179	£345,269
	6	50	£708,791	£478,278	£382,654	£253,995	£146,346	£3,543,955	£2,391,392	£1,913,271	£1,269,976	£731,730	£3,543,955	£2,391,392	£1,913,271	£1,269,976	£731,730
	7	50	£868,754	£603,599	£483,307	£346,955	£223,638	£4,343,768	£3,017,997	£2,416,537	£1,734,773	£1,118,190	£4,343,768	£3,017,997	£2,416,537	£1,734,773	£1,118,190
15 Flats / Houses	1	50	-£177,178	-£275,338	-£340,029	-£373,498	-£406,967	-£590,594	-£917,793	-£1,133,429	-£1,244,993	-£1,356,557	-£590,594	-£917,793	-£1,133,429	-£1,244,993	-£1,356,557
	2	50	£94,609	-£43,064	-£139,915	-£196,016	-£252,118	£315,363	-£143,546	-£466,385	-£653,388	-£840,392	£315,363	-£143,546	-£466,385	-£653,388	-£840,392
	3	50	£341,759	£162,901	£51,827	-£18,535	-£97,268	£1,139,198	£543,003	£172,758	-£61,784	-£324,227	£1,139,198	£543,003	£172,758	-£61,784	-£324,227
	4	50	£573,998	£362,877	£224,115	£136,845	£49,575	£1,913,327	£1,209,591	£747,049	£456,149	£165,249	£1,913,327	£1,209,591	£747,049	£456,149	£165,249
	5	50	£814,891	£548,602	£396,402	£289,647	£182,892	£2,716,302	£1,828,673	£1,321,341	£965,491	£609,642	£2,716,302	£1,828,673	£1,321,341	£965,491	£609,642
	6	50	£1,055,783	£743,515	£554,290	£431,247	£316,210	£3,519,276	£2,478,383	£1,847,633	£1,437,489	£1,054,034	£3,519,276	£2,478,383	£1,847,633	£1,437,489	£1,054,034
	7	50	£1,317,883	£938,428	£722,215	£580,180	£438,145	£4,392,943	£3,128,092	£2,407,383	£1,933,934	£1,460,485	£4,392,943	£3,128,092	£2,407,383	£1,933,934	£1,460,485
25 Flats / Houses	1	50	-£286,086	-£448,979	-£564,241	-£631,136	-£731,501	-£572,173	-£897,959	-£1,128,481	-£1,262,273	-£1,463,003	-£572,173	-£897,959	-£1,128,481	-£1,262,273	-£1,463,003
	2	50	£170,055	-£57,091	-£234,292	-£341,687	-£505,183	£340,111	-£114,182	-£468,584	-£683,374	-£1,010,366	£340,111	-£114,182	-£468,584	-£683,374	-£1,010,366
	3	50	£571,568	£288,244	£82,355	-£52,238	-£278,864	£1,143,136	£576,488	£164,711	-£104,475	-£557,729	£1,143,136	£576,488	£164,711	-£104,475	-£557,729
	4	50	£977,387	£609,798	£366,425	£204,228	-£52,546	£1,954,774	£1,219,597	£732,849	£408,455	-£105,092	£1,954,774	£1,219,597	£732,849	£408,455	-£105,092
	5	50	£1,383,206	£938,651	£634,023	£441,948	£149,609	£2,766,411	£1,877,303	£1,268,046	£883,896	£299,219	£2,766,411	£1,877,303	£1,268,046	£883,896	£299,219
	6	50	£1,789,024	£1,267,505	£910,899	£684,839	£344,458	£3,578,049	£2,535,009	£1,821,798	£1,369,679	£688,917	£3,578,049	£2,535,009	£1,821,798	£1,369,679	£688,917
	7	50	£2,194,843	£1,596,358	£1,187,775	£927,731	£525,652	£4,389,686	£3,192,715	£2,375,551	£1,855,462	£1,051,303	£4,389,686	£3,192,715	£2,375,551	£1,855,462	£1,051,303
50 Flats / Houses	1	50	-£653,674	-£979,039	-£1,158,864	-£1,342,441	-£1,509,021	-£653,674	-£979,039	-£1,158,864	-£1,342,441	-£1,509,021	-£653,674	-£979,039	-£1,158,864	-£1,342,441	-£1,509,021
	2	50	£259,658	-£195,706	-£469,579	-£763,870	-£1,034,021	£259,658	-£195,706	-£469,579	-£763,870	-£1,034,021	£259,658	-£195,706	-£469,579	-£763,870	-£1,034,021
	3	50	£1,032,940	£474,332	£182,268	-£185,299	-£559,022	£1,032,940	£474,332	£182,268	-£185,299	-£559,022	£1,032,940	£474,332	£182,268	-£185,299	-£559,022
	4	50	£1,813,232	£1,106,638	£733,738	£326,258	-£84,022	£1,813,232	£1,106,638	£733,738	£326,258	-£84,022	£1,813,232	£1,106,638	£733,738	£326,258	-£84,022
	5	50	£2,593,525	£1,738,944	£1,290,128	£784,471	£324,355	£2,593,525	£1,738,944	£1,290,128	£784,471	£324,355	£2,593,525	£1,738,944	£1,290,128	£784,471	£324,355
	6	50	£3,373,817	£2,371,250	£1,846,519	£1,251,494	£699,016	£3,373,817	£2,371,250	£1,846,519	£1,251,494	£699,016	£3,373,817	£2,371,250	£1,846,519	£1,251,494	£699,016
	7	50	£4,154,110	£3,003,556	£2,402,910	£1,718,516	£1,082,436	£4,154,110	£3,003,556	£2,402,910	£1,718,516	£1,082,436	£4,154,110	£3,003,556	£2,402,910	£1,718,516	£1,082,436
100 Flats / Houses	1	50	-£1,495,611	-£2,218,340	-£2,580,477	-£2,923,850	-£3,267,893	-£747,806	-£1,109,170	-£1,290,239	-£1,461,925	-£1,633,946	-£747,806	-£1,109,170	-£1,290,239	-£1,461,925	-£1,633,946
	2	50	£459,326	-£540,722	-£1,112,264	-£1,654,334	-£2,187,555	£229,663	-£270,361	-£556,132	-£827,167	-£1,093,777	£229,663	-£270,361	-£556,132	-£827,167	-£1,093,777
	3	50	£2,078,125	£881,379	£284,136	-£384,817	-£1,107,216	£1,039,062	£440,689	£142,068	-£192,409	-£553,608	£1,039,062	£440,689	£142,068	-£192,409	-£553,608
	4	50	£3,696,924	£2,181,952	£1,414,182	£685,863	-£26,878	£1,848,462	£1,090,976	£707,091	£342,932	-£13,439	£1,848,462	£1,090,976	£707,091	£342,932	-£13,439
	5	50	£5,315,722	£3,482,525	£2,552,414	£1,670,056	£816,695	£2,657,861	£1,741,263	£1,276,207	£835,028	£408,348	£2,657,861	£1,741,263	£1,276,207	£835,028	£408,348
	6	50	£6,934,521	£4,783,099	£3,690,646	£2,654,249	£1,654,228	£3,467,261	£2,391,549	£1,845,323	£1,327,124	£827,114	£3,467,261	£2,391,549	£1,845,323	£1,327,124	£827,114
	7	50	£8,553,320	£6,083,672	£4,828,879	£3,638,441	£2,491,760	£4,276,660	£3,041,836	£2,414,439	£1,819,221	£1,245,880	£4,276,660	£3,041,836	£2,414,439	£1,819,221	£1,245,880

Base appraisals - 17.5% developer's profit; 100% Affordable Rent; standard build costs; planning obligations of £67/m²

Greenfield Key:
- RLV at or below agricultural value (c£20.000/Ha)
- RLV between agricultural value and agricultural value with premium (c£20.000 - £400.000)
- RLV above agricultural value with premium (>c£400.000)

PDL Key:
- RLV at or below industrial value (c£400.000/Ha)
- RLV between industrial value and residential value (c£400.000 - £1.5m)
- RLV above residential value (>c£1.5m)

Source: Dixon Searle LLP (August 2011)

Table 4: Residual Land Value Results by Scheme Type & Affordable Housing Proportion
75% Affordable Rent/25% LCHO; Planning Obligations Level £67/m²
20% Developer's Profit

			Residual Land Value (£)					Residual Land Value (£/Ha) - Greenfield					Residual Land Value (£/Ha) - PDL				
Development Scenario	Value Level	Site Density (dph)	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Flats / Houses	1	50	-£362,211	-£500,969	-£596,783	-£657,304	-£738,034	-£724,423	-£1,001,939	-£1,193,567	-£1,314,608	-£1,476,069	-£724,423	-£1,001,939	-£1,193,567	-£1,314,608	-£1,476,069
	2	50	£91,408	-£111,419	-£257,222	-£356,967	-£488,841	£182,815	-£222,837	-£514,444	-£713,934	-£977,681	£182,815	-£222,837	-£514,444	-£713,934	-£977,681
	3	50	£482,136	£241,024	£74,021	-£52,994	-£234,192	£964,271	£482,047	£148,041	-£105,987	-£468,384	£964,271	£482,047	£148,041	-£105,987	-£468,384
	4	50	£875,178	£563,719	£370,279	£216,864	£18,786	£1,750,357	£1,127,439	£740,559	£433,728	£37,572	£1,750,357	£1,127,439	£740,559	£433,728	£37,572
	5	50	£1,268,221	£892,518	£649,661	£467,215	£239,199	£2,536,442	£1,785,037	£1,299,321	£934,430	£478,399	£2,536,442	£1,785,037	£1,299,321	£934,430	£478,399
	6	50	£1,661,264	£1,221,317	£938,418	£723,057	£447,975	£3,322,527	£2,442,634	£1,876,836	£1,446,115	£895,950	£3,322,527	£2,442,634	£1,876,836	£1,446,115	£895,950
	7	50	£2,054,306	£1,550,116	£1,227,175	£978,900	£662,808	£4,108,613	£3,100,232	£2,454,350	£1,957,799	£1,325,615	£4,108,613	£3,100,232	£2,454,350	£1,957,799	£1,325,615
50 Flats / Houses	1	50	-£805,924	-£1,083,028	-£1,228,656	-£1,394,796	-£1,525,678	-£805,924	-£1,083,028	-£1,228,656	-£1,394,796	-£1,525,678	-£805,924	-£1,083,028	-£1,228,656	-£1,394,796	-£1,525,678
	2	50	£108,090	-£304,381	-£521,103	-£794,469	-£1,005,670	£108,090	-£304,381	-£521,103	-£794,469	-£1,005,670	£108,090	-£304,381	-£521,103	-£794,469	-£1,005,670
	3	50	£860,885	£396,467	£160,710	-£186,874	-£474,758	£860,885	£396,467	£160,710	-£186,874	-£474,758	£860,885	£396,467	£160,710	-£186,874	-£474,758
	4	50	£1,616,598	£1,017,954	£734,842	£350,539	£48,846	£1,616,598	£1,017,954	£734,842	£350,539	£48,846	£1,616,598	£1,017,954	£734,842	£350,539	£48,846
	5	50	£2,372,311	£1,650,146	£1,313,313	£832,992	£478,280	£2,372,311	£1,650,146	£1,313,313	£832,992	£478,280	£2,372,311	£1,650,146	£1,313,313	£832,992	£478,280
	6	50	£3,128,025	£2,282,338	£1,891,785	£1,324,910	£909,032	£3,128,025	£2,282,338	£1,891,785	£1,324,910	£909,032	£3,128,025	£2,282,338	£1,891,785	£1,324,910	£909,032
	7	50	£3,883,738	£2,914,530	£2,470,256	£1,816,828	£1,339,784	£3,883,738	£2,914,530	£2,470,256	£1,816,828	£1,339,784	£3,883,738	£2,914,530	£2,470,256	£1,816,828	£1,339,784

20% developer's profit; 75% affordable rent / 25% LCHO; standard build costs; planning obligations of £67/m²

Greenfield Key:
- RLV at or below agricultural value (c£20,000/Ha)
- RLV between agricultural value and agricultural value with premium (c£20,000 - £400,000)
- RLV above agricultural value with premium (>c£400,000)

PDL Key:
- RLV at or below industrial value (c£400,000/Ha)
- RLV between industrial value and residential value (c£400,000 - £1.5m)
- RLV above residential value (>c£1.5m)

Source: Dixon Searle LLP (August 2011)

Table 5: Residual Land Value Results by Scheme Type & Affordable Housing Proportion
75% Affordable Rent/25% LCHO; Planning Obligations Level £67/m²
Increased Sustainable Construction / Design Standards

			Residual Land Value (£)					Residual Land Value (£/Ha) - Greenfield					Residual Land Value (£/Ha) - PDL				
Development Scenario	Value Level	Site Density (dph)	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Flats / Houses	1	50	-£390,837	-£543,770	-£648,948	-£715,334	-£804,982	-£781,675	-£1,087,541	-£1,297,896	-£1,430,668	-£1,609,964	-£781,675	-£1,087,541	-£1,297,896	-£1,430,668	-£1,609,964
	2	50	£79,870	-£141,882	-£298,999	-£405,884	-£548,663	£159,740	-£283,764	-£597,999	-£811,769	-£1,097,326	£159,740	-£283,764	-£597,999	-£811,769	-£1,097,326
	3	50	£483,666	£225,418	£46,996	-£92,798	-£286,890	£967,333	£450,836	£93,991	-£185,597	-£573,779	£967,333	£450,836	£93,991	-£185,597	-£573,779
	4	50	£889,485	£558,862	£352,198	£190,439	-£23,753	£1,778,970	£1,117,724	£704,395	£380,879	-£47,505	£1,778,970	£1,117,724	£704,395	£380,879	-£47,505
	5	50	£1,295,304	£898,014	£640,753	£449,106	£206,098	£2,590,608	£1,796,028	£1,281,507	£898,213	£412,196	£2,590,608	£1,796,028	£1,281,507	£898,213	£412,196
	6	50	£1,701,123	£1,237,166	£938,227	£712,595	£421,691	£3,402,245	£2,474,332	£1,876,455	£1,425,191	£843,382	£3,402,245	£2,474,332	£1,876,455	£1,425,191	£843,382
	7	50	£2,106,941	£1,576,318	£1,235,701	£976,084	£767,322	£4,213,883	£3,152,636	£2,471,402	£1,952,169	£1,534,643	£4,213,883	£3,152,636	£2,471,402	£1,952,169	£1,534,643
50 Flats / Houses	1	50	-£866,227	-£1,171,673	-£1,332,106	-£1,513,872	-£1,659,515	-£866,227	-£1,171,673	-£1,332,106	-£1,513,872	-£1,659,515	-£866,227	-£1,171,673	-£1,332,106	-£1,513,872	-£1,659,515
	2	50	£83,324	-£368,351	-£602,840	-£895,321	-£1,124,545	£83,324	-£368,351	-£602,840	-£895,321	-£1,124,545	£83,324	-£368,351	-£602,840	-£895,321	-£1,124,545
	3	50	£861,367	£363,868	£110,913	-£269,500	-£578,671	£861,367	£363,868	£110,913	-£269,500	-£578,671	£861,367	£363,868	£110,913	-£269,500	-£578,671
	4	50	£1,641,659	£1,006,153	£703,916	£297,111	-£30,071	£1,641,659	£1,006,153	£703,916	£297,111	-£30,071	£1,641,659	£1,006,153	£703,916	£297,111	-£30,071
	5	50	£2,421,952	£1,658,262	£1,299,914	£795,718	£418,557	£2,421,952	£1,658,262	£1,299,914	£795,718	£418,557	£2,421,952	£1,658,262	£1,299,914	£795,718	£418,557
	6	50	£3,202,244	£2,310,372	£1,895,912	£1,302,347	£861,387	£3,202,244	£2,310,372	£1,895,912	£1,302,347	£861,387	£3,202,244	£2,310,372	£1,895,912	£1,302,347	£861,387
	7	50	£3,982,537	£2,962,482	£2,491,910	£1,808,977	£1,304,217	£3,982,537	£2,962,482	£2,491,910	£1,808,977	£1,304,217	£3,982,537	£2,962,482	£2,491,910	£1,808,977	£1,304,217

Base appraisals - 17.5% developer's profit; 75% Affordable Rent; 25% LCHO ; Sustanable construction / design uplift; planning obligations of £67/m²

Greenfield Key:
- RLV at or below agricultural value (c£20,000/Ha)
- RLV between agricultural value and agricultural value with premium (c£20,000 - £400,000)
- RLV above agricultural value with premium (>c£400,000)

PDL Key:
- RLV at or below industrial value (c£400,000/Ha)
- RLV between industrial value and residential value (c£400,000 - £1.5m)
- RLV above residential value (>c£1.5m)

Source: Dixon Searle LLP (August 2011)

Table 6: Residual Land Value Results by Scheme Type & Affordable Housing Proportion
All Tenure Variations
Planning Obligations Level £33/m²

Tenure Mix	Development Scenario	Value Level	Site Density (dph)	Residual Land Value (£)					Residual Land Value (£/Ha) - Greenfield					Residual Land Value (£/Ha) - PDL				
				Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
75% Affordable Rent / 25% LCHO	25 Flats / Houses	1	50	-£214,996	-£368,401	-£474,246	-£541,492	-£632,860	-£429,991	-£736,803	-£948,491	-£1,082,983	-£1,265,719	-£429,991	-£736,803	-£948,491	-£1,082,983	-£1,265,719
		2	50	£231,261	£28,831	-£124,297	-£232,042	-£376,541	£462,522	£57,661	-£248,594	-£464,084	-£753,082	£462,522	£57,661	-£248,594	-£464,084	-£753,082
		3	50	£631,224	£376,402	£197,406	£69,775	-£114,767	£1,262,448	£752,804	£394,812	£139,550	-£229,535	£1,262,448	£752,804	£394,812	£139,550	-£229,535
		4	50	£1,037,043	£706,023	£489,881	£340,109	£127,739	£2,074,085	£1,412,046	£979,762	£680,218	£255,478	£2,074,085	£1,412,046	£979,762	£680,218	£255,478
		5	50	£1,442,861	£1,045,175	£787,355	£594,986	£354,287	£2,885,723	£2,090,350	£1,574,710	£1,189,972	£708,573	£2,885,723	£2,090,350	£1,574,710	£1,189,972	£708,573
		6	50	£1,848,680	£1,384,327	£1,084,829	£858,475	£566,127	£3,697,360	£2,768,653	£2,169,658	£1,716,951	£1,132,255	£3,697,360	£2,768,653	£2,169,658	£1,716,951	£1,132,255
		7	50	£2,254,499	£1,723,479	£1,382,303	£1,121,964	£786,939	£4,508,997	£3,446,957	£2,764,605	£2,243,929	£1,573,877	£4,508,997	£3,446,957	£2,764,605	£2,243,929	£1,573,877
	50 Flats / Houses	1	50	-£509,422	-£815,828	-£976,304	-£1,161,124	-£1,309,385	-£509,422	-£815,828	-£976,304	-£1,161,124	-£1,309,385	-£509,422	-£815,828	-£976,304	-£1,161,124	-£1,309,385
		2	50	£379,329	-£12,505	-£247,038	-£542,573	-£774,415	£379,329	-£12,505	-£247,038	-£542,573	-£774,415	£379,329	-£12,505	-£247,038	-£542,573	-£774,415
		3	50	£1,149,380	£641,282	£406,086	£69,062	-£228,540	£1,149,380	£641,282	£406,086	£69,062	-£228,540	£1,149,380	£641,282	£406,086	£69,062	-£228,540
		4	50	£1,929,672	£1,293,391	£991,120	£573,827	£265,522	£1,929,672	£1,293,391	£991,120	£573,827	£265,522	£1,929,672	£1,293,391	£991,120	£573,827	£265,522
		5	50	£2,709,965	£1,945,501	£1,587,117	£1,080,456	£701,182	£2,709,965	£1,945,501	£1,587,117	£1,080,456	£701,182	£2,709,965	£1,945,501	£1,587,117	£1,080,456	£701,182
		6	50	£3,490,257	£2,597,610	£2,183,115	£1,587,086	£1,144,012	£3,490,257	£2,597,610	£2,183,115	£1,587,086	£1,144,012	£3,490,257	£2,597,610	£2,183,115	£1,587,086	£1,144,012
		7	50	£4,270,550	£3,249,720	£2,779,113	£2,093,715	£1,586,842	£4,270,550	£3,249,720	£2,779,113	£2,093,715	£1,586,842	£4,270,550	£3,249,720	£2,779,113	£2,093,715	£1,586,842
50% Affordable Rent / 50% LCHO	25 Flats / Houses	1	50	N/A	N/A	-£456,821	-£516,340	-£601,950	N/A	N/A	-£913,642	-£1,032,679	-£1,203,900	N/A	N/A	-£913,642	-£1,032,679	-£1,203,900
		2	50	N/A	N/A	-£82,781	-£168,708	-£325,397	N/A	N/A	-£165,562	-£337,415	-£650,793	N/A	N/A	-£165,562	-£337,415	-£650,793
		3	50	N/A	N/A	£255,064	£157,958	£23,291	N/A	N/A	£510,128	£315,916	£46,581	N/A	N/A	£510,128	£315,916	£46,581
		4	50	N/A	N/A	£567,821	£450,633	£296,800	N/A	N/A	£1,135,643	£901,265	£593,600	N/A	N/A	£1,135,643	£901,265	£593,600
		5	50	N/A	N/A	£887,037	£747,306	£555,868	N/A	N/A	£1,774,074	£1,494,613	£1,111,737	N/A	N/A	£1,774,074	£1,494,613	£1,111,737
		6	50	N/A	N/A	£1,206,253	£1,043,980	£822,452	N/A	N/A	£2,412,506	£2,087,961	£1,644,904	N/A	N/A	£2,412,506	£2,087,961	£1,644,904
		7	50	N/A	N/A	£1,525,468	£1,340,654	£1,089,036	N/A	N/A	£3,050,937	£2,681,309	£2,178,072	N/A	N/A	£3,050,937	£2,681,309	£2,178,072
	50 Flats / Houses	1	50	N/A	-£788,719	-£941,472	-£1,110,845	-£1,255,320	N/A	-£788,719	-£941,472	-£1,110,845	-£1,255,320	N/A	-£788,719	-£941,472	-£1,110,845	-£1,255,320
		2	50	N/A	£40,383	-£164,048	-£415,967	-£621,761	N/A	£40,383	-£164,048	-£415,967	-£621,761	N/A	£40,383	-£164,048	-£415,967	-£621,761
		3	50	N/A	£720,741	£503,186	£238,923	£16,195	N/A	£720,741	£503,186	£238,923	£16,195	N/A	£720,741	£503,186	£238,923	£16,195
		4	50	N/A	£1,403,656	£1,140,991	£802,912	£535,601	N/A	£1,403,656	£1,140,991	£802,912	£535,601	N/A	£1,403,656	£1,140,991	£802,912	£535,601
		5	50	N/A	£2,086,571	£1,778,796	£1,373,353	£1,055,445	N/A	£2,086,571	£1,778,796	£1,373,353	£1,055,445	N/A	£2,086,571	£1,778,796	£1,373,353	£1,055,445
		6	50	N/A	£2,769,486	£2,416,601	£1,943,793	£1,575,288	N/A	£2,769,486	£2,416,601	£1,943,793	£1,575,288	N/A	£2,769,486	£2,416,601	£1,943,793	£1,575,288
		7	50	N/A	£3,452,401	£3,054,406	£2,514,234	£2,095,132	N/A	£3,452,401	£3,054,406	£2,514,234	£2,095,132	N/A	£3,452,401	£3,054,406	£2,514,234	£2,095,132
100% Affordable Rent	25 Flats / Houses	1	50	N/A	-£378,099	-£493,640	-£560,886	-£661,952	N/A	-£756,198	-£987,281	-£1,121,773	-£1,323,903	N/A	-£756,198	-£987,281	-£1,121,773	-£1,323,903
		2	50	N/A	£11,872	-£163,692	-£409,871	-£435,633	N/A	£23,744	-£327,384	-£819,742	-£871,266	N/A	£23,744	-£327,384	-£819,742	-£871,266
		3	50	N/A	£349,268	£23,360	£15,508	-£209,315	N/A	£698,537	£46,720	£31,016	-£418,629	N/A	£698,537	£46,720	£31,016	-£418,629
		4	50	N/A	£669,278	£427,208	£264,709	£14,639	N/A	£1,338,555	£854,416	£529,419	£29,279	N/A	£1,338,555	£854,416	£529,419	£29,279
		5	50	N/A	£998,131	£693,267	£500,898	£209,488	N/A	£1,996,262	£1,386,534	£1,001,797	£418,977	N/A	£1,996,262	£1,386,534	£1,001,797	£418,977
		6	50	N/A	£1,326,984	£970,143	£743,790	£404,337	N/A	£2,653,968	£1,940,287	£1,487,580	£808,674	N/A	£2,653,968	£1,940,287	£1,487,580	£808,674
		7	50	N/A	£1,655,837	£1,247,020	£986,681	£584,014	N/A	£3,311,674	£2,494,039	£1,973,363	£1,168,028	N/A	£3,311,674	£2,494,039	£1,973,363	£1,168,028
	50 Flats / Houses	1	50	N/A	-£835,213	-£1,015,074	-£1,199,895	-£1,367,540	N/A	-£835,213	-£1,015,074	-£1,199,895	-£1,367,540	N/A	-£835,213	-£1,015,074	-£1,199,895	-£1,367,540
		2	50	N/A	-£51,881	-£325,789	-£621,324	-£892,541	N/A	-£51,881	-£325,789	-£621,324	-£892,541	N/A	-£51,881	-£325,789	-£621,324	-£892,541
		3	50	N/A	£590,428	£301,556	-£42,753	-£417,541	N/A	£590,428	£301,556	-£42,753	-£417,541	N/A	£590,428	£301,556	-£42,753	-£417,541
		4	50	N/A	£1,222,734	£849,805	£432,512	£47,667	N/A	£1,222,734	£849,805	£432,512	£47,667	N/A	£1,222,734	£849,805	£432,512	£47,667
		5	50	N/A	£1,855,040	£1,406,196	£899,535	£429,800	N/A	£1,855,040	£1,406,196	£899,535	£429,800	N/A	£1,855,040	£1,406,196	£899,535	£429,800
		6	50	N/A	£2,487,346	£1,962,587	£1,366,557	£813,219	N/A	£2,487,346	£1,962,587	£1,366,557	£813,219	N/A	£2,487,346	£1,962,587	£1,366,557	£813,219
		7	50	N/A	£3,119,652	£2,518,977	£1,833,579	£1,196,639	N/A	£3,119,652	£2,518,977	£1,833,579	£1,196,639	N/A	£3,119,652	£2,518,977	£1,833,579	£1,196,639

Base appraisals - 17.5% developer's profit; standard build costs; planning obligations of £33/m²

Greenfield Key:
- RLV at or below agricultural value (c£20,000/Ha)
- RLV between agricultural value and agricultural value with premium (c£20,000 - £400,000)
- RLV above agricultural value with premium (>c£400,000)

PDL Key:
- RLV at or below industrial value (c£400,000/Ha)
- RLV between industrial value and residential value (c£400,000 - £1.5m)
- RLV above residential value (>c£1.5m)

Source: Dixon Searle LLP (August 2011)

Table 7: Residual Land Value Results by Scheme Type & Affordable Housing Proportion
All Tenure Variations
Planning Obligations Level £100/m²

Tenure Mix	Development Scenario	Value Level	Site Density (dph)	Residual Land Value (£)					Residual Land Value (£/Ha) - Greenfield					Residual Land Value (£/Ha) - PDL				
				Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
75% Affordable Rent / 25% LCHO	25 Flats / Houses	1	50	-£355,086	-£508,078	-£613,370	-£679,926	-£769,913	-£710,172	-£1,016,155	-£1,226,740	-£1,359,851	-£1,539,827	-£710,172	-£1,016,155	-£1,226,740	-£1,359,851	-£1,539,827
		2	50	£110,650	-£106,189	-£263,421	-£370,476	-£513,595	£221,300	-£212,379	-£526,842	-£740,952	-£1,027,189	£221,300	-£212,379	-£526,842	-£740,952	-£1,027,189
		3	50	£513,667	£256,148	£77,627	-£57,390	-£251,821	£1,027,334	£512,295	£155,254	-£114,780	-£503,643	£1,027,334	£512,295	£155,254	-£114,780	-£503,643
		4	50	£919,486	£588,814	£382,829	£220,924	£9,742	£1,838,972	£1,177,627	£765,657	£441,848	£19,485	£1,838,972	£1,177,627	£765,657	£441,848	£19,485
		5	50	£1,325,305	£927,965	£670,609	£478,819	£236,290	£2,650,609	£1,855,931	£1,341,218	£957,639	£472,580	£2,650,609	£1,855,931	£1,341,218	£957,639	£472,580
		6	50	£1,731,123	£1,267,117	£968,083	£742,308	£451,119	£3,462,246	£2,534,235	£1,936,166	£1,484,617	£902,237	£3,462,246	£2,534,235	£1,936,166	£1,484,617	£902,237
		7	50	£2,136,942	£1,606,269	£1,265,557	£1,005,797	£671,930	£4,273,884	£3,212,538	£2,531,113	£2,011,595	£1,343,860	£4,273,884	£3,212,538	£2,531,113	£2,011,595	£1,343,860
	50 Flats / Houses	1	50	-£793,683	-£1,099,249	-£1,259,654	-£1,442,024	-£1,588,185	-£793,683	-£1,099,249	-£1,259,654	-£1,442,024	-£1,588,185	-£793,683	-£1,099,249	-£1,259,654	-£1,442,024	-£1,588,185
		2	50	£143,506	-£295,926	-£530,389	-£823,473	-£1,053,214	£143,506	-£295,926	-£530,389	-£823,473	-£1,053,214	£143,506	-£295,926	-£530,389	-£823,473	-£1,053,214
		3	50	£919,924	£412,505	£171,019	-£197,652	-£507,340	£919,924	£412,505	£171,019	-£197,652	-£507,340	£919,924	£412,505	£171,019	-£197,652	-£507,340
		4	50	£1,700,217	£1,064,614	£762,399	£356,716	£34,229	£1,700,217	£1,064,614	£762,399	£356,716	£34,229	£1,700,217	£1,064,614	£762,399	£356,716	£34,229
		5	50	£2,480,509	£1,716,724	£1,358,397	£853,714	£476,135	£2,480,509	£1,716,724	£1,358,397	£853,714	£476,135	£2,480,509	£1,716,724	£1,358,397	£853,714	£476,135
		6	50	£3,260,802	£2,368,833	£1,954,395	£1,360,343	£918,965	£3,260,802	£2,368,833	£1,954,395	£1,360,343	£918,965	£3,260,802	£2,368,833	£1,954,395	£1,360,343	£918,965
		7	50	£4,041,094	£3,020,943	£2,550,392	£1,866,972	£1,361,795	£4,041,094	£3,020,943	£2,550,392	£1,866,972	£1,361,795	£4,041,094	£3,020,943	£2,550,392	£1,866,972	£1,361,795
50% Affordable Rent / 50% LCHO	25 Flats / Houses	1	50	N/A	N/A	-£595,945	-£654,774	-£739,004	N/A	N/A	-£1,191,890	-£1,309,547	-£1,478,008	N/A	N/A	-£1,191,890	-£1,309,547	-£1,478,008
		2	50	N/A	N/A	-£221,905	-£307,142	-£449,339	N/A	N/A	-£443,810	-£614,283	-£898,677	N/A	N/A	-£443,810	-£614,283	-£898,677
		3	50	N/A	N/A	£135,285	£38,773	-£110,002	N/A	N/A	£270,570	£77,547	-£220,003	N/A	N/A	£270,570	£77,547	-£220,003
		4	50	N/A	N/A	£451,075	£343,155	£178,803	N/A	N/A	£902,151	£686,309	£357,607	N/A	N/A	£902,151	£686,309	£357,607
		5	50	N/A	N/A	£770,291	£631,140	£440,860	N/A	N/A	£1,540,582	£1,262,279	£881,719	N/A	N/A	£1,540,582	£1,262,279	£881,719
		6	50	N/A	N/A	£1,089,507	£927,813	£707,443	N/A	N/A	£2,179,013	£1,855,627	£1,414,887	N/A	N/A	£2,179,013	£1,855,627	£1,414,887
		7	50	N/A	N/A	£1,408,722	£1,224,487	£974,027	N/A	N/A	£2,817,445	£2,448,975	£1,948,054	N/A	N/A	£2,817,445	£2,448,975	£1,948,054
	50 Flats / Houses	1	50	N/A	-£1,072,140	-£1,224,822	-£1,391,745	-£1,534,120	N/A	-£1,072,140	-£1,224,822	-£1,391,745	-£1,534,120	N/A	-£1,072,140	-£1,224,822	-£1,391,745	-£1,534,120
		2	50	N/A	-£234,743	-£447,398	-£696,867	-£900,561	N/A	-£234,743	-£447,398	-£696,867	-£900,561	N/A	-£234,743	-£447,398	-£696,867	-£900,561
		3	50	N/A	£491,964	£282,081	£5,888	-£259,279	N/A	£491,964	£282,081	£5,888	-£259,279	N/A	£491,964	£282,081	£5,888	-£259,279
		4	50	N/A	£1,174,879	£912,270	£576,170	£319,172	N/A	£1,174,879	£912,270	£576,170	£319,172	N/A	£1,174,879	£912,270	£576,170	£319,172
		5	50	N/A	£1,857,793	£1,550,075	£1,146,610	£830,398	N/A	£1,857,793	£1,550,075	£1,146,610	£830,398	N/A	£1,857,793	£1,550,075	£1,146,610	£830,398
		6	50	N/A	£2,540,708	£2,187,881	£1,717,051	£1,350,241	N/A	£2,540,708	£2,187,881	£1,717,051	£1,350,241	N/A	£2,540,708	£2,187,881	£1,717,051	£1,350,241
		7	50	N/A	£3,223,623	£2,825,686	£2,287,491	£1,870,085	N/A	£3,223,623	£2,825,686	£2,287,491	£1,870,085	N/A	£3,223,623	£2,825,686	£2,287,491	£1,870,085
100% Affordable Rent	25 Flats / Houses	1	50	N/A	-£517,775	-£632,764	-£699,320	-£799,006	N/A	-£1,035,550	-£1,265,529	-£1,398,641	-£1,598,011	N/A	-£1,035,550	-£1,265,529	-£1,398,641	-£1,598,011
		2	50	N/A	-£125,887	-£302,816	-£409,871	-£572,687	N/A	-£251,773	-£605,632	-£819,742	-£1,145,374	N/A	-£251,773	-£605,632	-£819,742	-£1,145,374
		3	50	N/A	£229,014	£23,360	-£120,421	-£346,369	N/A	£458,028	£46,720	-£240,843	-£692,737	N/A	£458,028	£46,720	-£240,843	-£692,737
		4	50	N/A	£552,068	£307,429	£145,525	-£120,050	N/A	£1,104,137	£614,858	£291,049	-£240,100	N/A	£1,104,137	£614,858	£291,049	-£240,100
		5	50	N/A	£880,921	£576,521	£394,726	£91,492	N/A	£1,761,843	£1,153,042	£789,452	£182,984	N/A	£1,761,843	£1,153,042	£789,452	£182,984
		6	50	N/A	£1,209,775	£853,397	£627,623	£286,341	N/A	£2,419,549	£1,706,795	£1,255,246	£572,681	N/A	£2,419,549	£1,706,795	£1,255,246	£572,681
		7	50	N/A	£1,538,628	£1,130,274	£870,514	£469,005	N/A	£3,077,255	£2,260,547	£1,741,029	£938,011	N/A	£3,077,255	£2,260,547	£1,741,029	£938,011
	50 Flats / Houses	1	50	N/A	-£1,118,634	-£1,298,425	-£1,480,795	-£1,646,340	N/A	-£1,118,634	-£1,298,425	-£1,480,795	-£1,646,340	N/A	-£1,118,634	-£1,298,425	-£1,480,795	-£1,646,340
		2	50	N/A	-£335,301	-£609,140	-£902,224	-£1,171,341	N/A	-£335,301	-£609,140	-£902,224	-£1,171,341	N/A	-£335,301	-£609,140	-£902,224	-£1,171,341
		3	50	N/A	£371,687	£66,489	-£323,653	-£696,341	N/A	£371,687	£66,489	-£323,653	-£696,341	N/A	£371,687	£66,489	-£323,653	-£696,341
		4	50	N/A	£993,957	£621,084	£211,480	-£221,342	N/A	£993,957	£621,084	£211,480	-£221,342	N/A	£993,957	£621,084	£211,480	-£221,342
		5	50	N/A	£1,626,263	£1,177,475	£672,792	£210,435	N/A	£1,626,263	£1,177,475	£672,792	£210,435	N/A	£1,626,263	£1,177,475	£672,792	£210,435
		6	50	N/A	£2,258,569	£1,733,866	£1,139,814	£588,172	N/A	£2,258,569	£1,733,866	£1,139,814	£588,172	N/A	£2,258,569	£1,733,866	£1,139,814	£588,172
		7	50	N/A	£2,890,875	£2,290,257	£1,606,837	£971,592	N/A	£2,890,875	£2,290,257	£1,606,837	£971,592	N/A	£2,890,875	£2,290,257	£1,606,837	£971,592

Base appraisals - 17.5% developer's profit; standard build costs; planning obligations of £100/m²

Greenfield Key:
- RLV at or below agricultural value (c£20,000/Ha)
- RLV between agricultural value and agricultural value with premium (c£20,000 - £400,000)
- RLV above agricultural value with premium (>c£400,000)

PDL Key:
- RLV at or below industrial value (c£400,000/Ha)
- RLV between industrial value and residential value (c£400,000 - £1.5m)
- RLV above residential value (>c£1.5m)

Source: Dixon Searle LLP (August 2011)

Table 8: Residual Land Value Results Comparison by Scheme Type & Affordable Housing Proportion
Sample Results All Tenure Variations
Planning Obligations Level £67/m²

				Residual Land Value (£)					Residual Land Value (£/Ha) - Greenfield					Residual Land Value (£/Ha) - PDL				
Tenure Mix	Development Scenario	Value Level	Site Density (dph)	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
75% Affordable Rent / 25% LCHO	25 Flats / Houses	1	50	-£286,086	-£439,282	-£544,846	-£611,742	-£702,409	-£572,173	-£878,564	-£1,089,692	-£1,223,483	-£1,404,819	-£1,144,345	-£1,757,128	-£2,179,384	-£2,446,967	-£2,809,637
		2	50	£170,055	-£37,394	-£194,897	-£302,292	-£446,091	£340,111	-£74,787	-£389,794	-£604,584	-£892,181	£680,221	-£149,574	-£779,589	-£1,209,168	-£1,784,362
		3	50	£571,568	£315,377	£136,622	£9,293	-£184,317	£1,143,136	£630,755	£273,245	£18,586	-£368,634	£2,286,273	£1,261,509	£546,490	£37,172	-£737,269
		4	50	£977,387	£646,544	£430,637	£279,627	£67,860	£1,954,774	£1,293,087	£861,274	£559,254	£135,720	£3,909,547	£2,586,174	£1,722,548	£1,118,509	£271,440
		5	50	£1,383,206	£985,695	£728,111	£536,036	£294,408	£2,766,411	£1,971,391	£1,456,221	£1,072,072	£588,816	£5,532,822	£3,942,782	£2,912,443	£2,144,143	£1,177,631
		6	50	£1,789,024	£1,324,847	£1,025,585	£799,525	£507,765	£3,578,049	£2,649,695	£2,051,169	£1,599,050	£1,015,529	£7,156,097	£5,299,389	£4,102,338	£3,198,099	£2,031,059
		7	50	£2,194,843	£1,663,999	£1,323,058	£1,063,014	£728,576	£4,389,686	£3,327,998	£2,646,117	£2,126,028	£1,457,152	£8,779,372	£6,655,997	£5,292,234	£4,252,056	£2,914,304
	50 Flats / Houses	1	50	-£653,674	-£959,653	-£1,120,094	-£1,303,671	-£1,450,865	-£653,674	-£959,653	-£1,120,094	-£1,303,671	-£1,450,865	-£653,674	-£959,653	-£1,120,094	-£1,303,671	-£1,450,865
		2	50	£259,658	-£156,331	-£390,828	-£685,119	-£915,895	£259,658	-£156,331	-£390,828	-£685,119	-£915,895	£259,658	-£156,331	-£390,828	-£685,119	-£915,895
		3	50	£1,032,940	£525,186	£286,798	-£59,299	-£370,021	£1,032,940	£525,186	£286,798	-£59,299	-£370,021	£1,032,940	£525,186	£286,798	-£59,299	-£370,021
		4	50	£1,813,232	£1,177,296	£875,052	£458,764	£148,149	£1,813,232	£1,177,296	£875,052	£458,764	£148,149	£1,813,232	£1,177,296	£875,052	£458,764	£148,149
		5	50	£2,593,525	£1,829,405	£1,471,050	£965,393	£586,979	£2,593,525	£1,829,405	£1,471,050	£965,393	£586,979	£2,593,525	£1,829,405	£1,471,050	£965,393	£586,979
		6	50	£3,373,817	£2,481,515	£2,067,048	£1,472,022	£1,029,809	£3,373,817	£2,481,515	£2,067,048	£1,472,022	£1,029,809	£3,373,817	£2,481,515	£2,067,048	£1,472,022	£1,029,809
		7	50	£4,154,110	£3,133,624	£2,663,046	£1,978,652	£1,472,639	£4,154,110	£3,133,624	£2,663,046	£1,978,652	£1,472,639	£4,154,110	£3,133,624	£2,663,046	£1,978,652	£1,472,639
50% Affordable Rent / 50% LCHO	25 Flats / Houses	1	50	-£286,086	N/A	-£527,421	-£586,590	-£671,500	-£572,173	N/A	-£1,054,842	-£1,173,179	-£1,343,000	-£1,144,345	N/A	-£2,109,685	-£2,346,359	-£2,686,000
		2	50	£170,055	N/A	-£153,381	-£238,958	-£388,292	£340,111	N/A	-£306,763	-£477,916	-£776,585	£680,221	N/A	-£613,525	-£955,831	-£1,553,170
		3	50	£571,568	N/A	£194,281	£97,476	-£42,498	£1,143,136	N/A	£388,562	£194,953	-£84,995	£2,286,273	N/A	£777,123	£389,906	-£169,990
		4	50	£977,387	N/A	£508,577	£401,858	£236,921	£1,954,774	N/A	£1,017,154	£803,715	£473,842	£3,909,547	N/A	£2,034,309	£1,607,430	£947,684
		5	50	£1,383,206	N/A	£827,793	£688,356	£497,506	£2,766,411	N/A	£1,655,586	£1,376,712	£995,011	£5,532,822	N/A	£3,311,171	£2,753,424	£1,990,023
		6	50	£1,789,024	N/A	£1,147,009	£985,030	£764,089	£3,578,049	N/A	£2,294,017	£1,970,060	£1,528,179	£7,156,097	N/A	£4,588,034	£3,940,120	£3,056,358
		7	50	£2,194,843	N/A	£1,466,224	£1,281,704	£1,030,673	£4,389,686	N/A	£2,932,448	£2,563,408	£2,061,346	£8,779,372	N/A	£5,864,897	£5,126,816	£4,122,692
	50 Flats / Houses	1	50	-£653,674	-£932,545	-£1,085,261	-£1,253,391	-£1,396,801	-£653,674	-£932,545	-£1,085,261	-£1,253,391	-£1,396,801	-£653,674	-£932,545	-£1,085,261	-£1,253,391	-£1,396,801
		2	50	£259,658	-£95,148	-£307,837	-£558,513	-£763,242	£259,658	-£95,148	-£307,837	-£558,513	-£763,242	£259,658	-£95,148	-£307,837	-£558,513	-£763,242
		3	50	£1,032,940	£604,645	£397,861	£120,666	-£121,959	£1,032,940	£604,645	£397,861	£120,666	-£121,959	£1,032,940	£604,645	£397,861	£120,666	-£121,959
		4	50	£1,813,232	£1,287,560	£1,024,924	£687,849	£421,398	£1,813,232	£1,287,560	£1,024,924	£687,849	£421,398	£1,813,232	£1,287,560	£1,024,924	£687,849	£421,398
		5	50	£2,593,525	£1,970,475	£1,662,729	£1,258,289	£941,242	£2,593,525	£1,970,475	£1,662,729	£1,258,289	£941,242	£2,593,525	£1,970,475	£1,662,729	£1,258,289	£941,242
		6	50	£3,373,817	£2,653,390	£2,300,534	£1,828,730	£1,461,085	£3,373,817	£2,653,390	£2,300,534	£1,828,730	£1,461,085	£3,373,817	£2,653,390	£2,300,534	£1,828,730	£1,461,085
		7	50	£4,154,110	£3,336,305	£2,938,339	£2,399,171	£1,980,929	£4,154,110	£3,336,305	£2,938,339	£2,399,171	£1,980,929	£4,154,110	£3,336,305	£2,938,339	£2,399,171	£1,980,929
100% Affordable Rent	25 Flats / Houses	1	50	-£286,086	-£448,979	-£564,241	-£631,136	-£731,501	-£572,173	-£897,959	-£1,128,481	-£1,262,273	-£1,463,003	-£1,144,345	-£1,795,917	-£2,256,963	-£2,524,546	-£2,926,006
		2	50	£170,055	-£57,091	-£234,292	-£341,687	-£505,183	£340,111	-£114,182	-£468,584	-£683,374	-£1,010,366	£680,221	-£228,364	-£937,168	-£1,366,748	-£2,020,732
		3	50	£571,568	£288,244	£82,355	-£52,238	-£278,864	£1,143,136	£576,488	£164,711	-£104,475	-£557,729	£2,286,273	£1,152,975	£329,422	-£208,950	-£1,115,458
		4	50	£977,387	£609,798	£366,425	£204,228	-£52,546	£1,954,774	£1,219,597	£732,849	£408,455	-£105,092	£3,909,547	£2,439,193	£1,465,699	£816,910	-£210,184
		5	50	£1,383,206	£938,651	£634,023	£441,948	£149,609	£2,766,411	£1,877,303	£1,268,046	£883,896	£299,219	£5,532,822	£3,754,606	£2,536,091	£1,767,791	£598,438
		6	50	£1,789,024	£1,267,505	£910,899	£684,839	£344,458	£3,578,049	£2,535,009	£1,821,798	£1,369,679	£688,917	£7,156,097	£5,070,018	£3,643,596	£2,739,358	£1,377,834
		7	50	£2,194,843	£1,596,358	£1,187,775	£927,731	£525,652	£4,389,686	£3,192,715	£2,375,551	£1,855,462	£1,051,303	£8,779,372	£6,385,431	£4,751,102	£3,710,924	£2,102,606
	50 Flats / Houses	1	50	-£653,674	-£979,039	-£1,158,864	-£1,342,441	-£1,509,021	-£653,674	-£979,039	-£1,158,864	-£1,342,441	-£1,509,021	-£653,674	-£979,039	-£1,158,864	-£1,342,441	-£1,509,021
		2	50	£259,658	-£195,706	-£469,579	-£763,870	-£1,034,021	£259,658	-£195,706	-£469,579	-£763,870	-£1,034,021	£259,658	-£195,706	-£469,579	-£763,870	-£1,034,021
		3	50	£1,032,940	£474,332	£182,268	-£185,299	-£559,022	£1,032,940	£474,332	£182,268	-£185,299	-£559,022	£1,032,940	£474,332	£182,268	-£185,299	-£559,022
		4	50	£1,813,232	£1,106,638	£733,738	£326,258	-£84,022	£1,813,232	£1,106,638	£733,738	£326,258	-£84,022	£1,813,232	£1,106,638	£733,738	£326,258	-£84,022
		5	50	£2,593,525	£1,738,944	£1,290,128	£784,471	£324,355	£2,593,525	£1,738,944	£1,290,128	£784,471	£324,355	£2,593,525	£1,738,944	£1,290,128	£784,471	£324,355
		6	50	£3,373,817	£2,371,250	£1,846,519	£1,251,494	£699,016	£3,373,817	£2,371,250	£1,846,519	£1,251,494	£699,016	£3,373,817	£2,371,250	£1,846,519	£1,251,494	£699,016
		7	50	£4,154,110	£3,003,556	£2,402,910	£1,718,516	£1,082,436	£4,154,110	£3,003,556	£2,402,910	£1,718,516	£1,082,436	£4,154,110	£3,003,556	£2,402,910	£1,718,516	£1,082,436
75% Affordable Rent / 25% Social Rent	25 Flats / Houses	1	50	-£286,086	-£450,646	-£567,573	-£634,469	-£747,490	-£572,173	-£901,291	-£1,135,147	-£1,268,938	-£1,494,980	-£1,144,345	-£1,802,583	-£2,270,294	-£2,537,877	-£2,989,959
		2	50	£170,055	-£56,485	-£233,079	-£340,474	-£491,721	£340,111	-£112,969	-£466,159	-£680,949	-£983,442	£680,221	-£225,938	-£932,317	-£1,361,897	-£1,966,885
		3	50	£571,568	£291,114	£88,096	-£45,570	-£234,589	£1,143,136	£582,228	£176,191	-£91,140	-£469,178	£2,286,273	£1,164,456	£352,383	-£182,281	-£938,356
		4	50	£977,387	£612,596	£372,165	£209,968	£12,364	£1,954,774	£1,225,192	£744,330	£419,936	£24,729	£3,909,547	£2,450,383	£1,488,659	£839,871	£49,458
		5	50	£1,383,206	£941,449	£639,618	£447,543	£226,698	£2,766,411	£1,882,898	£1,279,235	£895,086	£453,396	£5,532,822	£3,765,796	£2,558,471	£1,790,171	£906,793
		6	50	£1,789,024	£1,270,302	£916,494	£690,434	£429,865	£3,578,049	£2,540,604	£1,832,988	£1,380,869	£859,729	£7,156,097	£5,081,208	£3,665,976	£2,761,737	£1,719,459
		7	50	£2,194,843	£1,599,155	£1,193,370	£933,326	£638,771	£4,389,686	£3,198,310	£2,386,741	£1,866,652	£1,277,543	£8,779,372	£6,396,620	£4,773,481	£3,733,303	£2,555,086
	50 Flats / Houses	1	50	-£653,674	-£982,370	-£1,165,526	-£1,349,103	-£1,519,014	-£653,674	-£982,370	-£1,165,526	-£1,349,103	-£1,519,014	-£653,674	-£982,370	-£1,165,526	-£1,349,103	-£1,519,014
		2	50	£259,658	-£194,494	-£467,155	-£761,446	-£1,030,385	£259,658	-£194,494	-£467,155	-£761,446	-£1,030,385	£259,658	-£194,494	-£467,155	-£761,446	-£1,030,385
		3	50	£1,032,940	£479,711	£193,325	-£171,971	-£539,030	£1,032,940	£479,711	£193,325	-£171,971	-£539,030	£1,032,940	£479,711	£193,325	-£171,971	-£539,030
		4	50	£1,813,232	£1,112,017	£744,496	£337,315	-£64,030	£1,813,232	£1,112,017	£744,496	£337,315	-£64,030	£1,813,232	£1,112,017	£744,496	£337,315	-£64,030
		5	50	£2,593,525	£1,744,323	£1,300,887	£795,230	£340,940	£2,593,525	£1,744,323	£1,300,887	£795,230	£340,940	£2,593,525	£1,744,323	£1,300,887	£795,230	£340,940
		6	50	£3,373,817	£2,376,629	£1,857,278	£1,262,252	£715,154	£3,373,817	£2,376,629	£1,857,278	£1,262,252	£715,154	£3,373,817	£2,376,629	£1,857,278	£1,262,252	£715,154
		7	50	£4,154,110	£3,034,118	£2,413,669	£1,729,274	£1,098,574	£4,154,110	£3,034,118	£2,413,669	£1,729,274	£1,098,574	£4,154,110	£3,034,118	£2,413,669	£1,729,274	£1,098,574
50% Social Rent / 50% LCHO	25 Flats / Houses	1	50	-£286,086	N/A	-£574,392	-£645,833	-£748,016	-£572,173	N/A	-£1,148,783	-£1,291,666	-£1,496,032	-£1,144,345	N/A	-£2,297,567	-£2,583,332	-£2,992,065
		2	50	£170,055	N/A	-£184,897	-£279,110	-£441,627	£340,111	N/A	-£369,794	-£558,220	-£883,253	£680,221	N/A	-£739,588	-£1,116,440	-£1,766,507
		3	50	£571,568	N/A	£181,627	£80,909	-£70,377	£1,143,136	N/A	£363,254	£161,818	-£140,754	£2,286,273	N/A	£726,508	£323,637	-£281,508
		4	50	£977,387	N/A	£496,244	£385,290	£212,918	£1,954,774	N/A	£992,488	£770,581	£425,836	£3,909,547	N/A	£1,984,975	£1,541,161	£851,673
		5	50	£1,383,206	N/A	£815,459	£672,208	£474,111	£2,766,411	N/A	£1,630,919	£1,344,417	£948,221	£5,532,822	N/A	£3,261,838	£2,688,833	£1,896,443
		6	50	£1,789,024	N/A	£1,134,675	£968,882	£740,694	£3,578,049	N/A	£2,269,350	£1,937,765	£1,481,389	£7,156,097	N/A	£4,538,701	£3,875,529	£2,962,778
		7	50	£2,194,843	N/A	£1,453,891	£1,265,556	£1,007,278	£4,389,686	N/A	£2,907,782	£2,531,112	£2,014,556	£8,779,372	N/A	£5,815,563	£5,062,225	£4,029,113
	50 Flats / Houses	1	50	-£653,674	-£988,881	-£1,164,011	-£1,371,819	-£1,544,760	-£653,674	-£988,881	-£1,164,011	-£1,371,819	-£1,544,760	-£653,674	-£988,881	-£1,164,011	-£1,371,819	-£1,544,760
		2	50	£259,658	-£133,765	-£360,691	-£638,778	-£865,314	£259,658	-£133,765	-£360,691	-£638,778	-£865,314	£259,658	-£133,765	-£360,691	-£638,778	-£865,314
		3	50	£1,032,940	£589,609	£377,759	£88,754	-£173,602	£1,032,940	£589,609	£377,759	£88,754	-£173,602	£1,032,940	£589,609	£377,759	£88,754	-£173,602
		4	50	£1,813,232	£1,272,524	£1,005,364	£656,798	£390,250	£1,813,232	£1,272,524	£1,005,364	£656,798	£390,250	£1,813,232	£1,272,524	£1,005,364	£656,798	£390,250
		5	50	£2,593,525	£1,955,439	£1,643,170	£1,227,239	£899,556	£2,593,525	£1,955,439	£1,643,170	£1,227,239	£899,556	£2,593,525	£1,955,439	£1,643,170	£1,227,239	£899,556
		6	50	£3,373,817	£2,638,354	£2,280,975	£1,797,680	£1,419,400	£3,373,817	£2,638,354	£2,280,975	£1,797,680	£1,419,400	£3,373,817	£2,638,354	£2,280,975	£1,797,680	£1,419,400
		7	50	£4,154,110	£3,321,269	£2,918,780	£2,368,120	£1,939,243	£4,154,110	£3,321,269	£2,918,780	£2,368,120	£1,939,243	£4,154,110	£3,321,269	£2,918,780	£2,368,120	£1,939,243
25% Social Rent / 50% Affordable Rent / 25% LCHO	25 Flats / Houses	1	50	-£286,086	-£440,948	-£559,392	-£633,560	-£724,228	-£572,173	-£881,897	-£1,118,783	-£1,267,120	-£1,448,455	-£1,144,345	-£1,763,793	-£2,237,566	-£2,534,240	-£2,896,911
		2	50	£170,055	-£36,787	-£203,079	-£314,565	-£458,363	£340,111	-£73,574	-£406,158	-£629,130	-£916,727	£680,221	-£147,149	-£812,316	-£1,258,260	-£1,833,454
		3	50	£571,568	£318,247	£135,840	£8,119	-£185,681	£1,143,136	£636,495	£271,679	£16,238	-£371,362	£2,286,273	£1,272,990	£543,359	£32,476	-£742,723
		4	50	£977,387	£649,341	£429,874	£278,453	£66,686	£1,954,774	£1,298,682	£859,748	£556,906	£133,372	£3,909,547	£2,597,364	£1,719,496	£1,113,813	£266,744
		5	50	£1,383,206	£988,493	£727,348	£534,892	£293,234	£2,766,411	£1,976,986	£1,454,696	£1,069,783	£586,468	£5,532,822	£3,953,971	£2,909,391	£2,139,566	£1,172,935
		6	50	£1,789,024	£1,327,645	£1,024,822	£798,381	£506,620	£3,578,049	£2,655,289	£2,049,643	£1,596,761	£1,013,241	£7,156,097	£5,310,579	£4,099,287	£3,193,522	£2,026,481
		7	50	£2,194,843	£1,666,797	£1,322,296	£1,061,870	£727,432	£4,389,686	£3,333,593	£2,644,591	£2,123,739	£1,454,864	£8,779,372	£6,667,186	£5,289,182	£4,247,478	£2,909,727
	50 Flats / Houses	1	50	-£653,674	-£970,254	-£1,141,901	-£1,185,546	-£1,494,481	-£653,674	-£970,254	-£1,141,901	-£1,185,546	-£1,494,481	-£653,674	-£970,254	-£1,141,901	-£1,185,546	-£1,494,481
		2	50	£259,658	-£159,207	-£403,095	-£606,975	-£940,429	£259,658	-£159,207	-£403,095	-£606,975	-£940,429	£259,658	-£159,207	-£403,095	-£606,975	-£940,429
		3	50	£1,032,940	£530,199	£285,668	-£28,404	-£372,747	£1,032,940	£530,199	£285,668	-£28,404	-£372,747	£1,032,940	£530,199	£285,668	-£28,404	-£372,747
		4	50	£1,813,232	£1,182,308	£873,952	£444,094	£145,888	£1,813,232	£1,182,308	£873,952	£444,094	£145,888	£1,813,232	£1,182,308	£873,952	£444,094	£145,888
		5	50	£2,593,525	£1,834,418	£1,469,950	£950,724	£584,779	£2,593,525	£1,834,418	£1,469,950	£950,724	£584,779	£2,593,525	£1,834,418	£1,469,950	£950,724	£584,779
		6	50	£3,373,817	£2,486,527	£2,065,948	£1,457,353	£1,027,609	£3,373,817	£2,486,527	£2,065,948	£1,457,353	£1,027,609	£3,373,817	£2,486,527	£2,065,948	£1,457,353	£1,027,609
		7	50	£4,154,110	£3,138,637	£2,661,946	£1,963,982	£1,470,439	£4,154,110	£3,138,637	£2,661,946	£1,963,982	£1,470,439	£4,154,110	£3,138,637	£2,661,946	£1,963,982	£1,470,439

Base appraisals - 17.5% developer's profit; various tenure mixes; standard build costs; planning obligations of £67/m²

Greenfield Key:
- RLV at or below agricultural value (c£20,000/Ha)
- RLV between agricultural value and agricultural value with premium (c£20,000 - £400,000)
- RLV above agricultural value with premium (>c£400,000)

PDL Key:
- RLV at or below industrial value (c£400,000/Ha)
- RLV between industrial value and residential value (c£400,000 - £1.5m)
- RLV above residential value (>c£1.5m)

Source: Dixon Searle LLP (August 2011)

DSP Housing & Development Consultants

Appendix III
Property Market, Values & Assumptions Research

D|S|P Housing & Development Consultants

Scarborough Borough Council

Market, Values and Assumptions Research Affordable Housing Economic Viability Assessment

Appendix III

Dixon Searle LLP
The Well House
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ECONOMIC CONTEXT

Bank of England

Current official Bank Rate (Base Rate) remained at 0.5% - since be reduced to that level in March 2009.

Agents' summary of Business Conditions August 2011 (extracts re economic back-drop):

- *Growth rate of nominal spending on consumer goods and services remained weak*
- *Activity in the* ***housing market*** *continued to be subdued, and was thought to have fallen further in some areas*
- *.....A number of reports of an increased in caution among prospective buyers, and of a rise in the number of mortgages being withdrawn at a late stage in the transaction process. According to contacts this had led to more frequent instances of housing chains having broken down.*
- *First time buyers continued to find it difficult to secure funding.*
- *But weak demand from would-be owner occupiers had supported rents in the lettings market, which continued to attract buy-to-let investors.*
- *.....the anticipated rate of* ***employment*** *growth* (in manufacturing) *appeared to have levelled off in recent months, as expectations about the durability of the recovery, especially in the domestic market, had been revised down a little. In business services, intentions pointed to a continued gradual increase in headcount, although at a pace that was well below pre-recession levels, held back in part by expectations of ongoing weakness in public sector activity. The Agents' score for employment intentions in the consumer-facing sector had been falling for several months, and suggested that there would be little or no growth in jobs over the next year.*
- ***Construction*** *output appeared to be rising gradually, supported by some sizeable infrastructure and energy related projects, along with several large commercial developments in London, and activity related to the Olympics. There had also been some increase in residential construction, although there were signs of a loss of momentum, reflecting softening conditions in the housing market. Large firms with agreements with the public sector had seen activity hold up slightly better than expected. But there had been a marked fall in new orders from the public sector, and that was beginning to be felt. As big contracts became scarcer, smaller companies were experiencing increased competition from large firms for work on small-scale extension and maintenance projects.*
- ***Credit conditions -*** *Large firms reported that they were able to access bank finance at reasonable terms. And contacts had perceived an intensification of competition among banks for the business of the most creditworthy borrowers. Credit conditions were also improving for some medium-sized companies with strong balance sheets, particularly if they were content to use asset-backed forms of finance. But small companies, with weak cash flow or relatively little collateral, still found borrowing terms prohibitive. There had recently been some signs of an easing in credit*

conditions due to the return of venture capital funds and non-bank providers of asset-backed finance. But some contacts reported that trade credit had become more difficult to obtain, particularly for suppliers to the retail and construction sectors.

HOUSING MARKET CONTEXT

Royal Institution of Chartered Surveyors (RICS) Housing Market Survey (extracts) July 2011:

'Prices continue to fall on balance, with more surveyors reporting declines rather than increases.'

'Activity levels remain pretty flat (and depressed), with new buyer enquiries and new vendor instructions not recording much movement.'

'Regionally, the capital continues to stand out from the rest of the country, with the price balance increasing from +21 to +30, the highest reading since May 2010. The West Midlands, East Anglia and Yorkshire & Humberside recorded the most severe price falls'

There were no comments from RICS surveyors within the Borough but regionally the following comments were made:

Strutt & Parker, Harrogate, North Yorkshire – 'We are seeing a huge void between those houses that are 'best in class' achieving excellent results with competitive bidding on most occasions and those with a perceived problem being affected by 20% to 25% in some cases'.

Ullyott & Butler, Driffield, East Yorkshire – 'Market continues to be difficult. Offers are very low when they come forward'.

Lister Haigh, Knaresborough, Nor th Yorkshire – 'Buyers waiting to get on to the housing ladder are still looking for assistance from the financial sector'

Francis Brown, Richmond, North Yorkshire –'Values continue to fall in a very sluggish market'

Land Registry House Price Index July 2011 (released 26 August 2011)

'The July data reveals a slight change in the prevailing downward trend.'

'Whilst the annual rate of change remains negative at -2.1%, the rate of monthly price change is 1.3%.....this is the largest monthly change since January 2010.'

'The number of property transactions has decreased over the last year. In February to May 2010 there was an average of 49,600 sales per month. In the same months this year, the figure was 45,489.'

Summary of England and Wales picture:

Annual change in avg. house prices -2.1% (minus 2.1%)

Monthly change in avg. house prices 1.3% (positive)

Average price £163,049

Summary of Yorkshire & Humber picture:

Annual change in avg. house prices -4.5% (minus 4.5%)

Monthly change in avg. house prices 1.4% (positive)

Average price £122,083

Summary of North Yorkshire picture:

Annual change in avg. house prices -2.7% (minus 2.7%)

Monthly change in avg. house prices 0.6% (positive)

Average price £172,860

CLG House Price Index August 2011 (released 11 October 2011)

'In August UK house prices decreased by 1.3% over the year and increased by 0.6% over the month...'

'Average house prices remain unchanged over the quarter to August, compared to a quarterly decrease of 0.2% from the quarter to May.'

'Prices paid by first time buyers were 1.8% lower on average than a year earlier and prices paid by former owner occupiers also decreased by 1.1%.'

'Prices for new properties were 9.2% higher on average than a year earlier whilst prices for pre-owned properties decreased by 2%.'

The average house price given for Scarborough Borough from Q2 2011 was £169,026 up from £165,195 in Q1 2011 and up from £160,827 for the same quarter in 2010 (DCLG – Local Level House Prices).

Update at closing study period:

Land Registry House Price Index September 2011 (released 28th October 2011)

'September house prices down 2.6 per cent since August: average house price in England and Wales now £162,019

The September data from Land Registry's flagship House Price Index shows an annual price decrease of 2.6 per cent (change of minus 2.6%) *which takes the average property value in England and Wales to £162,109. The monthly change from August to September is a decrease of 0.3 per cent and continues the negative monthly price change seen in August of -0.1 per cent.*

The only region in England and Wales to experience an increase in its average property value over the last 12 months is London with a movement of 2.7 per cent. The North West experienced the greatest monthly rise with a movement of 1.0 per cent. The North East experienced the greatest annual price fall with a decrease of 8.2 per cent and the most significant monthly price fall with a movement of -3.9 per cent.

The most up-to-date figures available show that during July 2011, the number of completed house sales in England and Wales decreased by 11 per cent to 59,919 from 67,475 in July 2010. The number of properties sold in England and Wales for over £1 million in July 2011 decreased by 24 per cent to 707 from 932 in July 2010.'

Summary of <u>England and Wales</u> picture:

Annual change in avg. house prices -2.6% (minus 2.6%)

Monthly change in avg. house prices -0.3% (minus 0.3%)

Average price £162,109

Summary of <u>Yorkshire & Humber</u> picture:

Annual change in avg. house prices -4.9% (minus 4.9%)

Monthly change in avg. house prices 0.4% (positive)

Average price £121,680

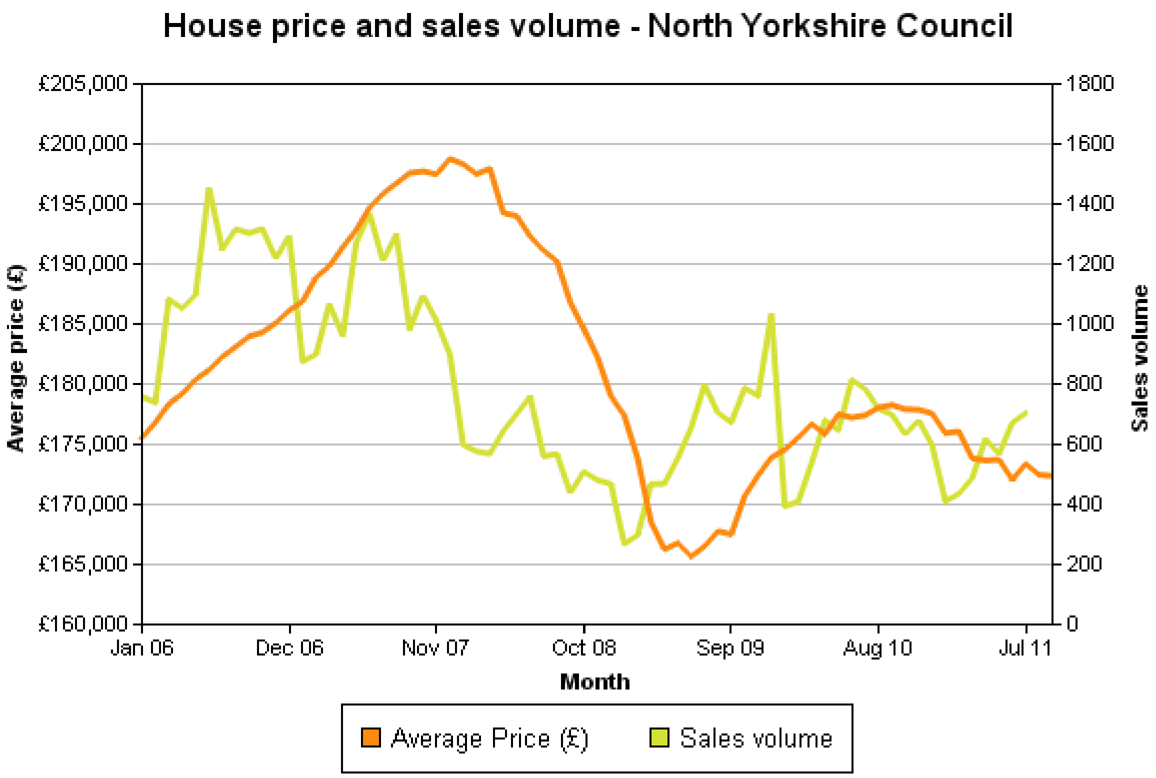
Summary of North Yorkshire picture:

Annual change in avg. house prices -3.3% (minus 3.3%)

Monthly change in avg. house prices -0.1% (minus 0.1%)

Average price £172,380

Following the significant market movements (peak to early/mid 2008 followed by steep falls to the trough in early/mid 2009) of the preceding period, overall, house prices are indicated to have been relatively flat over the last year or so – with relatively small scale decline in house price movements, as the following Land Registry index trend graphs show:



Source: Land Registry - House Prices Index (custom reports) –

http://www.landreg.gov.uk/house-prices/house-price-index-custom-reports

Quick analysis of these Land Registry House Price Index trends:

Latest available information suggests –

- values at their peak (approx December 2007) were about 13% higher than current levels
- values fell by about 16% from peak to trough
- values have increased by about 4% from their trough (June 2009) levels
- values now are at very similar levels to those seen at the beginning of 2006 and Autumn 2009.

RESALES VALUES RESEARCH
Scarborough
(796 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£229,587	£290,058
Semi-Detached	n/a	£123,815	£152,391	£185,919
Terraced	n/a	£105,384	£130,925	£140,916
Flats	£77,542	£123,358	n/a	n/a
Bungalows	n/a	£157,231	£184,690	£299,988

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£77,542	£44,950	£62,500	£74,995	£89,950	£126,950
2-Bed Flats	£123,358	£59,950	£99,950	£114,475	£132,213	£495,000
2-Bed Houses	£108,456	£65,000	£95,000	£105,000	£119,950	£165,000
3-Bed Houses	£152,127	£79,950	£120,000	£144,975	£169,950	£395,000
4-Bed Houses	£199,888	£75,000	£134,988	£179,950	£237,500	£525,000
2-Bed Bungalows	£157,231	£99,950	£137,000	£152,500	£175,000	£245,000
3-Bed Bungalows	£184,690	£124,950	£153,738	£180,000	£221,250	£245,000
4-Bed Bungalows	£299,988	£234,950	£249,988	£297,500	£347,500	£370,000

July 2011, www.rightmove.co.uk

Newby
(77 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£216,916	£290,600
Semi-Detached	n/a	£138,298	£159,300	£257,300
Terraced	n/a	£124,950	£132,475	£179,950
Flats	-	£125,950	n/a	n/a
Bungalows	n/a	£174,013	£244,483	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	£125,950	£99,950	£118,950	£137,950	£138,950	£139,950
2-Bed Houses	£134,961	£124,950	£124,984	£132,473	£142,450	£149,950
3-Bed Houses	£171,534	£95,000	£154,613	£164,275	£184,700	£295,000
4-Bed Houses	£271,459	£179,950	£239,750	£259,000	£324,850	£360,000
2-Bed Bungalows	£174,013	£142,500	£149,975	£172,500	£192,475	£220,000
3-Bed Bungalows	£244,483	£210,000	£232,488	£240,975	£247,963	£295,000
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Scalby

(38 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£234,950	£374,283
Semi-Detached	n/a	-	£245,000	£409,750
Terraced	n/a	£182,475	-	£380,000
Flats	-	£179,975	n/a	n/a
Bungalows	n/a	£226,467	£317,980	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	£179,975	£134,950	£157,463	£179,975	£202,488	£225,000
2-Bed Houses	£182,475	£149,950	£166,213	£182,475	£198,738	£215,000
3-Bed Houses	£239,975	£225,000	£228,713	£234,950	£246,213	£265,000
4-Bed Houses	£378,618	£215,000	£297,475	£325,000	£447,250	£735,000
2-Bed Bungalows	£226,467	£189,950	£192,488	£219,950	£261,738	£269,950
3-Bed Bungalows	£317,980	£234,950	£249,950	£350,000	£360,000	£395,000
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Osgodby

(61 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£266,980	£279,372
Semi-Detached	n/a	-	£167,091	£159,950
Terraced	n/a	£135,000	£159,950	-
Flats	-	£135,600	n/a	n/a
Bungalows	n/a	£138,543	£165,886	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	£135,600	£114,950	£124,950	£129,500	£147,450	£159,950
2-Bed Houses	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000
3-Bed Houses	£194,441	£120,000	£161,200	£184,950	£199,988	£375,000
4-Bed Houses	£267,430	£159,950	£231,238	£264,750	£296,213	£375,000
2-Bed Bungalows	£138,543	£99,950	£108,588	£137,475	£153,125	£229,950
3-Bed Bungalows	£165,886	£130,000	£147,473	£155,000	£177,475	£245,000
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Eastfield

(47 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£187,475	-
Semi-Detached	n/a	£116,500	£117,433	£107,225
Terraced	n/a	£74,950	£93,075	-
Flats	£69,950	-	n/a	n/a
Bungalows	n/a	£110,943	£109,950	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£69,950	£69,950	£69,950	£69,950	£69,950	£69,950
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£95,725	£74,950	£85,338	£95,725	£106,113	£116,500
3-Bed Houses	£113,600	£67,950	£97,475	£109,950	£126,000	£225,000
4-Bed Houses	£107,225	£79,950	£93,588	£107,225	£120,863	£134,500
2-Bed Bungalows	£110,943	£90,000	£108,488	£110,000	£116,863	£129,950
3-Bed Bungalows	£109,950	£109,950	£109,950	£109,950	£109,950	£109,950
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Whitby

(331 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£237,722	£307,047
Semi-Detached	n/a	£146,756	£210,121	£217,712
Terraced	n/a	£159,224	£173,514	£233,818
Flats	£114,993	£178,335	n/a	n/a
Bungalows	n/a	£170,930	£258,817	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£114,993	£72,000	£103,700	£113,500	£125,000	£159,950
2-Bed Flats	£178,335	£95,000	£139,950	£175,000	£215,000	£320,000
2-Bed Houses	£156,980	£105,000	£139,950	£149,950	£165,000	£300,000
3-Bed Houses	£199,453	£129,950	£159,950	£189,000	£229,000	£420,000
4-Bed Houses	£254,122	£137,500	£210,000	£237,990	£287,475	£495,000
2-Bed Bungalows	£170,930	£135,000	£159,963	£172,475	£179,838	£225,000
3-Bed Bungalows	£258,817	£179,950	£212,463	£264,000	£290,750	£350,000
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Sleights

(31 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£263,980	£337,488
Semi-Detached	n/a	-	£187,475	£241,875
Terraced	n/a	£167,475	£164,500	-
Flats	£165,000	-	n/a	n/a
Bungalows	n/a	£200,233	£261,650	£287,500

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	£165,000	£165,000	£165,000	£165,000	£165,000	£165,000
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£167,475	£115,000	£141,238	£167,475	£193,713	£219,950
3-Bed Houses	£224,872	£162,500	£175,000	£229,950	£259,950	£295,000
4-Bed Houses	£289,681	£167,500	£237,500	£287,475	£327,500	£465,000
2-Bed Bungalows	£200,233	£142,500	£173,500	£199,475	£229,950	£255,000
3-Bed Bungalows	£261,650	£234,950	£254,975	£275,000	£275,000	£275,000
4-Bed Bungalows	£287,500	£255,000	£271,250	£287,500	£303,750	£320,000

July 2011, www.rightmove.co.uk

Filey

(16 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	-	£242,475
Semi-Detached	n/a	-	£132,975	-
Terraced	n/a	£99,950	£119,950	£185,000
Flats	-	£54,950	n/a	n/a
Bungalows	n/a	£177,500	£216,333	£250,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	£54,950	£54,950	£54,950	£54,950	£54,950	£54,950
2-Bed Houses	£99,950	£99,950	£99,950	£99,950	£99,950	£99,950
3-Bed Houses	£130,370	£119,950	£119,950	£125,000	£129,950	£157,000
4-Bed Houses	£223,317	£185,000	£210,000	£235,000	£242,475	£249,950
2-Bed Bungalows	£177,500	£145,000	£161,250	£177,500	£193,750	£210,000
3-Bed Bungalows	£216,333	£185,000	£205,000	£225,000	£232,000	£239,000
4-Bed Bungalows	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000

July 2011, www.rightmove.co.uk

Hunmanby

(32 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£206,480	£265,990
Semi-Detached	n/a	£133,475	£139,950	-
Terraced	n/a	£165,000	£174,133	£245,000
Flats	-	£152,969	n/a	n/a
Bungalows	n/a	£150,000	£176,225	£265,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	£152,969	£130,000	£134,950	£149,950	£149,950	£199,995
2-Bed Houses	£143,983	£129,950	£133,475	£137,000	£151,000	£165,000
3-Bed Houses	£183,470	£112,500	£148,113	£154,950	£227,450	£325,000
4-Bed Houses	£262,492	£199,950	£221,250	£235,000	£290,000	£380,000
2-Bed Bungalows	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000
3-Bed Bungalows	£176,225	£132,500	£143,738	£177,450	£199,988	£229,950
4-Bed Bungalows	£265,000	£265,000	£265,000	£265,000	£265,000	£265,000

July 2011, www.rightmove.co.uk

Burniston

(31 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	£329,950	£238,650	£335,730
Semi-Detached	n/a	£175,000	£190,000	£175,000
Terraced	n/a	-	-	£185,000
Flats	-	-	n/a	n/a
Bungalows	n/a	£205,880	£262,483	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£226,650	£145,000	£175,000	£205,000	£267,475	£329,950
3-Bed Houses	£219,190	£165,000	£187,000	£215,000	£229,000	£299,950
4-Bed Houses	£309,775	£175,000	£212,450	£294,725	£358,500	£525,000
2-Bed Bungalows	£205,880	£154,500	£154,950	£165,000	£275,000	£279,950
3-Bed Bungalows	£262,483	£210,000	£236,238	£249,950	£278,738	£345,000
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Cloughton

(13 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	£200,000	£269,950	£431,658
Semi-Detached	n/a	-	-	-
Terraced	n/a	-	-	£295,000
Flats	-	-	n/a	n/a
Bungalows	n/a	£219,967	-	£369,950

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£200,000	£200,000	£200,000	£200,000	£200,000	£200,000
3-Bed Houses	£269,950	£269,950	£269,950	£269,950	£269,950	£269,950
4-Bed Houses	£412,136	£259,950	£340,000	£425,000	£462,500	£595,000
2-Bed Bungalows	£219,967	£169,950	£169,950	£169,950	£244,975	£320,000
3-Bed Bungalows	-	-	-	-	-	-
4-Bed Bungalows	£369,950	£369,950	£369,950	£369,950	£369,950	£369,950

July 2011, www.rightmove.co.uk

Brompton

(8 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	-	-
Semi-Detached	n/a	-	£199,950	-
Terraced	n/a	£233,167	£262,500	£275,000
Flats	-	-	n/a	n/a
Bungalows	n/a	-	-	£395,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£233,167	£220,000	£229,750	£239,500	£239,750	£240,000
3-Bed Houses	£241,650	£199,950	£224,975	£250,000	£262,500	£275,000
4-Bed Houses	£275,000	£275,000	£275,000	£275,000	£275,000	£275,000
2-Bed Bungalows	-	-	-	-	-	-
3-Bed Bungalows	-	-	-	-	-	-
4-Bed Bungalows	£395,000	£395,000	£395,000	£395,000	£395,000	£395,000

July 2011, www.rightmove.co.uk

East Ayton

(29 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	£299,000	£205,906	£284,950
Semi-Detached	n/a	-	£153,049	£169,950
Terraced	n/a	£144,950	£289,995	-
Flats	-	-	n/a	n/a
Bungalows	n/a	£159,700	£157,500	£319,950

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£183,463	£134,950	£138,700	£149,950	£194,713	£299,000
3-Bed Houses	£188,037	£129,995	£149,950	£163,225	£183,113	£395,000
4-Bed Houses	£227,450	£169,950	£198,700	£227,450	£256,200	£284,950
2-Bed Bungalows	£159,700	£143,950	£152,200	£157,450	£164,950	£179,950
3-Bed Bungalows	£157,500	£157,500	£157,500	£157,500	£157,500	£157,500
4-Bed Bungalows	£319,950	£269,950	£294,950	£319,950	£344,950	£369,950

July 2011, www.rightmove.co.uk

Irton

(7 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£435,000	£392,500
Semi-Detached	n/a	-	£199,975	-
Terraced	n/a	-	-	-
Flats	-	-	n/a	n/a
Bungalows	n/a	£169,950	£149,950	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	£278,317	£165,000	£199,975	£234,950	£334,975	£435,000
4-Bed Houses	£392,500	£305,000	£348,750	£392,500	£436,250	£480,000
2-Bed Bungalows	£169,950	£169,950	£169,950	£169,950	£169,950	£169,950
3-Bed Bungalows	£149,950	£149,950	£149,950	£149,950	£149,950	£149,950
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Snainton

(28 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	£259,000	£297,000	£291,306
Semi-Detached	n/a	£104,950	£164,967	-
Terraced	n/a	£140,600	£185,000	-
Flats	-	-	n/a	n/a
Bungalows	n/a	£181,633	£218,300	£270,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£154,392	£99,950	£114,838	£147,225	£163,488	£259,000
3-Bed Houses	£208,414	£155,000	£169,950	£175,000	£245,000	£299,000
4-Bed Houses	£291,306	£149,950	£227,875	£317,500	£350,000	£399,000
2-Bed Bungalows	£181,633	£169,950	£174,950	£179,950	£187,475	£195,000
3-Bed Bungalows	£218,300	£179,950	£207,450	£234,950	£237,475	£240,000
4-Bed Bungalows	£270,000	£270,000	£270,000	£270,000	£270,000	£270,000

July 2011, www.rightmove.co.uk

West Ayton

(14 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£274,950	-
Semi-Detached	n/a	-	-	-
Terraced	n/a	£169,950	£169,975	£229,000
Flats	-	-	n/a	n/a
Bungalows	n/a	£198,469	£174,975	£320,000

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£169,950	£169,950	£169,950	£169,950	£169,950	£169,950
3-Bed Houses	£222,463	£124,950	£192,488	£232,475	£262,450	£299,950
4-Bed Houses	£229,000	£229,000	£229,000	£229,000	£229,000	£229,000
2-Bed Bungalows	£198,469	£149,950	£167,500	£169,950	£214,995	£289,950
3-Bed Bungalows	£174,975	£164,950	£169,963	£174,975	£179,988	£185,000
4-Bed Bungalows	£320,000	£320,000	£320,000	£320,000	£320,000	£320,000

July 2011, www.rightmove.co.uk

Wykeham (1 property)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	-	-
Semi-Detached	n/a	-	-	-
Terraced	n/a	-	-	-
Flats	-	-	n/a	n/a
Bungalows	n/a	-	£225,000	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	-	-	-	-	-	-
4-Bed Houses	-	-	-	-	-	-
2-Bed Bungalows	-	-	-	-	-	-
3-Bed Bungalows	£225,000	£225,000	£225,000	£225,000	£225,000	£225,000
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Cayton (40 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£224,964	£209,950
Semi-Detached	n/a	£146,975	£151,900	-
Terraced	n/a	£119,975	-	-
Flats	-	£94,950	n/a	n/a
Bungalows	n/a	£150,821	£159,133	£187,500

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	£94,950	£89,950	£92,450	£94,950	£97,450	£99,950
2-Bed Houses	£137,975	£110,000	£126,200	£138,950	£153,238	£160,000
3-Bed Houses	£188,432	£134,000	£155,863	£159,975	£218,700	£350,000
4-Bed Houses	£209,950	£199,950	£204,950	£209,950	£214,950	£219,950
2-Bed Bungalows	£150,821	£130,000	£137,450	£144,950	£152,975	£199,950
3-Bed Bungalows	£159,133	£149,950	£154,963	£157,475	£159,950	£175,000
4-Bed Bungalows	£187,500	£170,000	£182,500	£195,000	£196,250	£197,500

July 2011, www.rightmove.co.uk

Folkton (including Flixton) (7 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£375,000	£299,500
Semi-Detached	n/a	-	£177,475	-
Terraced	n/a	-	£110,000	£124,950
Flats	-	-	n/a	n/a
Bungalows	n/a	£250,000	-	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	£209,988	£110,000	£121,213	£177,475	£266,250	£375,000
4-Bed Houses	£212,225	£124,950	£168,588	£212,225	£255,863	£299,500
2-Bed Bungalows	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000
3-Bed Bungalows	-	-	-	-	-	-
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Gristhorpe (8 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£235,000	£250,150
Semi-Detached	n/a	£142,000	-	-
Terraced	n/a	£150,000	-	£194,975
Flats	-	-	n/a	n/a
Bungalows	n/a	-	-	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£146,000	£142,000	£144,000	£146,000	£148,000	£150,000
3-Bed Houses	£235,000	£235,000	£235,000	£235,000	£235,000	£235,000
4-Bed Houses	£228,080	-	-	-	-	-
2-Bed Bungalows	-	-	-	-	-	-
3-Bed Bungalows	-	-	-	-	-	-
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Lebberston (3 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	-	-
Semi-Detached	n/a	-	£213,833	-
Terraced	n/a	-	-	-
Flats	-	-	n/a	n/a
Bungalows	n/a	-	-	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	£213,833	£155,000	£176,250	£197,500	£243,250	£289,000
4-Bed Houses	-	-	-	-	-	-
2-Bed Bungalows	-	-	-	-	-	-
3-Bed Bungalows	-	-	-	-	-	-
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Muston (4 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	-	£525,000
Semi-Detached	n/a	£220,000	-	£280,000
Terraced	n/a	£129,950	-	-
Flats	-	-	n/a	n/a
Bungalows	n/a	-	-	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£174,975	£129,950	£152,463	£174,975	£197,488	£220,000
3-Bed Houses	-	-	-	-	-	-
4-Bed Houses	£402,500	£280,000	£341,250	£402,500	£463,750	£525,000
2-Bed Bungalows	-	-	-	-	-	-
3-Bed Bungalows	-	-	-	-	-	-
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Reighton (5 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	-	£219,950	£342,475
Semi-Detached	n/a	-	-	-
Terraced	n/a	-	-	-
Flats	-	-	n/a	n/a
Bungalows	n/a	-	£385,000	-

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	£219,950	£219,950	£219,950	£219,950	£219,950	£219,950
4-Bed Houses	£342,475	£309,950	£326,213	£342,475	£358,738	£375,000
2-Bed Bungalows	-	-	-	-	-	-
3-Bed Bungalows	£385,000	£385,000	£385,000	£385,000	£385,000	£385,000
4-Bed Bungalows	-	-	-	-	-	-

July 2011, www.rightmove.co.uk

Seamer (including Crossgates) (57 properties)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached	n/a	£179,950	£179,121	£239,050
Semi-Detached	n/a	£132,950	£153,564	£173,283
Terraced	n/a	£136,225	£180,000	£219,950
Flats	-	-	n/a	n/a
Bungalows	n/a	£140,945	£220,317	£208,317

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flats	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£141,875	£128,950	£133,450	£134,950	£138,363	£179,950
3-Bed Houses	£164,371	£124,950	£154,975	£169,950	£175,750	£189,950
4-Bed Houses	£219,377	£159,950	£182,475	£235,000	£249,725	£265,000
2-Bed Bungalows	£140,945	£115,000	£135,000	£139,950	£150,463	£165,000
3-Bed Bungalows	£220,317	£149,950	£174,000	£222,500	£238,713	£325,000
4-Bed Bungalows	£208,317	£155,000	£194,975	£234,950	£234,975	£235,000

July 2011, www.rightmove.co.uk

Settlement/Parish Data

Average Asking Prices Analysis - Flats and Houses						
Settlement	1 Bed Flats	2 Bed Flats	2 Bed House	3 Bed House	4 Bed House	All Properties
Cloughton	-	-	£200,000	£269,950	£412,136	£372,767
Scalby	-	£179,975	£182,475	£239,975	£378,618	£328,835
Irton	-	-	-	£278,317	£392,500	£323,990
Muston	-	-	£174,975	-	£402,500	£288,738
Reighton	-	-	-	£219,950	£342,475	£281,213
Burniston	-	-	£226,650	£219,190	£309,775	£274,660
Brompton	-	-	£233,167	£241,650	£275,000	£242,779
Sleights	£165,000	-	£167,475	£224,872	£289,681	£242,063
Snainton	-	-	£154,392	£208,414	£291,306	£224,557
West Ayton	-	-	£169,950	£222,463	£229,000	£214,800
Lebberston	-	-	-	£213,833	-	£213,833
Folkton	-	-	-	£209,988	£212,225	£210,733
Gristhorpe	-	-	£146,000	£235,000	£228,080	£208,425
Osgodby	-	£135,600	£135,000	£194,441	£267,430	£201,623
Hunmanby	-	£152,969	£143,983	£183,470	£262,492	£191,935
East Ayton	-	-	£183,463	£188,037	£227,450	£190,788
Newby	-	£125,950	£134,961	£171,534	£271,459	£186,108
Whitby	£114,993	£178,335	£156,980	£199,453	£254,122	£184,335
Seamer	-	-	£141,875	£164,371	£219,377	£177,429
Cayton	-	£94,950	£137,975	£188,432	£209,950	£169,821
Filey	-	£54,950	£99,950	£130,370	£223,317	£147,670
Scarborough	£77,542	£123,358	£108,456	£152,127	£199,888	£137,519
Eastfield	£69,950	-	£95,725	£113,600	£107,225	£110,720
Wykeham	-	-	-	-	-	-
Overall	£90,340	£139,019	£133,792	£170,675	£247,882	£166,948

Average Asking Prices Analysis - Bungalows				
Settlement	**2 Bed Bungalow**	**3 Bed Bungalow**	**4 Bed Bungalow**	**All Properties**
Brompton	-	-	£395,000	£395,000
Reighton	-	£385,000	-	£385,000
Scalby	£226,467	£317,980	-	£268,064
Cloughton	£219,967	-	£369,950	£257,463
Folkton	£250,000	-	-	£250,000
Burniston	£205,880	£262,483	-	£236,755
Sleights	£200,233	£261,650	£287,500	£232,850
Wykeham	-	£225,000	-	£225,000
Snainton	£181,633	£218,300	£270,000	£209,971
Filey	£177,500	£216,333	£250,000	£209,000
West Ayton	£198,469	£174,975	£320,000	£207,787
East Ayton	£159,700	£157,500	£319,950	£205,171
Whitby	£170,930	£258,817	-	£203,888
Newby	£174,013	£244,483	-	£194,148
Hunmanby	£150,000	£176,225	£265,000	£184,044
Scarborough	£157,231	£184,690	£299,988	£176,884
Seamer	£140,945	£220,317	£208,317	£173,247
Cayton	£150,821	£159,133	£187,500	£160,816
Irton	£169,950	£149,950	-	£159,950
Osgodby	£138,543	£165,886	-	£150,574
Eastfield	£110,943	£109,950	-	£110,876
Lebberston	-	-	-	-
Gristhorpe	-	-	-	-
Muston	-	-	-	-
Overall	**£162,666**	**£210,266**	**£273,613**	**£188,297**

Sub Area Data

Average Asking Prices Analysis - Flats and Houses						
Sub Areas	1 Bed Flats	2 Bed Flats	2 Bed House	3 Bed House	4 Bed House	All Properties
Northern Parishes	-	-	£219,988	£227,650	£347,487	£305,107
Western Parishes	-	-	£180,689	£209,613	£291,025	£221,660
Southern Parishes	-	£94,950	£145,066	£184,127	£245,327	£191,956
Whitby Area	£116,104	£178,335	£157,384	£201,788	£258,944	£187,781
Filey/Hunmanby	-	£136,633	£132,975	£165,770	£249,433	£178,916
Scarborough Area	£77,458	£124,342	£110,886	£154,636	£228,735	£148,009
Overall	£90,340	£139,019	£133,792	£170,675	£247,882	£166,948

Average Asking Prices Analysis - Bungalows				
Sub Areas	2 Bed Bungalow	3 Bed Bungalow	4 Bed Bungalow	All Properties
Northern Parishes	£211,163	£262,483	£369,950	£242,277
Whitby Area	£181,919	£259,761	£287,500	£215,687
Western Parishes	£180,461	£192,163	£324,980	£211,854
Filey/Hunmanby	£168,333	£189,594	£257,500	£194,739
Southern Parishes	£149,855	£204,746	£197,908	£175,545
Scarborough Area	£154,274	£201,983	£299,988	£174,695
Overall	£162,666	£210,266	£273,613	£188,297

Scarborough Borough Data

Average Asking Price Analysis Flats and Houses		
1 Bed Flat	-	£90,340
2 Bed Flat	-	£139,019
2 Bed House	Terraced	£128,692
	Semi-Detached	£137,300
	Detached	£253,580
3 Bed House	Terraced	£143,542
	Semi-Detached	£162,620
	Detached	£231,861
4 Bed House	Terraced	£177,788
	Semi-Detached	£205,324
	Detached	£308,940

Average Asking Price Analysis - Bungalows		
2 Bed Bungalow	-	£162,666
3 Bed Bungalow	-	£210,266
4 Bed Bungalow	-	£273,613

Scarborough New Build Data

At the time of carrying out the research for this study there was very little new build activity in the Borough. Details of a selection of new build schemes are shown below:

Address	Description	Price	Developer/ Agent	Incentives
Burniston				
Bungalows				
Overgreen Place, Burniston (total 3 properties in development)	3 bed bungalow	£285,000	CPH Property Services, Estate Agents	
Average		**£285,000**		
Hunmanby				
Chapel Conversion - Mixed Property Types				
Chapel Rise, Cross Hill, Hunmanby	5 bed terraced	£295,000	CPH Property Services, Estate Agents	
	3 bed terraced	£235,000		
	3 bed terraced	£225,000		
	3 bed terraced	£225,000		
	3 bed terraced	£225,000		
	3 bed terraced	£225,000		
	2 bed terraced	£180,000		
	2 bed bungalow	£165,000		
Average		**£221,875**		
Reighton				
Houses				
Church Hill, Reighton (total 10 properties in development)	3 bed detached	£219,950	Harris Bell, Estate Agents	
	4 bed detached	£309,950		
	4 bed detached (barn conversion)	£375,000		
Average		**£301,633**		
Whitby				
Flats				
Caedmon's Prospect (total 48 flats in development)	2 bed flat	£179,950	Kebbell Homes	
	2 bed flat	£184,950		
	2 bed flat	£189,950		
	2 bed flat	£189,950		
	2 bed flat	£189,950		
	2 bed flat	£220,000		
	2 bed flat	£220,000		
	2 bed flat	£220,000		
	2 bed flat	£220,000		
	2 bed flat	£225,000		
	2 bed flat	£225,000		
	2 bed flat	£230,000		
	2 bed flat	£230,000		
	2 bed flat	£230,000		
	2 bed flat	£230,000		
	2 bed flat	£245,000		
	2 bed flat	£245,000		
	2 bed flat	£245,000		
Average		**£217,764**		

Houses				
Stonegarth Development, Back St Hildas Terrace	4 bed townhouse	£262,500	Richardson & Smith, Estate Agents	
	4 bed townhouse	£262,500		
	3 bed mews cottage	£240,000		
	3 bed mews cottage	£238,500		
	3 bed mews cottage	£235,000		
	2/3 bed maisonette	£220,000		
The Old Creamery, White Lyes Road	4 bed townhouse	£245,000	Broadacres Housing Acssociation and Yuill Homes	
	4 bed townhouse	£238,000		
	3 bed terraced	£215,000		
	3 bed terraced	£207,950		
	4 bed townhouse	£202,300		
	3 bed terraced	£184,000		
	3 bed semi detached	£184,000		
	3 bed terraced	£182,750		Shared equity
	3 bed terraced	£176,758		Shared equity
	2 bed terraced	£169,950		
	3 bed semi detached	£156,400		Shared equity
	3 bed terraced	£156,400		
	1 bed terraced (flat)	£145,000		
	2 bed terraced	£144,458		Shared equity
	1 bed terraced	£123,250		
Derwent Road	4 bed detached house (off plan individual development)	£285,000	Yorkshire County Homes	
Flowergate	3 bed terraced	£185,000	Astin's, Estate Agents	
Average		**£202,596**		

Residential Values Summary

Overall, for the purposes of this strategic overview we decided to focus our appraisals around the following values range - represented by what we refer to as Values Levels 1 to 7 (1 being the lowest level trialled; 7 the highest).

In very general terms the value levels appraised can be loosely aligned with Scarborough area values in or around value levels 1-3; Filey / Hunmanby / Southern Parishes value levels around 2-3; Western Parishes in the range 4 to 5 and the northern parishes in the range 4-6.

	SBC new build housing assumptions - Values Range						
Value Level	1-Bed Flats	2-Bed Flats	2-Bed Houses	3-Bed Houses	4-Bed Houses	£ / sq m guide	£ / sq ft guide
1	£67,500	£90,000	£112,500	£142,500	£187,500	£1,500	£139
2	£81,000	£108,000	£135,000	£171,000	£225,000	£1,800	£167
3	£94,500	£126,000	£157,500	£199,500	£262,500	£2,100	£195
4	£108,000	£144,000	£180,000	£228,000	£300,000	£2,400	£223
5	£121,500	£162,000	£202,500	£256,500	£337,500	£2,700	£251
6	£135,000	£180,000	£225,000	£285,000	£375,000	£3,000	£279
7	£148,500	£198,000	£247,500	£313,500	£412,500	£3,300	£307

Source: DSP from overview of residential research (indicative prices based on assumed market dwellings floor areas – key information being the range of per sq ft /m sales values levels, which can also be applied to other dwelling types and sizes. In practice dwelling sizes will vary – the above have been selected for the purposes of this study. Value levels 1 to 7 indicate increasing values as seen varying through location and / or market conditions).

Assumes:

1-bed flat at 45 sq m (484 sq ft)

2-bed flat at 60 sq m (646 sq ft)

2-bed house at 75 sq m (807 sq ft)

3-bed house at 95 sq m (1023 sq ft)

4-bed house at 125 sq m (1346 sq ft)

Other Research

The Valuation Office Agency (VOA) publishes data on land values across the Country. It has recently reduced the scope of these reports leading to less meaningful data. However, data from previous and existing Property Market Reports is shown below.

<u>2011 Property Market Report</u>

Agricultural Land Values – North Yorkshire (range): £5,500/ha - £20,995/ha (dependent on type).

Residential building land values – Yorkshire & Humberside:

Leeds: £1,360,000/ha

Sheffield: £1,330,000/ha

Industrial land market – Yorkshire & Humberside:

Leeds: £600,000/ha

Sheffield: £495,000/ha

<u>2010 Property Market Report</u>

Agricultural Land Values – North Yorkshire (range): £5,000/ha - £20,995/ha (dependent on type).

Residential building land values – Yorkshire & Humberside:

Leeds: £1,450,000/ha

Sheffield: £1,500,000/ha

Industrial land market – Yorkshire & Humberside:

Leeds: £600,000/ha

Sheffield: £500,000/ha

<u>July 2009 Property Market Report</u>

Agricultural Land Values – Yorkshire & Humberside (range): £4,631/ha - £14,408/ha (dependent on type).

Residential building land values – Yorkshire & Humberside:

YORKSHIRE AND THE HUMBER			
REGION	Small Sites (sites for less than five houses)	Bulk Land (sites in excess of two hectares)	Sites for flats or maisonettes
	£s per hectare	£s per hectare	£s per hectare
Harrogate	2,300,000	2,000,000	2,300,000
York	2,100,000	1,800,000	2,100,000
Bradford	1,000,000	900,000	1,000,000
Halifax	900,000	700,000	750,000
Leeds	2,100,000	1,800,000	2,100,000
Doncaster	1,500,000	1,500,000	1,500,000
Grimsby	1,400,000	1,100,000	1,500,000
Beverley	1,900,000	1,700,000	2,100,000
Sheffield	1,500,000	1,300,000	1,700,000

Industrial land market – Yorkshire & Humberside:

YORKSHIRE AND THE HUMBER			
	From £s per ha	To £s per ha	Typical £s per ha
Harrogate	325,000	475,000	410,000
York	325,000	475,000	410,000
Bradford	360,000	490,000	470,000
Huddersfield	360,000	490,000	430,000
South Leeds	470,000	575,000	540,000
Doncaster	300,000	500,000	400,000
Grimsby	300,000	425,000	310,000
Hull	330,000	500,000	450,000
Sheffield	325,000	500,000	450,000
Wakefield	430,000	575,000	485,000

Other information sourced during our research showed the following indicative land values:

Large greenfield site with planning for housing – c£400,000/ha

Large greenfield site with planning for housing – c£200,000/ha to £300,000/ha

Site for 14 apartments, Scarborough with connections and full planning - £420,000

Site for one detached & two semi-detached properties (0.15 hectares) - £350,000

Site with planning for 8 apartments - £300,000

Equestrian centre (2 hectares) - £350,000

Appendix IV
Assumptions Consultation Pro-Forma

Scarborough Borough Council – Local Development Framework

– Policy development for Planning Led Affordable Housing

D|S|P Housing & Development Consultants –

Affordable Housing Economic Viability Study

Seeking development industry soundings
- Request for information from Developers / land owners / their agents & consultants – June 2011

Dear Colleagues

Introduction:

Dixon Searle Partnership has been commissioned by Scarborough Borough Council to provide a strategic viability assessment of the scope to seek affordable homes within market led housing schemes in the Borough.

Richard Dixon and Rob Searle will be undertaking this work and have recently attended a project inception meeting with the Council. We are currently undertaking our research phase. This is a key part of settling upon suitable assumptions for our appraisal modelling and judgements, the outcomes of which will help to inform the Council's further development of its affordable housing policy.

Although a high level study not intended to dictate or override individual site outcomes in detail, this is all part of an approach which will help the Council to test and re-establish its negotiating positions and further guide the delivery of affordable housing locally.

The study context will include changing market conditions, varying localities and the Government's / HCA's latest affordable housing tenure thinking (in particular the (new) Affordable Rent model (potentially alongside other established tenure forms including shared ownership).

In looking at this, we wish to engage with locally active developers, landowners and their agents, advisers and others - to ensure that we get an appropriate feel for the range of typical views, approaches and assumptions associated with the viability of market led housing development in the Borough.

More on what we are doing - and why we are contacting you and other developers' / landowners' representatives:

This type of viability work is necessarily high level and assumptions based. The intention is not to override the review of site specific scope and discussions which will often be necessary because circumstances can be so varied. It is to inform policy development and in doing so it will therefore also contribute significantly to informing outcomes. This will be through reinforcing the type of targets approach the Council applies – with a view to expanding and improving on that to contribute as much as possible towards meeting local affordable housing needs, subject to viability scope.

We will be examining various potential levels for and combinations of thresholds and affordable housing proportions, alongside varying potential tenure mixes.

This is all part of the Council's drive for the best achievable affordable housing outcomes for the Borough in the given circumstances.

In looking at the comparative impacts and carrying out the viability review, we need to prepare a range of development appraisals (using well established residual land valuation techniques). Within those we must make assumptions about the amount developers will receive (i.e. that RPs will pay) for the completed affordable homes to be constructed alongside the market housing – currently / typically under s.106 agreements.

This level of payment by RPs of course varies by tenure and dwelling type. In practice it may well also vary with particular scheme details and location, although we are aware that a number of local authorities are looking to set clear guides / expectations covering their area (or sub-areas) based on the HCA funding framework position of payments being based (only) on the capitalised net rental stream.

We aim to make sure that we find an appropriate balance in considering these revenue assumptions – i.e. that they are realistic and do not significantly under or over-play the viability impacts likely to be seen by developers and landowners in practice.

On those assumptions, we are seeking soundings from locally active Registered Providers ('RPs') of affordable housing – essentially former Registered Social Landlords ('RSLs'). We also intend to run some RP type financial models (using 'proval' software) as part of forming views on suitable revenue assumptions for inputting to our overall scheme viability appraisals.

The purpose of sending out this note to you is to see what else you and your organisations, as local development industry stakeholders, can share with us about housing scheme viability in the area; including around the tone of values, costs and other assumptions associated with that picture.

In asking for soundings from yourselves, we appreciate the sensitivities involved of course, but would welcome any pointers you may be able to offer – as may be relevant to the viability of schemes in the Borough.

Please be assured that we will not be quoting any particular information or sources. We will be using any pointers you can provide only as part of our overall weighing-up of suitable high level development appraisal assumptions for our strategic viability review (in the context of informing further affordable housing policy review and development).

What we would like your help with:

The study involves carrying out a series of development appraisals (residual land valuation based) within which assumptions need to be made. Assistance is sought with information to help with views on assumptions, as below, together with any comments.

The notes below outline the type of information that might help to inform our appraisal assumptions. We will also welcome any other notes, pointers or views as may be pertinent to the viability schemes in Scarborough Borough - based on local market factors and including on any early experiences or exploration of likely affordable rent implications and shared ownership affordability / practicalities locally as well.

Please add any notes or comments you wish and return this to the Council – or set out any information, examples and comments through a separate email response to the Council.

Currently we are in the early stages of this project. Some ideas on provisional base development appraisal assumptions which may be taken forward in to the study are set out below (for comment please). These may need to be reconsidered by DSP once we have done more research work and we have received any soundings back from this part of the process.

If you wish to suggest alternatives please state either a range of those in absolute (value / £, etc) or % terms (where a factor of another appraisal element) and if possible the reasons for the variance you consider appropriate.

We are not going in to every area of detail here, but aim to seek views on those aspects which the outcomes are likely to be most sensitive to.

- **Sales Values** *(research underway – TBC). W*e will be looking at a range of values relevant to new build housing, seeking to reflect what happens in various locations and also what might happen over time in varying markets. This will be at an overview level.

- Currently we are focussing our attention on how market values (and therefore also affordable housing revenue factors) may vary between - and within (in the case of Scarborough especially) - the key settlements. So, provisionally we are looking at the main Borough areas of Scarborough, Whitby and Filey, along with those villages that fall outside the National Park boundary. (Note that the National Park area falls outside the Council’s jurisdiction on this; and is therefore outside the scope of this study). Overall market / resale values help us with values patterns, but it is the likely new build values that we will need to focus on.
- Our research is underway but it would be useful if any details could be provided on new build sales value rates in the Borough and whether / by how much in your experience they

vary across the Borough (preferably in £ per sq ft / £ per sq m or with associated unit sizes to allow some analysis).

- **Build costs** (based on GIA including externals and prelims – but excluding any abnormal costs as those affect our ability to compare outcomes > in practice abnormals are dealt with based on site specifics).
  - Houses – typically £950 / m² (*TBC)*
  - Apartments - £1,050 / m² *(TBC)* (Assuming low rise development generally no more than 3 storey).
  - Potential wider testing of the impact of build costs variation – sample / sensitivity based - *TBC*.

  (In every area costs vary, and from site to site, but do you experience any particular universal issues etc locally, e.g. with local materials / typical site conditions, etc?)

- **Professional Fees, Contingencies** & Insurances – 15.5% of build cost (these are usually noted in their component parts, but adding up to around this level assuming a 5% contingency allowance).

- **Developer's Profit** – between 15% and 20% of gross development value for private units (with a possible base assumption of 17.5%); 6% on affordable units. Clearly acknowledged alongside our assumptions that a range of profit requirements exists – depending on scheme type, risk profile, etc

- **Legal Fees** on Sale - £400 - £600 per unit *(TBC)*
  Sales Fees – 1.5% - 3% of sales values *(TBC)*

- **Finance** – 7.5%

- Legal fees on land purchase – 0.75% of land value

- Stamp Duty Land Tax – between 0% and 4% depending on land value

- **Building Reg.s** progression aligned to **Code for Sustainable Homes** ('CfSH') guide assumptions - uplift in build costs from current base – TBC but based either on the DCLG Cost Analysis data and/or other information available locally. Likely to allow for all homes at CfSH Level 4 / equivalent.
  (Final assumptions also to be considered in light of latest guidance and cost review information / Government direction).

- Lifetime Homes – views sought on this please. At present we propose to allow circa £550 per dwelling average in above base costs. Sourced from the range of likely costs as set out by www.lifetimehomes.org.uk (Habinteg Housing Association). In practice, site by site - a wide range of views and experiences exists. In addition, any particular experience of or comments on full mobility housing provision – practicalities, costs, etc?

- Survey and site preparation costs – variable depending on site size and type being appraised. Any locally relevant issues / examples please? Because this is strategic study and we need to be able to review affordable housing impacts across our range of schemes on a like for like basis. We will be acknowledging the fact that site specifics, as may impact viability, can be highly variable.

Other more general assumptions / aspects where views are sought (no particular order):

- **Market conditions** – Area wide, any local distinctions – e.g. areas faring better / worse than others? Typical or varying gaps between asking and sales prices? Levels / value of incentives being offered? Most popular types of property / types to be limited from a marketing preference?
- Current experiences with affordable tenure models and tenure mixes?
- The base assumption will be no (nil) affordable housing grant availability – however, do you have any current experience / projections - perhaps relating to particular schemes / future proposals?
- Development typologies – common / predominant development types across the Council's area (e.g. family housing, apartments, townhouses, occurrence of large / high value properties, etc) and where they likely to occur (e.g. town centres, out-lying areas etc). We are likely to be focussing on site typologies in the range 1-100 units of varying sizes and dwelling mixes – and looking at potential affordable housing policy threshold points (*but TBC and potentially to include some high level / initial overview work on the likely ability of larger schemes to bear various obligations burdens*).

Notes:

- Our focus is on new build housing development – market led housing which will also be expected to provide a proportion of affordable homes.
- This is a strategic study and an overview of any views received from the stakeholder group's comments / views on appraisal assumptions will be taken into account in making sure the development appraisal modelling for this study reasonably reflects likely development scenarios locally.

- The methodology is based on the premise of residual land value varying according to the scheme scope and the costs and obligations that need to be met to deliver that. Land price is therefore the key variable once all the other cost burdens are placed upon a development scheme and weighed up against the value that can be created on scheme completion. The resulting residual land value (RLV) in each case is then considered in light of a range of potential alternative uses / benchmarks against which it may be compared as part of assessing whether a scheme may still come forward with the obligations tested.
- To test the impact of affordable housing (proportion, tenure mix, thresholds) and other related policies, we need to fix as many of the other assumptions as we can. This provides base outcomes from which we start to see trends. We then carry out sensitivity testing some of the other key assumptions (such as property values, build costs, profits, other planning obligations costs, Code for Sustainable Homes, etc) to investigate what impact those have on residential development viability in tandem with the affordable housing policies.
- Any clarification we need on planning policy / obligations assumptions is being provided by the Council.
- Build cost update guides will be sourced from BCIS, but again we would welcome any recent pointers you may be able to provide on those (if so, with the scheme type and timing made clear please).
- Values guides will be sourced through local new build examples (including discussions with agents / developers' sales staff), further discussion with local agents as well as through desktop / web-based research.
- We are used to working in £/sq m or £/sq ft guides; and in terms of %s of OMV /allowances per dwelling or similar as well on certain assumptions - so any views may also be usefully expressed in these terms if relevant. In any event, please make clear the basis of any example figures or guides / estimates.
- The sensitivities around all of this are appreciated. Individual parties' responses, information and views will not be quoted, and we do not expect to provide this degree of detail in our reporting. However, we would appreciate receiving any soundings you can offer us in the spirit of this process. We simply wish to inform and test our assumptions so that they can be as representative and appropriate for the local market and circumstances as possible. If we can take these soundings by engaging with a number of organisations as part of that process it is very positive for policy review, evidence and progression.
- The study will be based on notional scenarios which reflect the characteristics of a range of scheme types coming forward in the Borough; rather than on actual schemes (although scheme examples will help to inform it in the background).
- The approach we take with the study is tried and tested through a number of LDF Core Strategy Examinations in Public.
- If you do not have current / very recent experience of development in the Borough, then we still would like your views and pointers please – if applicable, based on previous involvement or perhaps on current scheme / future new business planning. Perhaps you would kindly

make clear the currency / dates of any information / views / examples you are able to provide.

Work needs to keep progressing on this quite quickly. Any information you are able to offer will be needed as soon as possible, in order to help inform our appraisal assumptions and judgements (**information to be received by Friday 3rd July latest please**).

If you can help but this timing causes you a problem, please let us know. In any event perhaps you can please acknowledge receipt of this note.

We would like to encourage you to respond to this in whichever way you prefer – simple email / return this note with any comments added; or other method as you prefer......

In the first instance please send all responses and correspondence to David Hand at Scarborough Borough Council: David.Hand@scarborough.gov.uk

We are also working closely with David's colleagues in the Council's Forward Planning, Development Management and Housing Strategy & enabling sections.

Many thanks for taking the time to read and acknowledge this – and for providing any information that you are able to.

– Richard Dixon & Rob Searle, Dixon Searle Partnership

Working on behalf of Scarborough Borough Council.

How to contact Dixon Searle:

Richard Dixon – richard@dixonsearle.co.uk t: 07917 176752

Rob Searle – rob@dixonsearle.co.uk t: 07810 326428

Scarborough Borough Council – Local Development Framework

– Policy development for Planning Led Affordable Housing

D|S|P Housing & Development Consultants –

Affordable Housing Economic Viability Study

Request for information from Registered (Affordable Housing) Providers – June 2011

Dear Colleagues

Introduction:

Dixon Searle Partnership has been commissioned by Scarborough Borough Council to provide a strategic viability assessment of the scope to seek affordable homes within market led housing schemes in the Borough.

Richard Dixon and Rob Searle will be undertaking this work and have recently attended a project inception meeting with the Council. We are currently undertaking our research phase. This is a key part of settling upon suitable assumptions for our appraisal modelling and judgements, the outcomes of which will help to inform the Council's further development of its affordable housing policy.

Although a high level study not intended to dictate or override individual site outcomes in detail, this is all part of an approach which will help the Council to test and re-establish its negotiating positions and further guide the delivery of affordable housing locally.

The study context will include changing market conditions, varying localities and the Government's / HCA's latest affordable housing tenure thinking (in particular the (new) Affordable Rent model (potentially alongside other established tenure forms).

In looking at this, we wish to engage with locally active RPs to ensure that we get an appropriate feel for the range of typical views, approaches and assumptions around the revised Affordable Rent model in particular. We are also interested in testing the local views on and application of shared ownership, any residual role for an element of social rent; and what those tenure forms mean as well - in terms of overall scheme viability from the market led development perspective.

To assess overall scheme viability, a key factor is the level of revenue received by the developer from the RP for the affordable homes within a development. We are looking at the impact of (new) affordable rented tenure on overall scheme viability compared with that from shared ownership and potentially social rented as well.

Why we are contacting you and other RP representatives:

This type of viability work is necessarily high level and assumptions based. The intention is not to override the review of site specific scope and discussions which will often be necessary because circumstances can be so varied. It is to inform policy development and in doing so it will therefore also contribute importantly to informing outcomes. This will be through reinforcing the type of targets approach the Council applies – with a view to expanding and improving on that to contribute as much as possible towards meeting local needs, subject to viability scope. This means examining various levels for and combinations of thresholds and affordable housing proportions, alongside varying potential tenure mixes. It is all part of the Council's drive for the best achievable affordable housing outcomes for the Borough in the given circumstances.

In looking at the comparative impacts and carrying out the viability review, we need to prepare a range of development appraisals (using well established residual land valuation techniques). Within those we must make assumptions about the amount developers will receive (i.e. that RPs will pay) for the completed affordable homes to be constructed alongside the market housing – currently / typically under s.106 agreements.

This level of payment by RPs of course varies by tenure and dwelling type. In practice it may well also vary with particular scheme details and location, although we are aware that a number of local authorities are looking to set clear guides / expectations covering their area (or sub-areas) based on the HCA funding framework position of payments being based (only) on the capitalised net rental stream.

We aim to make sure that we find an appropriate balance in considering these revenue assumptions – i.e. that they are realistic and do not significantly under or over-play the viability impacts likely to be seen by developers and landowners in practice.

So the purpose of sending out this note is to see whether RPs currently active in the Borough or planning future activity here are developing a feel for the level of payments that they could justify (on the HCA NAHP framework basis) for a range of completed homes for Affordable Rent (new model) as well as for shared ownership and perhaps for any anticipated social rented element. We hope that the timing of this means the recent consideration of the HCA framework should inform things to a greater degree than would have been possible until very recently.

We appreciate the sensitivities involved of course, but would welcome any pointers you may be able to offer – as may be relevant to the viability of schemes in the Borough.

The table below outlines the type of information that might help to inform our appraisal assumptions on affordable housing revenue (payment levels by RPs). We will also welcome any other notes, pointers or views as may be pertinent to the viability schemes in Scarborough Borough - based on local market factors and on your exploration of likely affordable rent implications and shared ownership affordability / practicalities locally as well. Currently we are focussing our attention on how values (and therefore affordable housing revenue factors) vary between the key settlements of Scarborough, Whitby and Filey, along with those villages that fall outside the National Park boundary. (Note that the National Park area falls outside the Council's jurisdiction on this; and is outside the scope of this study).

We also intend to run some RP type financial models (using 'proval' software) as part of forming views on suitable revenue assumptions for inputting to our overall scheme viability appraisals. This developer revenue / RP payment information might be usefully expressed in per sq m terms or %s of market value, but any alternative views and indicators will be welcomed (please make clear the basis of any figures or indications provided).

We appreciate that RPs have varying approaches and business plans, but for the purposes of this study we have to work on the basis of uniform assumptions to drive the appraisals. These will be built up from an overview of the feedback and any assessment of typical positions that becomes possible from that.

Please be assured that we will not be quoting any particular information or sources. We will be using any pointers you can provide only as part of our overall weighing-up of suitable affordable housing revenue assumptions for our high level viability review.

Please see the table and notes following.

Information / pointers welcomed as below please (complete the table and return, email your comments or respond in any way you prefer!):

Dwelling type	**Indicative OMV (£) or range** linked to other assumptions (DSP research will review these levels). **(£ and or £/sq m)**	**Assumed dwelling size (GIA, sq m)**	**Indicative RSL payment for Affordable Rented tenure** (£ - based on 80% or other specified market rent including service charge and initial assumptions as per notes below) (£ per dwelling / £ per sq m / % of OMV)	**Indicative RSL payment for Shared Ownership** (£ - based on specified % of OMV and rent on retained equity – please state assumptions).	**Likely monthly full market rental - £ (tbc) and any other comments / information?**
1 bed 2p flat					
2 bed 4p flat					
2 bed 4p house					
3 bed 5p house					
4 bed 6p house					

Notes:

- Above all, we are looking for views on the 3rd and 4th column figures above (likely payment levels by RPs) as these will form a key revenue component within the overall viability appraisals. Build cost update guides will be sourced from BCIS, but again we would welcome any recent pointers you may be able to provide on those (if so, with the scheme type and timing made clear please).
- In forming assumptions on the above basis, it would be very useful to know RPs' views on likely financial assumptions (or ranges of those) especially relating to (new) affordable rent, for example on the following areas:

  Voids %

  Maintenance Costs - £ p.a. / rent % allowance

  Management - £ p.a. / rent % allowance

  Major / cyclical repairs – sinking fund (£ p.a. / % contribution)

  Interest rate – % typical

  Period of borrowing (pay back) – or alternative view / yield % or margin based criteria?

  No (nil) HCA or other funding as the starting point (net revenue stream driven only – or basis assumed made clear please); but with the review also looking at what other funding could then achieve, where available. Any comments on RPs' scope to support through other / cross-subsidy will be welcomed. We wish to get to RP payment (developer revenue) assumptions that will reasonably represent those you expect to see in the marketplace when working with developers.

- Again, please let us know about any likely variance to these in your view and any early stages experience of your organisation – e.g. any different approaches being considered in appraising Affordable Rent or benchmarks for considering affordable housing scheme viability.
- We are used to working in £/sq m or £/sq ft guides, and in terms of %s of OMV as well (as the development industry tends to be) – so any views may also be usefully expressed in these terms if relevant. Per dwelling price indications would also be useful – anything that helps us to understand the likely revenue to the developer for affordable homes in the Borough. In addition it would be helpful to know the key assumptions affecting the cash-flow underpinning those (e.g. rents and deductions, financial drivers, shared ownership initial sales and retained equity rents %s, etc).

- Every RP (RSL) uses different assumptions when calculating what they can justify and afford to pay for affordable homes. The sensitivities around all of this are appreciated. Individual RPs' information and views will not be quoted, and we do not expect to provide this degree of detail in our reporting. However, we would appreciate your guidance on approximately what levels of payment you would expect to make for various tenure forms and property types. We simply wish to test our assumptions for realism locally. If we can take these soundings by engaging with a number of organisations as part of that process it is very positive for policy evidence and progression.
- The study will be based on notional scenarios which reflect the characteristics of a range of scheme types coming forward in the Borough; rather than on actual schemes (although scheme examples will help to inform it in the background).
- The approach we take with the study is tried and tested through a number of LDF Core Strategy Examinations in Public.
- If you do not have current / very recent experience of development in the Borough, then we still would like your views and pointers – based on previous involvement or perhaps on current scheme / future new business planning. Perhaps you would kindly make clear the currency / dates of any information / views / examples you are able to provide.
- Whilst it is mainly aimed for developers' attention, from whom we are seeking similar soundings as key stakeholders, we are also including here the consultation approach to be shared with them. Please do not feel obliged to comment on this – we are seeking their market housing led view – but, again, any thoughts you can offer will be welcome. Perhaps we could particularly point to the sections on the Code for Sustainable Homes, Lifetime Homes, etc. Any experiences / examples / views you can share on such aspects would be of interest to us for this study.

Work needs to keep progressing on this quite quickly. Any information you are able to offer will be needed as soon as possible, in order to help inform our appraisal assumptions and judgements (**information to be received by Friday 1st July latest please**). If you can help but this timing causes you a problem, please let us know. In any event perhaps you can please acknowledge receipt of this note.

We encourage you to respond to this in whichever way you prefer – simple email / return this note and table with any comments, or telephone us......

Please send all responses to both Richard Dixon and Rob Searle as below - copied also to John Burroughs (Scarborough BC Housing Strategy & Development Officer - john.burroughs@scarborough.gov.uk).

We are also working closely with John's colleagues in the Council's Planning (policy and Development Management sections).

Many thanks for taking the time to read and acknowledge this – and for providing any information that you are able to.

– Richard Dixon & Rob Searle, Dixon Searle Partnership

Working on behalf of Scarborough Borough Council.

Contact Dixon Searle:

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Rob Searle – rob@dixonsearle.co.uk t: 07810 326428

D|S|P Housing & Development Consultants

Appendix V
Glossary of Terms

SCARBOROUGH BOROUGH COUNCIL

AFFORDABLE HOUSING ECONOMIC VIABILITY STUDY

GLOSSARY OF TERMS

(The scope of this glossary is restricted to terms used in the study)

A

Abnormal Development Costs - Costs that are not allowed for specifically within normal development costs. These can include costs associated with unusual ground conditions, contamination, etc.

Affordable Housing (also see Intermediate Affordable Housing and Social Rented Housing) - 'PPS3 – Housing' (November 2006) defines affordable housing as housing that includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

Affordable Rented housing - Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges where applicable).

B

Base Build Costs - for construction only (excluding fees, contingencies and extras) as explained in the study.

BH/BF - preceded by a number – abbreviations used to indicate how many bedrooms a dwelling has.

C

Cascade Mechanism/Principle - A Cascade is a mechanism which enables the form and/or quantum of affordable housing provision to be varied according to the availability of grant funding, thus ensuring that at least a base level of need-related accommodation is provided without compromising overall scheme viability. The approach aids delivery of both the market and affordable tenures by providing adaptability where needed, thus avoiding the need to renegotiate Section 106 agreements with the time delays and cost issues that process brings.

Code for Sustainable Homes ('CfSH', 'CSH' or 'Code') - CLG is proposing to gradually tighten building regulations to increase the energy efficiency of new homes and thus reduce their carbon impact. In parallel with these changes to the building regulations, the CfSH has been introduced as a tool to encourage house builders to create more sustainable dwellings, and to inform buyers/occupiers about the green credentials of new housing. CfSH compliance, to levels over those generally operated in the market, is also compulsory for all public (HCA) funded affordable housing development. The Code is intended to provide a route map, signalling the direction of change towards low carbon sustainable homes that will become mandatory under the building regulations. The Code, again in parallel with building regulations and other initiatives, also covers a wider range of sustainability requirements – beyond lower carbon.

Commuted Sum - See "Payment in lieu" below.

Core Strategy - The key *Development Plan Document* ('*DPD*') through which a local authority sets out its strategic planning approach for its area. Accompanied by other DPDs, usually dealing with aspects such as site allocations or regeneration areas, and in some cases covering particular topics such as affordable housing (see below for other definitions).

D

Density ('Indicative Density') - Represents the intensity of use of a site by way of how many dwellings (or in some cases other measures such as habitable rooms) are provided on it. Usually described by reference to *'dwellings per hectare' (DPH).*

Developer Appraisal - An appraisal carried out by a developer to determine the approximate value of land in order that an offer can be made to a landowner. The appraisal(s) would normally look to determine an approximate *Residual Land Value* (RLV). Assuming a developer has already reached the initial conclusion that, in principle, a site is likely to be suitable and viable for development, an appraisal is then carried out to fine tune scheme feasibility and discover what sum they can afford to pay for the site. This would normally be subject to a range of caveats and clauses based on circumstances unknown to the developer at the time of making an offer. As an example, an offer could be subject to the granting of planning permission or subject to no abnormal conditions existing, etc.

Development Plan Document (DPD) - Spatial planning documents that are subject to independent examination, and together with the relevant Regional Spatial Strategy (*RSS*), will inform the planning policies for a local authority. They include a Core Strategy and also often cover site-specific allocations of land, area action plans and generic development control policies.

Developer Payment (Type) - The sums applied to the appraisals in terms of payment to the developer in return for completed affordable units. The form modelled is based on the Mortgage Funded by Rental Stream. The Mortgage Funded by Rental Stream subsidy only pays the developer a sum per unit that is equivalent to the RSL's ability to fund the units through capitalisation of the (affordable) net rental stream from those units. The rental flows for this are based on Homes and Communities Agency Target Rents, after e.g. management, maintenance costs and voids allowances. In this regard see also *Payment Table.* The study refers also to this payment as the "affordable housing unit transfer".

Developer's Profit - The developer's reward for risk taken in pursuing and running the project, required to secure project funding. This is the gross profit, before tax. It will usually cover an element of overheads, but varies. The profit element used in these appraisals is profit expressed as a percentage of Gross Development Value (the most commonly expressed way) although developers will sometimes use other methods, for example a certain return on capital employed (ROCE).

Development Cost - This is the cost associated with the development of a scheme and includes professional fees (engineering, design, project management), contingencies, sale agency fees, legal fees on unit sales and of course build costs (materials, labour, etc).

Development Plan ('Plan') - The statutory plan through which a local authority determines planning policy for its area over the life of the plan (*plan period*). While a local authority is moving towards their LDF *(see below),* which will become the new *development plan* basis*,* the previous (adopted) 'Local Plan' or 'Unitary Development Plan' remains the relevant development plan basis for the area.

Development Viability (or 'Viability') - The viability of the development (in this case a market-led housing scheme) – meaning its health in financial terms. A viable development would normally be one which proceeds (or at least there is no financial reason for it not to proceed) – it would show the correct relationship between GDV (see below) and Development Cost. There would be a sufficient gap between the GDV and Development Cost to support a sufficient return (developer's profit) for the risk taken by the developer in pursuing the scheme (and possibly in this connection to support funding requirements), and a sufficiently attractive land value for the landowner. An un-viable scheme is one where a poor relationship exists between GDV and Development Cost, so that insufficient profit rewards and/or land value can be generated.

Dwellings per Hectare ('DPH') – see *Density.*

E

Existing Use Value (EUV) - is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller, in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion, assuming the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market value to differ from that needed to replace the remaining service potential at least cost.

F

Finance - Costs associated with financing the development cost. Varying views are taken on the length of the relevant construction projects as to how long these costs need to be carried for on each occasion.

Financial Contribution - see "Payment in lieu".

G

Gross Internal Area (GIA) - Broadly speaking GIA is the whole enclosed area of a building within the external walls taking each floor into account and excluding the thickness of the external walls. GIA will include: Areas occupied by internal walls (whether structural or not) and partitions; service accommodation such as WCs, showers, changing rooms and the like; columns, piers, whether free standing or projecting inwards from an external wall, chimney breasts, lift wells, stairwells etc; lift rooms, plant rooms, tank rooms, fuel stores, whether or not above roof level; open-sided covered areas.

Gross Development Value (GDV) - The amount the developer ultimately receives on completion or sale of the scheme whether through open market sales alone or a combination of those and the receipt from a RSL for completed affordable housing units - before all costs are subtracted.

H

Homes and Communities Agency (HCA) - The Government's Agency charged with delivering the national affordable housing (investment) programme (*'NAHP'*) and the vehicle through which public funs in the form of Social Housing Grant (*'SHG'*) are allocated, where available and where the HCA's investment criteria are met, for affordable housing development. The HCA is relatively new – was formed from a merger of English Partnerships and relevant function areas of The Housing Corporation.

I

Intermediate Affordable Housing (*Intermediate Tenure)* - "PPS3 Housing" defines intermediate affordable housing as Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale; and intermediate rent (property made available to rent, usually at no more than 80% of open market rental prices).

J

K

L

Land Costs - Costs associated with securing the land and bringing it forward – activities which precede the construction phase, and, therefore, costs which are usually borne for a longer period than the construction phase (a lead in period). They include financing the land acquisition and associated costs such as land surveys, planning application and sometimes infrastructure costs, land acquisition expenses and stamp duty land tax.

Land Residual as a percentage (%) of GDV - The amount left for land purchase expressed as a percentage of the Gross Development Value. A common guideline used in the development industry. Readers may be familiar with the rule of thumb that upwards of approximately one third of development value is comprised of land value. In practice this has always varied, but with increasing burdens on land value from a range of planning infrastructure requirements (including affordable housing) traditional views on where land values lie are having to be revised.

Local Development Framework (LDF) - A non-statutory term used to describe a folder of documents, which includes all the local planning authority's local development documents. An LDF is comprised of:

- Development Plan Documents (which form part of the statutory development plan).
- Supplementary Planning Documents.

The local development framework will also comprise:

- The Statement of Community Involvement *('SCI)'.*
- The Local Development Scheme *('LDS').*
- The Annual Monitoring Report *('AMR').*
- Any Local Development Orders or Simplified Planning Zones that may have been added.

M

Market Value ('MV') or Open Market Value ('OMV') – is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The usual measure of value in this study context. Used here to build up the development scheme's *GDV* and also to distinguish between this level of value and the lower level of receipt usually associated with the affordable dwellings (see *Developer Payment*).

N

O

Open Market Value ('OMV') or Market Value ('MV') – is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The usual measure of value in this study context. Used here to build up the development scheme's *GDV* and also to distinguish between this level of value and the lower level of receipt usually associated with the affordable dwellings (see *Developer Payment*).

P

Payment in lieu - A financial payment made by a developer or landowners instead of providing the planning-led affordable housing requirement on the site of the market (private sale) housing scheme (*see also "Commuted Sum/Financial Contribution"*).

Payment Table - This is normally referred to where a local authority prescribes or guides as to the levels of receipt the developer will get for selling completed affordable housing units of set types and sizes to a Housing Association. In this context it normally relates to an approach which assumes nil grant and is based on what the Housing Association can afford to pay through finance raised (mortgage funded) against the rental or shared ownership income flow. See also *Developer Payment.* It is sometimes used in a looser context, for example in the setting out of financial contribution levels for payments in lieu of on-site affordable housing provision.

Percentage (%) Reduction in Residual Land Value (RLV) - The percentage by which the residual land value falls as a result of the impacts from the range of affordable housing policy options. This is expressed as the fall in residual land value compared to a site that previously required zero affordable housing or a site that was required to provide affordable housing previously, but at a lower percentage.

Planning Infrastructure - We refer to this because affordable housing is one of a set of requirements which usually need to be met by new housing developments, and are secured through obligations set out within *Section 106* agreements. The terms "planning obligations", "planning gain", "infrastructure" tend to be used to describe the same. Also covers a wide range of community requirements needed to support development – highways, education, open space, public art, and the like.

Planning-led Affordable Housing - Affordable housing required on new market (private sale) housing developments of certain types (which are set locally – see "Threshold" and "Proportion" below) as set out by "PPS3".

Planning Policy Statement 3: Housing ('PPS3') - National statement of the Government's planning policy on Housing – including the planning-led affordable housing we consider here.

Proportion (or percentage/%) of Affordable Housing - The percentage or proportion of affordable housing sought on site. The appraisals model a range of scenarios across the Value Points investigating the impact of a range of proportions of affordable housing on scheme viability, for example from 10% to 50%, depending on local circumstances. Each scenario usually also investigates the "no affordable housing" (0%) position as a benchmark.

Q

R

Recycled Capital Grant ('RCG') - An internal fund within the accounts of an RSL used to recycle SHG in accordance with Homes and Communities Agency policies and procedures.

Renewable Energy/Renewal Energy Measures - Measures which are required for developments to ensure that a proportion (often expressed as a % target) of total energy needs of the scheme are supplied through renewable sources (for example solar, wind, ground heat, biomass, etc) rather than through conventional energy supply means. Usually in the context of this study we are referring to small scale *on-site* measures or equipment that will supply a proportion of the development's needs. Increasingly, there are also moves to investigate the potential for larger developments or groups of developments to benefit from similar principles but through group/combined/communal schemes usually involving significant plant installations.

Residual Valuation - The process by which *Residual Land Value ('RLV')* is estimated. So called because it starts with the *GDV* at the top of the calculation and deducts all *Development Costs* and *Developer's Profit* so as to indicate the amount left remaining (hence "residual") for land purchase – including land value.

Residual Land Value (RLV) - The amount left for land purchase once all development, finance and land costs have been deducted from the *GDV,* normally expressed in monetary terms (£). This acknowledges the sum subtracted for affordable housing and other infrastructure payments/requirements where applicable. It is relevant to calculate land value in this way as land value is a direct result of what *scheme type* specifically can be created on a site, the issues that have to be dealt with to create it and costs associated with those.

Registered Social Landlord (RSL) - A housing association or a not-for-profit company registered by the Homes and Communities Agency ('HCA') to provide social housing.

Regional Spatial Plan ('RSS') - The spatial plan for a region, promoted and managed by the relevant regional assembly, and in the case of London – the Mayor's 'London Plan'. It comprises higher level guidance which sub-regional and local authority level planning needs to take account of as a part of delivering strategic objectives for an area.

S

Saved Policies - former *development plan* (e.g. *Local Plan*) policies whose life has been extended pending the replacement plan (within the *LDF*) being in place. A formal direction is required in order for policies to be saved.

Scheme Type - The scheme (development project) types modelled in the appraisals consist of either entirely flatted or housing schemes or schemes with a mix of houses and flats. They are notional, rather than actual, scheme types consistent with the strategic overview the study needs to make.

Section 106 (*'S106'*) - (of the Town and Country Planning Act 1990). The legally binding planning agreement which runs with the interest in the land and requires the landowner (noting that ultimately the developer usually becomes the landowner) through covenants to agree to meet the various planning obligations once they implement the planning permission to which the *S106 agreement* relates. It usually sets out the principal affordable housing obligations, and is the usual tool by which planning-led affordable housing is secured by the Local Planning Authority. Section 106 of this Act refers to "agreements regulating development or use of land". These agreements often cover a range of planning obligations as well as affordable housing (see '*planning infrastructure*'). There is a related type of agreement borne out of the same requirements and legislation – whereby a developer unilaterally offers a similar set of obligations, often in appeal or similar set of circumstances where a quick route to confirming a commitment to a set of obligations may be needed (a *Unilateral Undertaking* – a term not used in this study).

Shared Ownership - Shared ownership is a way of buying a stake in a property where the purchaser cannot afford to buy it outright. They have sole occupancy rights.
Shared ownership properties are usually offered for sale by housing associations or RSLs (not-for-profit organisation). The purchaser buys a share of a property and pays rent to the housing association for the remainder. The monthly outgoings will include repayments on any mortgage taken out, plus rent on the part of the property retained by the housing association. Later, as the purchaser's financial circumstances change, they may be able to increase their share until they own the whole property (see *'stair-casing'* below).

Sliding Scale - Refers in this context to a set of affordable housing policies which require a lower *proportion* on the smallest sites, increased with site size – to graduate the requirements and, therefore, the viability impacts, particularly as such sites often fall within the thresholds for the first time.

Social Rented Housing - 'PPS3 – Housing' defines social rented housing as rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency (HCA) as a condition of grant. Social rented housing was often also referred to as '*Affordable Rented'* in the past. This now has its own definition (See Affordable Rent).

Stair-casing Receipt - Payment a RSL receives when a shared ownership leaseholder (shared owner) acquires additional equity (a further share of the freehold) in a dwelling.

Supplementary Planning Document (SPD) - Provides supplementary information in respect of the policies in Development Plan Documents, and their more detailed application. These do not form part of the development plan and are not subject to independent examination.

T

Tenure/Tenure Type – the mode of occupation of a property – normally used in the context of varying *affordable housing* tenure types – in essence includes buying part or whole, and renting; although there are now many tenure models and variations which also include elements of buying and renting.

Tenure Mix - The tenure types of affordable housing provided on a site – refers to the balance between, for example, affordable rented accommodation and shared ownership or other *Intermediate* tenure.

Threshold - Affordable housing threshold i.e. the point (development scheme and/or site size) at which the local authority determines that affordable housing provision should be sought, or in this study context the potential points at which the local authority wishes to test viability with a view to considering and selecting future policy or policy options.

U

V

Valuation Office Agency (VOA) - The Valuation Office Agency (VOA) is an executive agency of HM Revenue & Customs (HMRC). Their main functions are to compile and maintain the business rating and council tax valuation lists for England and Wales; value property in England, Wales and Scotland for the purposes of taxes administered by the HM Revenue & Customs; provide statutory and non-statutory property valuation services in England, Wales and Scotland; give policy advice to Ministers on property valuation matters. The VOA publishes twice-yearly Property Market Reports that include data on residential and commercial property, and land values.

Value Level(s) - DSP usually carry out sensitivity testing based on a range of new build property values which represent typically found prices for ordinary new developments in the area at the time of the study research.

Viability - See *Development Viability.*

X

Y

Z