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Ashford Borough Council

**LOCAL PLAN AND COMMUNITY
INFRASTRUCTURE LEVY VIABILITY
REPORT**

JUNE 2016



**ASHFORD BOROUGH
COUNCIL
VIABILITY STUDY**

**Local Plan and
Community
Infrastructure Levy
Viability Report**

**Three Dragons
June 2016**



This report is not a formal land valuation or scheme appraisal. It has been prepared using the Three Dragons toolkit and non-residential model and is based on district level data supplied by Ashford Borough Council, consultation and quoted published data sources. The toolkit provides a review of the development economics of illustrative schemes and the results depend on the data inputs provided. This analysis should not be used for individual scheme appraisal.

No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report unless previously agreed.

CONTENTS

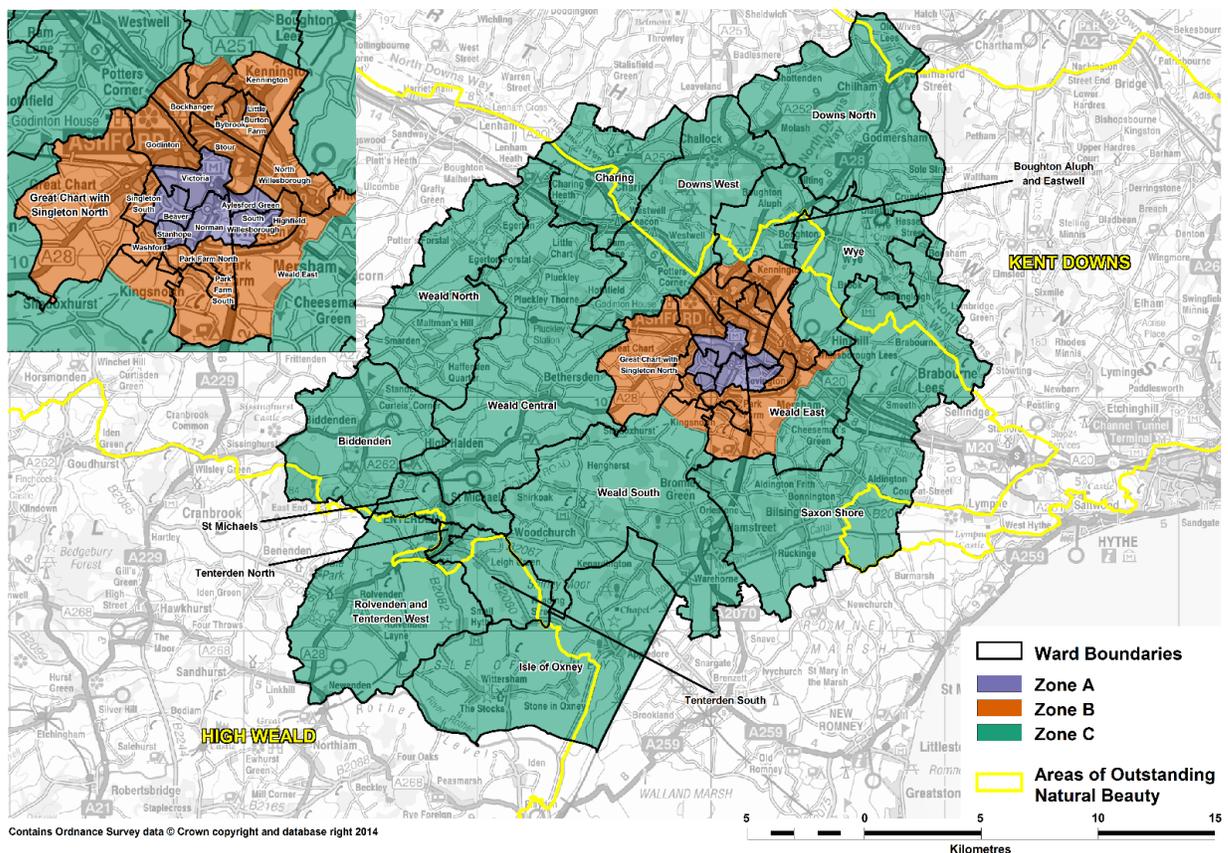
EXECUTIVE SUMMARY.....	1
1 Introduction.....	5
2 Context for the Analysis.....	6
3. Viability Approach and Key Assumptions – Residential Development.....	12
4 Viability Testing – notional 1 ha tile	18
5 Residential viability testing – Case Study Sites.....	20
6. Residential Viability Analysis – Strategic Sites.....	36
7 Non-residential	41
ANNEX 1 - Development Industry Workshop.....	53
ANNEX 2 - Residential Modelling Assumptions.....	62
ANNEX 3 - Benchmark Land Value.....	68
ANNEX 4 - 1ha residual values.....	76
ANNEX 5 - Case study Characteristics.....	78
ANNEX 5 - Case study Residual Values	84
ANNEX 6 - Non-residential Viability Tests	90

EXECUTIVE SUMMARY

1. The Ashford Draft Local Plan and Community Infrastructure Levy Viability Study provides the Council with evidence to support the draft Local Plan and to assist it in drawing up a Community Infrastructure Levy (CIL) Draft Charging Schedule. The evidence has been prepared in consultation with the development industry and has followed the relevant regulations and guidance as well as being in line with the National Planning Policy Framework. This assessment also takes into account the policies in the draft Local Plan. This work provides information for the CIL charging schedule for both residential and non-residential uses.

Residential uses

2. House prices show that the Borough can be divided into three market value areas with noticeable differences in average market values. The three areas are Ashford Town (Zone A), Ashford Hinterlands (Zone B) and the Rest of the Borough (Zone C). Development costs do not vary across the Borough in the same way as house prices.



3. The testing undertaken uses a standard residual value approach, using the Three Dragons Toolkit for residential development and the Three Dragons Non-residential Model for the non-residential development. The residual value of development (total value less all development and policy costs, including planning obligations) is compared to a land value benchmark and the

scheme is said to be viable if the residual value exceeds the benchmark. Note that the benchmark land value is an estimate of the lowest value that a landowner may accept, and does not preclude the possibility that some schemes may have enough value to pay more for land. The main residential benchmark land value generally used is £0.7 million per hectare in Ashford Town and Ashford Hinterlands (£1.3 million in Rest of Borough), with a lower benchmark (£0.3 million per hectare) for large-scale greenfield sites and an intermediate benchmark of £0.45 million per hectare for other large sites which have additional costs to meet. Non-residential development is tested against benchmarks ranging between £0.48 million per hectare for industrial uses to £1.3 million per hectare for higher value non-residential uses.

4. Three types of residential testing were undertaken and the results from all these stages are brought together in the study conclusions. The first set of tests used a notional 1 ha tile with different densities of development, in all of the market areas. These tests provide a picture of the underlying viability of residential development. The second set of tests was a series of generic case studies that were specific to each market value area and were selected to represent the type of development likely to be brought forward over the life of the draft Local Plan. The case studies highlight where a certain type of site has different viability characteristics compared with the average (as shown in the 1ha testing). The third set of tests covers the strategic sites case studies. These are representative of the strategic sites identified in the draft Local Plan and include costs specifically associated with this type of large scale development on greenfield land. Larger and strategic sites case study testing include different s106/278 amounts, reflecting the preference to meet many of the specific larger site infrastructure requirements through s106/278 rather than CIL.
5. Some policies in the draft Local Plan have had an impact on the testing and the key factors include:
 - Affordable housing and starter homes, with 20% starter homes required in all locations plus 10% affordable homes in Ashford Hinterlands and 20% affordable homes in the Rest of Borough.
 - Self-build plots are required for developments of Over 40 dwellings (20 in rural areas).
 - Accessibility standards, with 7.5% of affordable rented needs to be Part M(4)3 (accessible) and all other dwellings provided to PartM4(2); and water efficiency standards.
 - Green space standards, which have an impact on the land budgets and other costs for the larger sites.
 - Junction 10a costs – a contribution towards J10a will be sought from developments generating at least 100 two-way trips between 7am and 7pm within a 5 minute isochrone of the junction.
 - Policies relating to the strategic sites, which result in additional costs that need to be taken into account in assessing the viability of these large-scale greenfield sites e.g. provision of a primary school. Self-build is also expected to be delivered on some strategic sites.

The residential viability testing

6. The viability testing shows that overall the development proposed in the draft Local Plan is viable. In addition, the viability testing also shows that for smaller developments where starter homes and affordable homes are not required then there is viability to collect CIL in all areas of the Borough. For larger sites that will be required to provide starter homes and affordable homes, it will be possible to collect a CIL in Zone B Ashford Hinterlands and Zone C Rest of Borough.
7. For strategic sites which are expected to deliver much of their own infrastructure through s106/278 there is no opportunity to support a CIL. Sheltered accommodation and care homes are also not able to support a CIL.
8. The potential CIL rates are summarised in the table below:

Potential CIL rates (including buffer)	CIL rate/sq m
Residential	
Flatted schemes in Ashford Town or Ashford Hinterlands	£0
Other residential development under 10 dwellings	
Zone A Ashford Town	£75
Zone B Ashford Hinterlands	£145
Zone C Rest of Borough	£200/£250
Other residential development of 10 or more dwellings¹	
Zone A Ashford Town	£0
Zone B Ashford Hinterlands	£30
Zone C Rest of Borough	£60
Strategic Sites	£0
Sheltered accommodation and care homes	£0

9. With £2,000 s106/278 and a CIL rate of £30/sq m in Ashford Hinterlands an example 110 sq m three bed detached house would pay £5,300/ dwelling. This is less than the typical £13,000/dwelling s106 collected at the moment, indicating that where necessary, further planning obligations can be sought. For the same dwelling in the Rest of Borough the combined s106/278 and CIL would be £8,600, which is less than the typical £9,500/dwelling s106 currently collected in rural areas. Again this indicates that where necessary, further planning obligations can be sought in rural areas.

Non-residential uses

10. The viability testing has included non-residential uses likely to come forward under the draft Local Plan. These are:
- Retail
 - Offices
 - Industrial

¹ This threshold is set by Ashford Borough Council to align with the starter home threshold rather than the NPPG

- Warehouse
- Hotels
- Mixed leisure
- Care homes

11. Costs and values for these uses were collated from published sources and discussed in the development industry workshop in 2015. The testing has included an allowance for s106/278 costs to make the development acceptable in planning terms.

The non-residential viability testing

12. The analysis shows that only out of centre retail uses and budget hotels are currently able to support a CIL rate.

Potential CIL rates (including buffer)	CIL rate/sq m
Non-residential	
Out of town centre comparison retail	£100
Hotels	£30
Other non-residential development	£0

13. Where other non-residential development is proposed in the draft Local Plan it is expected that it will come forward where the development is undertaken for specific commercial operators, either as owners or pre-lets. In these circumstances it is likely that the economics of the development relate to the profitability of the enterprise accommodated within the buildings rather than the market value of the buildings themselves.

1 INTRODUCTION

- 1.1 The viability evidence provided in this report is to assist Ashford Borough Council test the viability of the development proposed in the draft Local Plan and to inform the preparation of a Community Infrastructure Levy (CIL) charging schedule for residential and non-residential uses.
- 1.2 The viability testing for this report has been designed to assess:
- The viability impact of the policies in the draft Local Plan
 - The amount of CIL that residential and non-residential development can afford.
 - Whether there are differences in viability across the borough or between different types of development that are sufficient to justify different CIL rates.
- 1.3 The research which has been drawn on for the analysis includes:
- A review by Ashford Borough Council of the types of sites planned for development in the draft Local Plan.
 - A review of the policies in the draft Local Plan and central government guidance that may have implications for development viability.
 - Desk research to form initial views on the values and costs of residential and non-residential development in Ashford and how these vary across the borough. The sales values and build costs were refreshed in 2016.
 - Consultation with the development industry, active in the borough firstly through a workshop in 2015 (a note of the workshop discussions is shown at Annex 2). Subsequently, Three Dragons conducted a survey of Registered Providers (RPs) to get detailed advice on the affordable housing assumptions to be used. Estate agents active in the area were contacted in 2016 to update and refine the sales values used.
 - With agreement of the Council to the assumptions used, operation of the Three Dragons residential and non-residential viability models to undertake the viability testing set out in this report.

2 CONTEXT FOR THE ANALYSIS

National Policy Context

- 2.1 The National Planning Policy Framework (NPPF) paragraph 173 sets out how Government expects viability to be considered in planning:
- 2.2 *'Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, 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, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.'*²
- 2.3 Planning Practice Guidance³ (PPG) provides further detail about how the NPPF should be used. PPG contains general principles for understanding viability (which are relevant to CIL viability) as well as specific CIL viability guidance⁴. It also notes that there is a range of sector-led guidance available⁵. In order to understand viability, a realistic understanding of the costs and the value of development is required and direct engagement with development sector may be helpful⁶. Evidence should be proportionate to ensure plans are underpinned by a broad understanding of viability, with further detail where viability may be marginal or for strategic sites with high infrastructure requirements⁷. However not every site requires testing and site typologies may be used to determine policy⁸. For private rented sector, self build and older people's housing, the specific scheme format and projected sales rates (where appropriate) may be a factor in assessing viability⁹.
- 2.4 PPG requires that a buffer should be allowed and that current costs and values should be used (except where known regulation/policy changes are to take place)¹⁰. On retail and commercial development, broad assessment of value in line with industry practice may be necessary¹¹. Generally, values should be based on comparable, market information, using average figures and informed by specific local evidence¹². For an area wide viability assessment, a broad assessment of costs is required, based on robust evidence which is reflective of local market

² DCLG, 2012, NPPF Para 173

³ DCLG, Planning Practice Guidance

⁴ PPG Paragraph: 003 Reference ID: 10-003-20140306

⁵ PPG Paragraph: 002 Reference ID: 10-002-20140306

⁶ PPG Paragraph: 004 Reference ID: 10-004-20140306

⁷ PPG Paragraph: 005 Reference ID: 10-005-20140306

⁸ PPG Paragraph: 006 Reference ID: 10-006-20140306

⁹ PPG Paragraph: 018 Reference ID: 10-018-20150326

¹⁰ PPG Paragraph: 008 Reference ID: 10-008-20140306

¹¹ PPG Paragraph: 012 Reference ID: 10-012-20140306

¹² PPG Paragraph: 012 Reference ID: 10-012-20140306

conditions. All development costs should be taken into account, including infrastructure and policy costs as well as the standard development costs¹³.

- 2.5 Land values should reflect emerging policy requirements and planning obligations including any Community Infrastructure Levy charge, and provide a competitive return to willing developers and land owners. Where possible land values should be informed by comparable, market-based evidence but excluding transactions above the market norm¹⁴. Assumptions about brownfield land values should clearly reflect the levels of mitigation and investment required to bring sites back into use¹⁵.
- 2.6 Developer returns should be proportionate to risk¹⁶. The return to the landowner will need to provide an incentive for the land owner to sell in comparison with the other options such as current use value or policy compliant alternative use value¹⁷.
- 2.7 Following the order of the Court of Appeal dated 13 May 2016 there are specific circumstances where contributions for affordable housing and tariff style planning obligations (section 106 planning obligations) should not be sought from small scale and self-build development¹⁸:
 - contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1000sqm
 - in designated rural areas¹⁹, local planning authorities may choose to apply a lower threshold of 5-units or less. No affordable housing or tariff-style contributions should then be sought from these developments. In addition, in a rural area where the lower 5-unit or less threshold is applied, affordable housing and tariff style contributions should be sought from developments of between 6 and 10-units in the form of cash payments which are commuted until after completion of units within the development.
- 2.8 CIL is payable on development which creates net additional floor space, where the gross internal area of new build exceeds 100 square metres (this limit does not apply to new houses or flats)²⁰. Self-build is exempt, along with social housing, charitable development, buildings into which people do not normally go and vacant buildings brought back into the same use²¹.
- 2.9 CIL rates should be set so that they do not threaten the viability of the sites and scale of development identified in the Local Plan²². Instead an appropriate balance should be set between the desirability of funding infrastructure from the levy and the potential viability impact²³.

¹³ PPG Paragraph: 013 Reference ID: 10-013-20140306

¹⁴ PPG Paragraph: 014 Reference ID: 10-014-20140306

¹⁵ PPG Paragraph: 025 Reference ID: 10-025-20140306

¹⁶ PPG Paragraph: 015 Reference ID: 10-015-20140306

¹⁷ PPG Paragraph: 015 Reference ID: 10-015-20140306

¹⁸ PPG Paragraph: 031 Reference ID: 23b-031-20160519

¹⁹ As described under section 157(1) of the Housing Act 1985

²⁰ PPG Paragraph: 002 Reference ID: 25-002-20140612

²¹ PPG Paragraph: 003 Reference ID: 25-003-20140612

²² PPG Paragraph: 008 Reference ID: 25-008-20140612

²³ PPG Paragraph: 009 Reference ID: 25-009-20140612

- 2.10 At examination the charging authority should also set out any known site-specific matters for which section 106 contributions may continue to be sought²⁴.
- 2.11 For the purposes of CIL, a charging authority should use an area-based approach, involving a broad test of viability across their area. This should use appropriate available evidence, recognising that the available data is unlikely to be fully comprehensive. A sample of site types should be used, with a focus on strategic sites. More fine grained sampling may be required where differential CIL rates are set. Rates should be reasonable and include a buffer, but there is no requirement for a proposed rate to exactly mirror the evidence²⁵.
- 2.12 Differential rates may be set in relation to geography, development type and/or scale. However undue complexity should be avoided and disproportionate impact avoided. The charging authority should consider a zero CIL rate for locations, strategic sites and specific development types with low, very low or zero viability (subject to state aid compliance)²⁶.

Other Guidance on Viability Testing for Residential Development

- 2.13 Guidance has been published to assist practitioners in undertaking viability studies for policy making purposes – *“Viability Testing Local Plans - Advice for planning practitioners”*²⁷. The Foreword to the Advice for planning practitioners includes support from DCLG, the LGA, the HBF, PINS and POS. PINS and the POS²⁸ state that:

“The Planning Inspectorate and Planning Officers Society welcome this advice on viability testing of Local Plans. The use of this approach will help enable local authorities to meet their obligations under NPPF when their plan is examined.”

- 2.14 The approach to viability testing adopted for this study follows the principles set out in the Advice. The Advice re-iterates that:

“The approach to assessing plan viability should recognise that it can only provide high level assurance.”

- 2.15 The Advice also comments on how viability testing should deal with potential future changes in market conditions and other costs and values and, in line with PPG, states that:

“The most straightforward way to assess plan policies for the first five years is to work on the basis of current costs and values”. (page 26)

But that:

“The one exception to the use of current costs and current values should be recognition of significant national regulatory changes to be implemented.....”(page 26)

²⁴ PPG Paragraph: 017 Reference ID: 25-017-20140612

²⁵ PPG Paragraph: 019 Reference ID: 25-019-20140612

²⁶ PPG Paragraph: 021 Reference ID: 25-021-20140612

²⁷ The guide was published in June 2012 and is the work of the Local Housing Delivery Group, chaired by Sir John Harman, which is a cross-industry group, supported by the Local Government Association and the Home Builders Federation.

²⁸ Acronyms for the following organisations - Department of Communities and Local Government, LGA Environment and Housing Board, Home Builders Federation, Planning Inspectorate, Planning Officers Society

2.16 In terms of setting a benchmark (or threshold) land value, the advice states²⁹ “We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values (noting the exceptions below)”, with the exceptions being alternative use values where there is competition from different uses; and a higher premium over existing use values for large greenfield sites.

Local Plan Policies

2.17 The NPPF is clear that viability testing should take into account, ‘...*the costs of any requirements likely to be applied to development,...*’ (Para 173). Therefore a planning policy review has been undertaken.

2.18 The draft Local Plan is currently being prepared for consultation, submission and then examination, and it will be the main planning document for Ashford. It will set out the overarching spatial strategy and development principles for the area together with more detailed policies to help determine planning applications. Prior to this report, Three Dragons has undertaken viability testing of different affordable housing and development standards policies being considered in order to inform the development of the draft Local Plan. The draft Local Plan includes the following policies that will have an impact on viability, as discussed below.

2.19 Affordable housing will be provided on developments of 10 or more dwellings³⁰ as follows:

- Ashford Town – 20% Starter Homes.
- Ashford Hinterlands - 20% Starter Homes and 10% traditional affordable housing.
- Rest of Borough - 20% Starter Homes and 20% traditional affordable housing.

2.20 The modelling includes policy compliant affordable housing. Ashford Borough Council has advised that the traditional affordable housing is evenly split affordable rent and shared ownership.

2.21 The draft Local Plan proposes that sites of more than 40 dwellings (20 dwellings in rural areas) will provide 5% of dwelling plots for self build. Self-build plots are therefore included in the case study sites.

2.22 In terms of accessibility standards the draft Local Plan proposes that:

- 7.5% of affordable rented needs to be Part M(4)3 (accessible) standard, based on an assessment of need undertaken by Ashford Borough Council.
- All other new build dwellings will be provided to PartM4(2).

2.23 The testing includes an allowance of £29,431 for 7.5% of affordable rented dwellings to meet the Part M(4)3 (accessible) standard³¹. There is an allowance of £1,661 per dwelling for all the other dwellings to meet the PartM4(2) standard³².

²⁹ Page 29, Viability Testing Local Plans - Advice for planning practitioners, 2012

³⁰ This threshold is set by Ashford Borough Council to align with the starter home threshold rather than the NPPG

³¹ Based on the cost for a 2 bed terrace house – EC Harris, 2014, Housing Standards Review Cost Impacts

³² EC Harris, 2014, Housing Standards Review Cost Impacts

- 2.24 The draft Local plan proposes that development will be required to provide 2ha of informal greenspace per 1,000 persons for developments of 50 dwellings or more³³, except for town centre sites. Therefore, in addition to the net developable area, at least 0.00494ha/dwelling has been allowed for greenspace to meet the standard required for the case studies of 50 or more dwellings in Ashford Hinterlands and Rest of Borough. In practice this is a generous provision for many of the case studies as some of the greenspace will normally be part of the net developable area as local play space, although it is recognised that the parking standards may also require some space within the net developable area. Ashford Borough Council has advised that town centre sites will generally not be required to provide this quantum of green space on site.
- 2.25 The draft Local Plan has policies relating to Homes for Family Occupation, Secure by Design, private amenity space (gardens and balconies) and parking standards (space per bedroom up to 2 spaces/3-bed dwelling and 3 spaces/4-bed dwelling):
- Dwellings built to the Nationally Described Space Standards will meet the Homes for Family Occupation draft Local Plan requirements. The dwelling sizes used in the testing meet or exceed the Nationally Described Space Standards.
 - The Council has also advised that the costs of the Secure by Design draft Local Plan Requirement will be covered by the new Building Regulations Part Q standard. £320 per dwelling has been allowed for in the testing to meet this standard³⁴.
 - Ashford Borough Council has advised that the main impact of the parking standards will be in higher density flatted town centre development, and that the flatted case study testing should include provision for 60% undercroft car parking, with remainder assumed to be provided on street.
 - The Council has advised that development is currently delivering the private amenity space standards. Therefore, no additional costs have been allowed for.
- 2.26 Junction 10a costs – a contribution towards J10a will be sought from developments generating at least 100 two-way trips between 7am and 7pm within a 5 minute isochrone of the junction.
- 2.27 The draft Local Plan requires new dwellings to meet the 110 litres of water per day standard, as well as including appropriate sustainable drainage. The viability testing includes the £9/dwelling estimated additional cost³⁵ to meet the water efficiency standard. All major non-residential development is required to achieve BREEAM 'Very Good' standard and an allowance is included in the non-residential testing. The Sustainable Drainage requirements are part of standard SuDS practice, which is a standard part of development in most cases. The policies in the draft local plan are less onerous and simpler than the requirements in the adopted 2010 Sustainable Drainage SPD and so no further allowance has been made in the testing.

³³ Average household size 2.47 -

https://haveyoursay.ashford.gov.uk/consult.ti/draft_housing_framework/viewCompoundDoc?docid=3367796&partId=3369332&voteid=

³⁴ EC Harris, 2014, Housing Standards Review Cost Impacts

³⁵ EC Harris, 2014, Housing Standards Review Cost Impacts

- 2.28 Strategic sites are expected to deliver site-specific infrastructure through s106/278. Some other sites may also provide direct mitigation by providing education and social infrastructure through s106:
- The two strategic sites tested (Court Lodge and Kennington) take account of the s106/278 costs of providing site specific infrastructure as well as the timing of the provision. See the strategic sites study section for details.
 - Some Ashford Hinterlands case studies include an additional £5,500 s106/278 in order to meet the J10a contribution requirements. In addition, other case studies are tested with additional levels of S106 to test the opportunity to directly provide infrastructure through s106.

3. VIABILITY APPROACH AND KEY ASSUMPTIONS – RESIDENTIAL DEVELOPMENT

Principles and approach

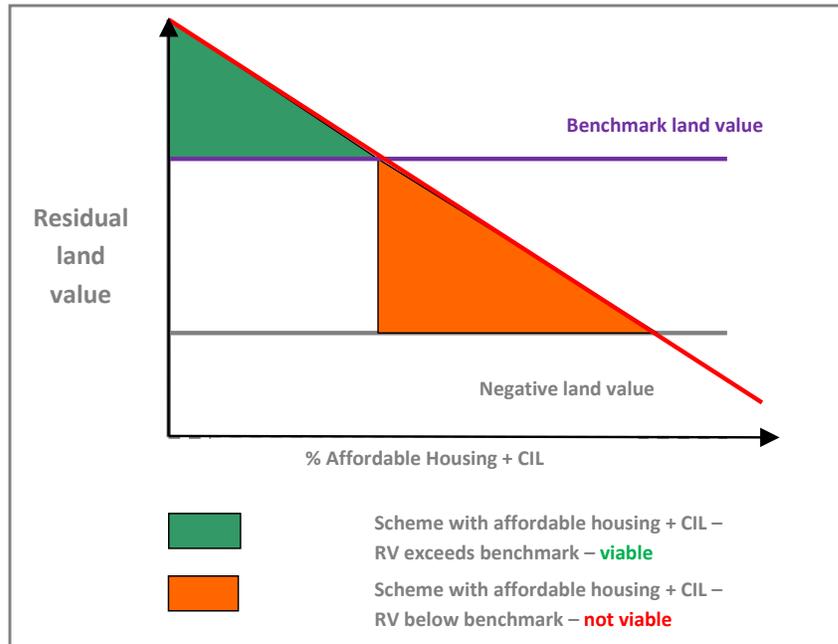
3.1 The Advice for planning practitioners summarises viability as follows:

'An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.' (page 14)

3.2 Reflecting this definition of viability, and as specifically recommended by the Advice for planning practitioners³⁶, we have adopted a residual value approach to our analysis. Residual value is the value of the completed development (known as the Gross Development Value or GDV) less the costs of undertaking the development. The residual value is then available to pay for the land. The value of the scheme includes both the value of the market housing and affordable housing. Scheme costs include the costs of building the development, plus professional fees, scheme finance and a return to the developer. Scheme costs also include planning obligations (including affordable housing, direct s106 costs and CIL) and the greater the planning obligations, the less will be the residual value. Details of the assumptions about values and costs are discussed later in this section and set out in full in Annex 3.

3.3 The residual value of a scheme is then compared with a benchmark land value. If the residual value is less than the benchmark value, then the scheme is unlikely to be brought forward for development and is considered unviable for testing purposes. If the residual value exceeds the benchmark, then it can be considered viable in terms of policy testing. Figure 3.1 below illustrates this relationship.

³⁶ See page 25 – “We recommend that the residual land value approach is taken when assessing the viability of plan-level policies and further advice is provided below on the considerations that should be given to the assumptions and inputs to a model of this type.”

Figure 3-1: Relationship of residual value and benchmark land value

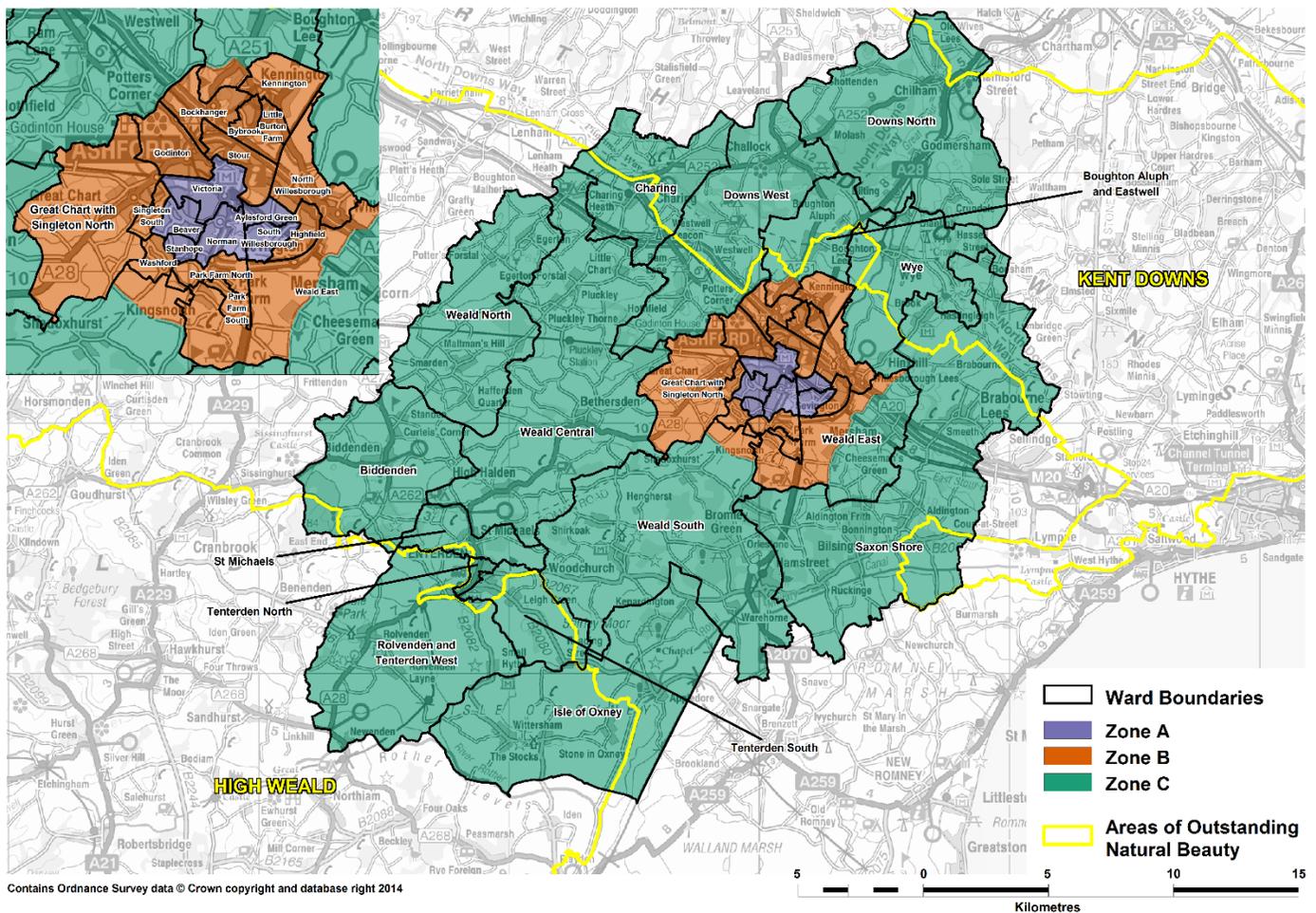
RV – residual value

Assumptions used in the testing

- 3.4 A full set of assumptions used in the testing is set out in Annex 3. This includes the market values for the sale housing. Initial house prices were discussed at a developer workshop in April 2015. An update was undertaken using new build dwelling sales data in March 2016, with these estimates checked and refined through interviews with estate agents active in Ashford Borough³⁷.
- 3.5 The borough is divided into three value areas – Ashford Town (Zone A), Ashford Hinterlands (Zone B) and Rest of Borough (Zone C) – see Figure 3.2 below. Table 3.2 then sets out the indicative market values for new build properties used in the testing. This is an area wide approach so within all value areas, there will be local variations in selling prices.
- 3.6 Small scale “one-off” developments (up to three dwellings) are also known to support higher values, related to the bespoke nature of this scale of development. While some one-off developments with special design and space standards will produce very high values, this viability assessment has sought to model dwellings that are similar to the types of dwellings that may also be built as part of larger developments. Based on experience, it has been assumed that these dwellings will command a 5% premium over their estate counterparts.

³⁷ Saddlers, Geering & Colyer, Martins Estates, Ward & Partners, Gould & Harrison

Figure 3-2: Ashford residential market value areas



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Figure 3-3: Market values used in testing

Location	Detached			Semi-detached		Terrace			Flats	
sq m	140	125	110	106	95	97	84	70	61	50
	5 Bed	4 Bed	3 Bed	4 Bed	3 Bed	4 Bed	3 Bed	2 Bed	2 Bed	1 Bed
Ashford Hinterlands	£380,000	£345,000	£305,000	£280,000	£265,000	£270,000	£250,000	£215,000	£150,000	£130,000
Ashford Town	£365,000	£325,000	£285,000	£260,000	£240,000	£245,000	£230,000	£200,000	£145,000	£130,000
Rest of Borough	£490,000	£425,000	£380,000	£330,000	£305,000	£290,000	£255,000	£230,000	£180,000	£155,000

3.7 Other key assumptions used in the testing are:

- All of the testing includes policy compliant affordable housing:
 - Developments of 9 dwellings or fewer have no affordable housing.
 - In Ashford Town testing is undertaken with 20% Starter Homes.

- In Ashford Hinterlands testing is undertaken with 20% Starter Homes and 10% affordable housing.
- In Rest of Borough testing is undertaken with 20% Starter Homes and 20% affordable housing.
- The affordable tenures are 50% rented and 50% shared ownership. Rental values and capitalisation have been checked with Registered Providers active in the Borough. This takes account of the changes to rents and benefits announced in the Summer 2015 budget.
- Basic build costs are derived from Building Cost Information Service (BCIS) data³⁸, are adjusted to take into account the location factor for the borough and include an allowance of 15% for external works. Different costs are used for different dwelling types and by scale of development, acknowledging the higher build costs associated with very small developments. Single dwellings used the BCIS 'one-off' costs and developments of 2 and 3 dwellings used a 5% premium over standard build costs³⁹.
- Build costs are also adjusted to take account of the new security requirements forming Part Q of building regulations and the water efficiency standard required as part of the draft Local Plan policies.
- Further costs are allowed for the draft Local Plan policy requirement that 7.5% of affordable rent dwellings are built to Part M(4)3b (c.£29,341/dwg) and all other affordable, starter and market homes are built to Part M(4)2 accessibility standards (c.£1,661/dwg).
- We assume development will still have to meet a residual s106 and s278 cost⁴⁰ and, on advice from the Council, we have used a general figure of £2,00 per dwelling to cover on site provision for open space and local transport improvements. Sensitivity testing has also been undertaken to include £5,500/dwg for Junction 10a costs (applied to nearby developments) and other, higher s106/278 amounts as advised by Ashford Borough Council. Generally, infrastructure is assumed to be paid for by CIL or other public funding, except where it is specifically required to mitigate impacts from the large sites (including strategic sites where much of the infrastructure is expected to be directly provided by development rather than CIL). The costs of providing this infrastructure through s106/278 for larger and strategic sites have been included within the specific case studies. Details of the costs are discussed in Sections 5 and 6.
- Strategic sites (Court Lodge and Kennington) are assumed to incur additional costs of £200,000 per net hectare for opening up the sites and providing serviced parcels of land

³⁸ Accessed March 2016

³⁹ Correspondence with BCIS has confirmed that it is single dwellings that are likely to have significantly increased build costs.

⁴⁰ Section 278 agreements allow developers to either pay for or undertake works relating to public highways. Typically this will relate to the works necessary to connect development to the highway network but it may also include offsite works. S278 may also include a bond to ensure works are undertaken.

for development. These are in addition to the external works allowance of 15% of construction costs. The larger non-strategic case study sites used in the testing have an allowance £50,000 - £150,000 for opening up costs.

Land Value Benchmarks

- 3.8 The land value benchmark is an estimate of the lowest cost that a willing landowner would sell land for development. The concept of a benchmark land value attempts to balance two factors: a) land can only be worth what the highest value permissible development can afford to pay for it; and b) landowners will require some premium over the existing use value in order to incentivise a sale. Note that where development is able to pay more for land, then it is likely that transactions will be above the benchmark land value, particularly when different developers are competing for the same piece of land.
- 3.9 Guidance⁴¹ specifies that the benchmark land value should be based on a premium over current use values/credible alternative use value. Although some advocate the use of market values to set benchmarks, these were not considered useful by the London Mayoral CIL examiner⁴² or recent RICS research⁴³, as using market values introduces a circularity, which encourages developers to overpay for sites and to try to recover some or all of this overpayment via reductions in planning obligations. However, market values do provide a perspective on land values and are worth considering as comparators. Guidance requires that land values reflect national and local planning policy requirements. See Annex 4 for further details of the benchmark land values assessment.
- 3.10 The benchmark land values used in the viability testing are:

Location	Type	£/gross ha	Notes
Ashford/Ashford Hinterlands	Urban/edge of urban	£700,000	Based on premium over EUV + review
Ashford Hinterlands	Larger sites intermediate benchmark	£450,000	Mid-point for larger non-strategic sites with additional costs
Ashford Hinterlands and Rest of Borough	Strategic greenfield sites	£300,000	Based on a multiple of agricultural values
Rest of Borough	Infill/edge of settlement	£1,300,000	Based on review
Industrial/office	Accessible sites	£482,000	VOA/DCLG
Other standard non-residential uses	Accessible sites	£626,000	Premium over industrial use values

⁴¹ Local Housing Delivery Group, 2012, Viability Testing Local Plans

⁴² Report to The Mayor of London, by Keith Holland January 2012

⁴³ RICS, 2015, Financial Viability Appraisal in Planning Decisions: Theory and Practice

Higher value non-residential uses	Accessible sites	£1,300,000	Benchmarked against highest residential benchmark
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Testing undertaken

3.11 The viability testing undertaken is split into three types:

- Using a notional 1 ha development scheme with different densities of development. For each density tested, there is a different mix of dwelling types with more smaller dwellings (including flats) in the higher density schemes.
- A series of case studies that represent the types of development provided for in the draft Local Plan, but which might be brought forward as windfall schemes or smaller allocations in due course. The case studies were informed by the draft Local Plan, allocated sites and experience of past development patterns. The case studies range in size from 1 dwelling to 600 dwellings.
- Strategic sites testing, based on the sites identified in the draft Local Plan. Ashford Borough Council has advised on the choice of sites to be tested as well as providing details of policy compliant land budgets and the costs of providing the site specific infrastructure (noting that on the strategic sites it is expected that the development will directly provide much of the site infrastructure). These infrastructure costs are in addition to the base build, costs, external works and opening up costs discussed above.

3.12 The 1 ha tile and case study/strategic sites testing are complementary. The 1 ha tiles provide a picture of the underlying viability of residential development and what this means for different densities of development and potential CIL, as well as the impact of providing a proportion of social rent within the affordable housing rented tenure. The case studies then highlight where site types differ in their viability compared with the average of the 1 ha tiles and this is then used to review the potential CIL rate. The testing for the strategic sites is then used to determine whether site specific CIL rates may be appropriate in response to the particular infrastructure and other costs for on these sites.

4 VIABILITY TESTING – NOTIONAL 1 HA TILE

Introduction

4.1 This section of the report sets out the viability assessments for the 1 ha notional tiles. These are used to explore the underlying viability trends across the borough and arrive at a high level assessment of the amount of CIL that can be sustained at a policy compliant level of starter homes and affordable housing. The testing takes account of the other policy obligations discussed in section 3.

Types of tile tested

4.2 Fifteen notional 1 ha schemes were tested as follows:

- At 40 dph, 50 dph and 90 dph in Ashford Town.
- At 20 dph, 25 dph, 30 dph, 35dph, 40 dph and 50 dph in the Ashford Hinterlands.
- At 20 dph, 25 dph, 30 dph, 35dph, 40 dph and 50 dph in the Rest of Borough

4.3 All of the testing includes 20% starter homes. In Ashford Hinterlands there is also 10% affordable housing, split 50% affordable rent and 50% starter homes. Self build is not included.

4.4 The testing is against the £0.7m/ha benchmark in Ashford Town and Ashford Hinterlands and the £1.3m/ha benchmark in the Rest of Borough.

4.5 There is an allowance of £2,000/dwelling s106/278 residual s106 to mitigate any direct impacts – likely to be on site greenspace/local children’s plan and minor direct transport measures.

1 ha tile results

4.6 The results presented below show the residual value of the 1 hectare schemes, the theoretical maximum CIL and the potential CIL with a 30% buffer.

Figure 4.1 1 ha tiles Residual Values and Potential CIL Rates

Market Value Area	DPH	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)	CIL With Buffer
Ashford Town	40	822,000	700,000	122,000	£47	£33
Ashford Town	50	557,000	700,000	-143,000	£0	£0
Ashford Town	90	-2,416,000	700,000	-3,116,000	£0	£0
Ashford Hinterland	20	726,000	700,000	26,000	£15	£11
Ashford Hinterland	25	872,000	700,000	172,000	£90	£63
Ashford Hinterland	30	883,000	700,000	183,000	£91	£64
Ashford Hinterland	35	955,000	700,000	255,000	£116	£81
Ashford Hinterland	40	1,063,000	700,000	363,000	£159	£111
Ashford Hinterland	50	795,000	700,000	95,000	£37	£26

Market Value Area	DPH	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)	CIL With Buffer
Rest of Borough	20	1,359,000	1,300,000	59,000	£41	£29
Rest of Borough	25	1,480,000	1,300,000	180,000	£110	£77
Rest of Borough	30	1,401,000	1,300,000	101,000	£59	£41
Rest of Borough	35	1,452,000	1,300,000	152,000	£81	£56
Rest of Borough	40	1,400,000	1,300,000	100,000	£51	£36
Rest of Borough	50	1,100,000	1,300,000	-200,000	£0	£0

Commentary

- 4.7 The residual values vary considerable between the different value zones, even with the higher levels of affordable housing required in the higher value areas. For example, a 50 dph scheme has a residual value of £1.1m with 20% affordable housing in the Rest of Borough compared with £0.6m in Ashford Town.
- 4.8 In Ashford Town only the 40 dph scheme is viable and able to support a CIL. The 50 dph scheme produces a positive residual, but this is not sufficient to meet the benchmark. The 90 dph scheme (which is a flatted development) is not viable.
- 4.9 In the Ashford Hinterlands development is viable across the range of densities tested. The strongest densities are in the 25 dph to 40 dph range (which covers most of the likely types of development in the value area). 40 dph is the most viable and able to support a theoretical maximum CIL of £159/sq m (£111 with a buffer), while development at 30/35 dph is able to support a theoretical maximum CIL of £91-£116/sq m (£64-£81/sq m with a buffer).
- 4.10 In the Rest of Borough, all of the development tested except for 50 dph is viable. 25 dph is the most viable density, with a theoretical maximum CIL of £110/sq m (£77/sq m with a buffer), while development at 30/35 dph is able to support a theoretical maximum CIL of £59-£81/sq m (£41-£56/sq m with a buffer).
- 4.11 These 1 ha tile findings suggest that
- Where starter homes are required it is unlikely that a CIL can be supported in Ashford Town, particularly as the development planned for in this location has a focus on higher density flatted schemes.
 - In the Ashford Hinterlands, most of the 1 ha tiles can support a CIL of at least £60/sq m including a buffer, except the highest and lowest density schemes tested.
 - In the Rest of Borough the findings are more variable, with 25 dph able to support a CIL of up to £77/sq m.
- 4.12 These potential CIL rates are then considered against the case studies in the following sections of this report.

5 RESIDENTIAL VIABILITY TESTING – CASE STUDY SITES

Introduction

- 5.1 The viability assessments use a number of case study sites which reflect typical sites likely to be brought forward in the borough. The case studies were derived in consultation with the Council and draw on information about recent planning permissions and the type of development identified in the draft Local Plan. The large scale strategic sites are tested separately and reported later in this report.
- 5.2 Figure 5.1 below sets out the small case study sites used for testing. These include a number of sensitivity tests with different s106/278 costs, in order to explore the impact of higher s106/278 on the ability to support a CIL. Some of the higher s106/278 costs include £5,500/dwelling for developments contributing towards Junction 10a, while the other s106/278 sensitivity tests reflect the Council's intention to deliver some infrastructure to serve development through this mechanism, particularly on the larger non-strategic sites. The separate Infrastructure Delivery Plan published as part of the draft Local Plan evidence base provides an overview of infrastructure requirements in the borough and the funding strategy.
- 5.3 The non-strategic case studies with over 50 dwellings in Ashford Hinterlands and the Rest of Borough include policy compliant green space provision as a minimum net to gross adjustment (see Section 2). The flatted case studies in Ashford include provision for undercroft parking (again see Section 2).
- 5.4 Larger schemes include an allowance for opening up costs, to reflect the higher costs associated with making larger sites ready for development. Larger schemes are also tested against lower benchmark land values, which reflect the additional costs and lower net developable area.
- 5.5 There are various cost and value differences around the smallest case studies and therefore the case study testing is undertaken either side of the differences. These differences have been discussed in more detail in section 3 and are summarised as:
- Higher build costs for single dwellings, using BCIS 'one off development' build costs.
 - 5% build cost premium for 2 and 3 dwelling developments.
 - 5% 'exclusivity' premium for 1-3 dwellings.
- 5.6 The implementation of the affordable housing policy in the draft Local Plan will require developments of 10 dwellings or more to provide affordable housing, in line with the requirement to provide Starter Homes. The viability testing takes this into account as well as providing a sensitivity test in line with the NPPG threshold of 11 dwellings or more.
- 5.7 Schemes considered to take over a year to complete (10 dwellings or above) are assessed using a discounted cash flow.
- 5.8 The case studies also include sheltered accommodation.

Figure 5-1: Non-strategic case study sites

Case study	Site	Market value area	Total dwgs	Net site area (ha)	Dph	Gross site size (ha)	Net to gross	% AH/ SH	% self build	Dwg mix	£106 / dwg	Delivery	Opening up/ net ha	Benchmark/ gross ha	Site Specific Infrastructure, including phasing and cost where known.
1	Houses	Ashford Town	1	0.03	40	0.03	100%	0%	0%	4bd	£2,000	Yr 1		£700,000	
2	Houses	Ashford Town	2	0.05	40	0.05	100%	0%	0%	2x3bd	£2,000	Yr 1		£700,000	
3	Houses	Ashford Town	3	0.08	40	0.08	100%	0%	0%	3x3bd	£2,000	Yr 1		£700,000	
4	Houses	Ashford Town	4	0.10	40	0.10	100%	0%	0%	4x4bd	£2,000	Yr 1		£700,000	
5, 6	Houses	Ashford Town	10	0.25	40	0.25	100%	0%/ 20%	0%	40dph mix	£2,000	1 yr to first completion then 10pa		£700,000	
7	Houses	Ashford Town	20	0.50	40	0.50	100%	20% SH	0%	40dph mix	£2,000	1 yr to first completion then 20pa		£700,000	
8	Houses	Ashford Town	100	2.50	40	2.75	91%	20% SH	0%	40dph mix	£2,000	1 yr to first completion then 50pa		£450,000	
9	Houses	Ashford Town	200	5.00	40	5.88	85%	20% SH	0%	40dph mix	£2,000	1 yr to first completion then 50pa		£450,000	
10	Houses + J10a	Ashford Town	200	5.00	40	5.88	85%	20% SH	0%	40dph mix	£2,000 + £5,500	1 yr to first completion then 50pa		£450,000	
11	Flatted development	Ashford Town	200	2.22	90	2.22	100%	20% SH	0%	90dph mix	£2,000	Blocks of 50 with year to first completion and sales over the following year		£700,000	60% undercroft parking (540 spaces)
12-14	Houses	Ashford Town	350	8.75	40	10.94	80%	20% SH	0%	40dph mix	£10,000 £12,000 £15,000	1 yr to first completion then 50pa	£150,000	£450,000	

Case study	Site	Market value area	Total dwgs	Net site area (ha)	Dph	Gross site size (ha)	Net to gross	% AH/ SH	% self build	Dwg mix	£106 / dwg	Delivery	Opening up/ net ha	Benchmark/ gross ha	Site Specific Infrastructure, including phasing and cost where known.
15	Flatted development	Ashford Town	600	6.67	90	6.67	100%	20% SH	0%	90dph mix	£2,000	Blocks of 50 with year to first completion and sales over the following year		£700,000	60% undercroft parking (540 spaces)
16	Houses	Ashford Hinterlands	1	0.03	35	0.03	100%	0%	0%	4bd	£2,000	Yr 1		£700,000	
17	Houses	Ashford Hinterlands	2	0.06	35	0.06	100%	0%	0%	2x4bd	£2,000	Yr 1		£700,000	
18	Houses	Ashford Hinterlands	3	0.09	35	0.09	100%	0%	0%	3x4bd	£2,000	Yr 1		£700,000	
19	Houses	Ashford Hinterlands	4	0.11	35	0.11	100%	0%	0%	4x4bd	£2,000	Yr 1		£700,000	
20, 21	Houses	Ashford Hinterlands	10	0.29	35	0.29	100%	0%/ 10% AH + 20% SH	0%	35 dph mix	£2,000	1 yr to first completion then 10pa		£700,000	
22	Houses	Ashford Hinterlands	20	0.57	35	0.57	100%	10% AH + 20% SH	0%	35 dph mix	£2,000	1 yr to first completion then 20pa		£700,000	
23 - 27	Houses	Ashford Hinterlands	55	1.57	35	1.65	95%	10% AH + 20% SH	5%	35 dph mix	£2,000 £7,500 £10,000 £12,000 £15,000	1 yr to first completion then 55pa	£50,000	£700,000	
28-31	Houses	Ashford Hinterlands	110	3.67	30	4.07	90%	10% AH + 20% SH	5%	30 dph mix	£7,500 £10,000 £12,000 £15,000	1 yr to first completion then 50pa	£100,000	£450,000	
32	Houses	Ashford Hinterlands	200	6.67	30	7.84	85%	10% AH + 20% SH	5%	30 dph mix	£2,000	1 yr to first completion then 50pa	£150,000	£450,000	

Case study	Site	Market value area	Total dwgs	Net site area (ha)	Dph	Gross site size (ha)	Net to gross	% AH/ SH	% self build	Dwg mix	£106 / dwg	Delivery	Opening up/ net ha	Benchmark/ gross ha	Site Specific Infrastructure, including phasing and cost where known.
33-36	Houses + J10a	Ashford Hinterlands	200	6.67	30	7.84	85%	10% AH + 20% SH	5%	30 dph mix	£7,500 £10,000 £12,000 £15,000	1 yr to first completion then 50pa	£150,000	£450,000	
37-39	Houses + offsite s106	Ashford Hinterlands	300	10.00	30	12.50	80%	10% AH + 20% SH	5%	30 dph mix	£10,000 £12,000 £15,000	1 yr to first completion then 75pa (2 developers)	£150,000	£300,000	
40	Houses + offsite s106 + J10a	Ashford Hinterlands	300	10.00	30	12.50	80%	10% AH + 20% SH	5%	30 dph mix	£20,500	1 yr to first completion then 75pa (2 developers)	£150,000	£300,000	
41	Houses	Rest of Borough	1	0.04	25	0.04	100%	0%	0%	4bd	£2,000	Yr 1		£1,300,000	
42	Houses	Rest of Borough	2	0.08	25	0.08	100%	0%	0%	2x4bd	£2,000	Yr 1		£1,300,000	
43	Houses	Rest of Borough	3	0.12	25	0.12	100%	0%	0%	1x4bd 2x5bd	£2,000	Yr 1		£1,300,000	
44	Houses	Rest of Borough	4	0.16	25	0.16	100%	0%	0%	2x4bd 2x5bd	£2,000	Yr 1		£1,300,000	
45, 46	Houses	Rest of Borough	10	0.40	25	0.40	100%	0%/ 20% AH + 20% SH	0%	25dph mix	£2,000	1 yr to first completion then 10pa		£1,300,000	
47,48	Houses	Rest of Borough	11	0.44	25	0.44	100%	20% + 20% SH	0%	25dph mix	£2,000 £8,000	1 yr to first completion then 11pa		£1,300,000	
49,50	Houses	Rest of Borough	20	0.80	25	0.80	100%	20% + 20% SH	5%	25dph mix	£2,000 £8,000	1 yr to first completion then 20pa		£1,300,000	
51,52	Houses	Rest of Borough	40	1.33	30	1.33	100%	20% + 20% SH	5%	30dph mix	£2,000 £8,000	1 yr to first completion then 40pa		£1,300,000	
53,54	Houses	Rest of Borough	225	7.50	30	8.82	85%	20% + 20% SH	5%	30dph mix	£2,000 £8,000	1 yr to first completion then 50pa	£150,000	£300,000	

Case study	Site	Market value area	Total dwgs	Net site area (ha)	Dph	Gross site size (ha)	Net to gross	% AH/ SH	% self build	Dwg mix	£106 / dwg	Delivery	Opening up/ net ha	Benchmark/ gross ha	Site Specific Infrastructure, including phasing and cost where known.
Sheltered															
61-63		Ashford Hinterlands	100	0.8	125	0.8	100%	30%, 15% 0% AH	0%	50x1bf, 50x2bf	£2,000			£700,000	Plus 30% circulation/comm on areas
64-66		Rest of Borough	100	0.8	125	0.8	100%	40%, 20% 0% AH	0%	50x1bf, 50x2bf	£2,000			£1,300,000	Plus 30% circulation/comm on areas

Smaller Case Studies – 1-10 dwellings

5.9 The smaller case studies do not have to provide affordable housing, except for the 10 dwelling scheme. The testing includes a sensitivity test around 10 dwellings schemes being exempt from providing affordable housing in case the threshold is changed. Figure 5.2 below illustrates the residual value per hectare for the smaller case study schemes.

Commentary

- 5.10 The viability of development remains stronger in the higher value rest of borough than in the Ashford Hinterlands and Ashford Town.
- 5.11 The higher build costs associated with single dwellings suggest that they may find it difficult to support a CIL in any of the three locations. However, it is likely that almost all single dwellings will come forward as self-build (i.e. exempt from CIL) and so in practice this may make little difference.
- 5.12 The requirement to provide starter homes and affordable housing makes a considerable difference to the viability of the two alternative 10 dwelling schemes, and the ability to support a CIL.
- 5.13 In Ashford town, development is able to support a theoretical maximum CIL of between £111-£176/sq m where no starter homes or affordable housing is required (£77-£123/sq m with a buffer). Where starter homes or affordable housing is required, the ability to support a CIL falls to £45/sq m (£31/sq m with a buffer).
- 5.14 In Ashford Hinterlands, development is able to support a theoretical maximum CIL of between £209-£296/sq m where no starter homes or affordable housing is required (£146-£207/sq m with a buffer). Where starter homes or affordable housing is required, the ability to support a CIL falls to £94/sq m (£66/sq m with a buffer).
- 5.15 In Rest of Borough, development is able to support a theoretical maximum CIL of between £363-£544/sq m where no starter homes or affordable housing is required (£254-£381/sq m with a buffer). Where starter homes or affordable housing is required, the ability to support a CIL falls to £53/sq m (£37/sq m with a buffer).
- 5.16 These findings indicate:
- Where no starter homes or affordable housing is required, development could support:
 - £77/ sq m or more (including a buffer) in Ashford Town
 - £146/sq m or more (including a buffer) in Ashford Hinterlands
 - £254/sq m or more (including a buffer) in Rest of Borough
 - These rates might be rounded to £75/sq m in Ashford Town, £145/sq m in Ashford Hinterlands and £250/sq m in Rest of Borough.
 - Single dwellings could be £0 rated for CIL but as most are likely to be self-build it will make little difference.

- 5.17 Ashford Borough Council has reviewed the draft CIL rates and considers that the rate of £254/sq m for small sites in the Rest of Borough may be high compared to neighbouring authorities and therefore put development in the borough at risk. Instead a rate of £200/sq m is being considered, which would give the opportunity for a increased s106/278 to mitigate site impacts. This rate is clearly within the findings discussed above.

Figure 5-2 Smaller Case Studies Residual Value and Potential CIL

Case Study	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/278 dwg	Opening up / net ha	Gross to net	Scheme residual value	Residual value per ha	Benchmark per ha	RV less benchmark	Max CIL (£/sq m)	CIL with Buffer
1	Ashford Town	1	0%	0%	0%	2,000		100%	-90,000	-3,600,000	700,000	-4,300,000	£0	0
2	Ashford Town	2	0%	0%	0%	2,000		100%	71,000	1,420,000	700,000	720,000	£164	£115
3	Ashford Town	3	0%	0%	0%	2,000		100%	107,000	1,426,667	700,000	726,667	£165	£116
4	Ashford Town	4	0%	0%	0%	2,000		100%	158,000	1,580,000	700,000	880,000	£176	£123
5	Ashford Town	10	0%	0%	0%	2,000		100%	265,267	1,061,068	700,000	361,068	£111	£77
6	Ashford Town	10	20%	0%	0%	2,000		100%	204,161	816,644	700,000	116,644	£45	£31
16	Ashford Hinterland	1	0%	0%	0%	2,000		100%	-73,000	-2,433,333	700,000	-3,133,333	£0	0
17	Ashford Hinterland	2	0%	0%	0%	2,000		100%	116,000	1,933,333	700,000	1,233,333	£296	£207
18	Ashford Hinterland	3	0%	0%	0%	2,000		100%	171,000	1,900,000	700,000	1,200,000	£288	£202
19	Ashford Hinterland	4	0%	0%	0%	2,000		100%	218,000	1,981,818	700,000	1,281,818	£282	£197
20	Ashford Hinterland	10	0%	0%	0%	2,000		100%	390,394	1,346,186	700,000	646,186	£209	£146
21	Ashford Hinterland	10	20%	10%	0%	2,000		100%	262,184	904,083	700,000	204,083	£94	£66
41	Rest of Borough	1	0%	0%	0%	2,000		100%	-9,000	-225,000	1,300,000	-1,525,000	£0	0
42	Rest of Borough	2	0%	0%	0%	2,000		100%	240,000	3,000,000	1,300,000	1,700,000	£544	£381

Case Study	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/278 dwg	Opening up / net ha	Gross to net	Scheme residual value	Residual value per ha	Benchmark per ha	RV less benchmark	Max CIL (£/sq m)	CIL with Buffer
43	Rest of Borough	3	0%	0%	0%	2,000		100%	405,000	3,375,000	1,300,000	2,075,000	£615	£430
44	Rest of Borough	4	0%	0%	0%	2,000		100%	491,000	3,068,750	1,300,000	1,768,750	£534	£374
45	Rest of Borough	10	0%	0%	0%	2,000		100%	917,270	2,293,175	1,300,000	993,175	£363	£254
46	Rest of Borough	10	20%	20%	0%	2,000		100%	555,091	1,387,728	1,300,000	87,728	£53	£37
	SH – starter homes AH – affordable homes													

Large Case Studies – 10-600 dwellings

- 5.18 The larger case studies are above the affordable housing and starter home threshold and so the testing includes these. Development in all the three value areas includes 20% starter homes and in Ashford Hinterlands development also includes 10% affordable housing and in Rest of Borough 20% affordable housing. A 10 dwelling case study is included in this testing as well as the smaller case study testing discussed above as it is likely that affordable housing as well as starter homes will be required for this scale of development.
- 5.19 The standard benchmark land value is applied to sites generally (£0.7m in Ashford and Ashford Hinterlands; and £1.3m in Rest of Borough). For larger sites (100+ dwellings) the intermediate benchmark is used (£0.45m/ha in Ashford and Ashford Hinterlands), except where the larger development is anticipated to be on greenfield land, when the strategic greenfield benchmark is used (£0.3m/ha in all value zones).
- 5.20 Larger case studies include 5% self-build (40 dwellings+ in urban areas, 20 dwellings+ in rural areas).

Commentary

Ashford Town

- 5.21 In Ashford Town the 10, 20, 100 and 200 dwelling developments are viable with 20% starter homes and £2,000 per dwelling s106. The developments that are viable can support a CIL of at least £45/sq m (£31/sq m with a buffer).
- 5.22 The 200 dwelling case study in Ashford Town is also tested with higher levels of s106/278, and is viable with £7,500/dwelling (and able to support a theoretical maximum CIL of £57/sq m, £40/sq m with a buffer).
- 5.23 The 350 dwelling case study in Ashford Town is tested with £10,000, 12,000 and £15,000/dwelling s106/278. The case study produces a positive residual value with £10,000, and £12,000/dwelling, but below the benchmark. With some flexibility about policy standards and/or site value this case study may be able to proceed with this level of s106/278, but it will not be able to support a CIL payment.
- 5.24 The flatted developments tested in Ashford Town do not produce a positive residual value and are unable to support a CIL. In order for these schemes to come forward there may have to be negotiations about the policy standards required and/or some flexibility about the site value.
- 5.25 Setting a CIL rate for Ashford Town is complicated by the varying viability between different development types, as well as the different levels of s106/278 that may be required. It would be possible to set a rate of at least £30/sq m including a buffer but this could not be supported by flatted development or the larger sites that may be required to provide higher levels of s106. A £0/sq m rate may be appropriate in order to ensure development is not jeopardised.

Ashford Hinterlands

- 5.26 In the Ashford Hinterlands the 10, 20, 55 and 200 dwelling case studies are viable with a 20% starter homes, 10% affordable housing and £2,000/dwelling s106/278. The 200 dwelling case

study is also viable with £7,500/dwelling s106/278, although the 55 dwelling case study is marginally unviable with £7,500/dwelling s106/278.

- 5.27 The 110 dwelling case study is tested with £7,500, £10,000, £12,000 and £15,000/ dwelling s106/278. It is viable up to £12,000/dwelling and marginally unviable at £15,000/dwelling.
- 5.28 The 300 dwelling case study in Ashford Hinterlands is tested with £10,000, £12,000 £15,000 and £20,500/ dwelling s106/278. It is viable up to £15,000/dwelling and marginally unviable at £20,500/dwelling.
- 5.29 A CIL rate of £30/sq m including a buffer could be supported by all the cases studies tested in Ashford Hinterlands, subject to the level of s106/278 required. This rate can be supported by:
- 10 dwellings with 20% starter homes and 10% affordable housing, £2,000/dwelling s106/278
 - 20 dwellings with 20% starter homes and 10% affordable housing, £2,000/dwelling s106/278
 - 55 dwellings with 20% starter homes and 10% affordable housing, £2,000/dwelling s106/278
 - 110 dwellings with 20% starter homes and 10% affordable housing, £10,000/dwelling s106/278
 - 200 dwellings with 20% starter homes and 10% affordable housing, £7,500/dwelling s106/278
 - 300 dwellings with 20% starter homes and 10% affordable housing, £15,000/dwelling s106/278

Rest of Borough

- 5.30 In the Rest of Borough, the case studies tested are all viable except for the 20 and 40 dwelling schemes with £8,000/dwelling s106/278, both of which are marginally unviable with this level of obligation. With £2,000/dwelling both the 20 and 40 dwelling schemes are viable.
- 5.31 The CIL that can be supported in the Rest of Borough varies depending on the scheme and the s106/278 required. A rate of £65/sq m could be supported by most of the case studies tested (subject to the level of s106/278), although this would leave the 10 dwelling case study unviable and a smaller buffer for the 20 dwelling case study. It may be prudent to consider a rate of c. £60/sq m, which would provide a bit more buffer for the 20 dwelling scheme. Development such as the 10 dwelling scheme would still have a substantial positive residual even with a CIL of £60/sq m and may be able to proceed with some flexibility over site value.

Figure 5-3 Larger Case Studies Residual Value and Potential CIL

Case Study	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/278 dwg	Opening up / net ha	Gross to net	Scheme residual value	Residual value per ha	Benchmark per ha	RV less benchmark	Max CIL (£/sq m)	CIL with Buffer
5	Ashford Town	10	0%	0%	0%	2,000		100%	265,267	1,061,068	700,000	361,068	£111	£77
6	Ashford Town	10	20%	0%	0%	2,000		100%	204,161	816,644	700,000	116,644	£45	£31
7	Ashford Town	20	20%	0%	0%	2,000		100%	446,045	892,090	700,000	192,090	£74	£51
8	Ashford Town	100	20%	0%	0%	2,000		91%	2,185,015	795,345	450,000	345,345	£132	£93
9	Ashford Town	200	20%	0%	0%	2,000		85%	4,524,071	769,092	450,000	319,092	£122	£85
10	Ashford Town	200	20%	0%	0%	7,500		85%	3,521,636	598,678	450,000	148,678	£57	£40
11 Flats	Ashford Town	200	20%	0%	0%	2,000		100%	-6,382,835	-2,875,151	700,000	-3,575,151	£0	0
12	Ashford Town	350	20%	0%	0%	10,000	150,000	80%	4,243,624	387,988	450,000	-62,012	£0	0
13	Ashford Town	350	20%	0%	0%	12,000	150,000	80%	3,677,716	336,248	450,000	-113,752	£0	0
14	Ashford Town	350	20%	0%	0%	15,000	150,000	80%	2,756,849	252,055	450,000	-197,945	£0	0
15 Flats	Ashford Town	600	20%	0%	0%	2,000		100%	-17,193,420	-2,577,724	700,000	-3,277,724	£0	0
20	Ashford Hinterland	10	0%	0%	0%	2,000		100%	390,394	1,346,186	700,000	646,186	£209	£146
21	Ashford Hinterland	10	20%	10%	0%	2,000		100%	262,184	904,083	700,000	204,083	£94	£66
22	Ashford Hinterland	20	20%	10%	0%	2,000		100%	565,844	992,709	700,000	292,709	£133	£93

Case Study	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/278 dwg	Opening up / net ha	Gross to net	Scheme residual value	Residual value per ha	Benchmark per ha	RV less benchmark	Max CIL (£/sq m)	CIL with Buffer
23	Ashford Hinterland	55	20%	10%	5%	2,000	50,000	85%	1,484,943	803,950	700,000	103,950	£50	£35
24	Ashford Hinterland	55	20%	10%	5%	7,500	50,000	85%	1,224,310	662,843	700,000	-37,157	£0	0
25	Ashford Hinterland	55	20%	10%	5%	10,000	50,000	85%	1,105,841	598,704	700,000	-101,296	£0	0
26	Ashford Hinterland	55	20%	10%	5%	12,000	50,000	85%	1,011,065	547,392	700,000	-152,608	£0	0
27	Ashford Hinterland	55	20%	10%	5%	15,000	50,000	85%	868,902	470,425	700,000	-229,575	£0	0
28	Ashford Hinterland	110	20%	10%	5%	7,500	100,000	87%	2,573,221	610,001	450,000	160,001	£86	£60
29	Ashford Hinterland	110	20%	10%	5%	10,000	100,000	87%	2,334,003	553,292	450,000	103,292	£56	£39
30	Ashford Hinterland	110	20%	10%	5%	12,000	100,000	87%	2,142,629	507,926	450,000	57,926	£31	£22
31	Ashford Hinterland	110	20%	10%	5%	15,000	100,000	87%	1,855,569	439,876	450,000	-10,124	£0	0
32	Ashford Hinterland	200	20%	10%	5%	2,000	150,000	85%	5,149,843	656,277	450,000	206,277	£109	£76
33	Ashford Hinterland	200	20%	10%	5%	7,500	150,000	85%	4,197,530	534,918	450,000	84,918	£45	£31
34	Ashford Hinterland	200	20%	10%	5%	10,000	150,000	85%	3,764,660	479,754	450,000	29,754	£16	£11
35	Ashford Hinterland	200	20%	10%	5%	12,000	150,000	85%	3,418,365	435,624	450,000	-14,376	£0	0
36	Ashford Hinterland	200	20%	10%	5%	15,000	150,000	85%	2,898,921	369,428	450,000	-80,572	£0	0
37	Ashford Hinterland	300	20%	10%	5%	10,000	150,000	80%	6,116,730	489,338	300,000	189,338	£100	£70

Case Study	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/278 dwg	Opening up / net ha	Gross to net	Scheme residual value	Residual value per ha	Benchmark per ha	RV less benchmark	Max CIL (£/sq m)	CIL with Buffer
38	Ashford Hinterland	300	20%	10%	5%	12,000	150,000	80%	5,634,818	450,785	300,000	150,785	£79	£56
39	Ashford Hinterland	300	20%	10%	5%	15,000	150,000	80%	4,907,482	392,599	300,000	92,599	£49	£34
40	Ashford Hinterland	300	20%	10%	5%	20,500	150,000	80%	3,561,335	284,907	300,000	-15,093	£0	0
45	Rest of Borough	10	0%	0%	0%	2,000		100%	917,270	2,293,175	1,300,000	993,175	£363	£254
46	Rest of Borough	10	20%	20%	0%	2,000		100%	555,091	1,387,728	1,300,000	87,728	£53	£37
47	Rest of Borough	11	20%	20%	0%	2,000		100%	643,851	1,463,298	1,300,000	163,298	£100	£70
48	Rest of Borough	11	20%	20%	0%	8,000		100%	583,704	1,326,600	1,300,000	26,600	£16	£11
49	Rest of Borough	20	20%	20%	5%	2,000		100%	1,134,906	1,418,633	1,300,000	118,633	£76	£53
50	Rest of Borough	20	20%	20%	5%	8,000		100%	1,031,017	1,288,771	1,300,000	-11,229	£0	0
51	Rest of Borough	40	20%	20%	5%	2,000		100%	1,930,763	1,451,702	1,300,000	151,702	£93	£65
52	Rest of Borough	40	20%	20%	5%	8,000		100%	1,722,986	1,295,478	1,300,000	-4,522	£0	0
53	Rest of Borough	225	20%	20%	5%	2,000	150,000	85%	9,368,017	1,061,709	300,000	761,709	£467	£327
54	Rest of Borough	225	20%	20%	5%	8,000	150,000	85%	8,273,116	937,620	300,000	637,620	£391	£274
61	Ashford Hinterland	100	0%	30%	0%	2,000		100%	-798,033	-997,541	700,000	-1,697,541	£0	0
62	Ashford Hinterland	100	0%	15%	0%	2,000		100%	4,432	5,540	700,000	-694,460	£0	0

Case Study	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/278 dwg	Opening up / net ha	Gross to net	Scheme residual value	Residual value per ha	Benchmark per ha	RV less benchmark	Max CIL (£/sq m)	CIL with Buffer
63	Ashford Hinterland	100	0%	0%	0%	2,000		100%	786,200	982,750	700,000	282,750	£28	£20
64	Rest of Borough	100	0%	40%	0%	2,000		100%	567,143	708,929	1,300,000	8,929	£1	£1
65	Rest of Borough	100	0%	20%	0%	2,000		100%	1,764,399	2,205,499	1,300,000	1,505,499	£186	£130
66	Rest of Borough	100	0%	0%	0%	2,000		100%	3,006,580	3,758,225	1,300,000	3,058,225	£302	£211
	SH – starter homes AH – affordable homes													

Sheltered Housing

- 5.32 The case study testing includes sheltered accommodation in Ashford Hinterlands and in Rest of Borough. These case studies take account of the higher proportion of unsaleable space associated with these developments.
- 5.33 As it seems unlikely that this type of development would be required to provide on site starter homes it has been tested with traditional affordable housing at 30%, 15% and 0% in Ashford Hinterlands, and 40%, 20% and 0% in Rest of Borough⁴⁴.

Commentary

- 5.34 In Ashford Hinterlands the sheltered case study has a negative residual value at 30% affordable housing and just has a positive residual value at 15% - although considerably less than the benchmark land value. At 0% affordable housing the sheltered case study is viable and could support a small CIL of £28 (£20 with a buffer).
- 5.35 In Rest of Borough the sheltered case study has a positive residual value at 40% affordable housing, but below the benchmark. At 20% affordable housing the sheltered scheme is viable and able to support a CIL of £112/sq m (£78 with a buffer).
- 5.36 Generally, it would be expected that the policy requirements would be met before taking a CIL and on this basis a £0 CIL rate is recommended for sheltered accommodation.

Summary

- 5.37 Where no starter homes or affordable housing is required, development could support:
- £75/ sq m or more (including a buffer) in Ashford Town
 - £145/sq m or more (including a buffer) in Ashford Hinterlands
 - £250/sq m or more (including a buffer) in Rest of Borough
- 5.38 For sites that are required to provide starter homes and affordable housing:
- In Ashford Town £30/sq m could be afforded by some case studies but this may jeopardise some development types proposed in the draft Local Plan (flats and some larger development). £0/sq m is recommended for Ashford Town.
 - In Ashford Hinterlands a CIL rate of £30/sq m including a buffer could be supported by all the cases studies tested in Ashford Hinterlands, subject to the level of s106/278 required.
 - In Rest of Borough a rate of £60/sq m can be supported by most development.
- 5.39 Single dwellings and sheltered accommodation are not able to support a CIL. For single dwellings, this is unlikely to have an impact as it is anticipated that they will come forward as self-build and therefore be exempt. A £0/sq m rate is recommended for sheltered accommodation.

⁴⁴ The March 2016 DCLG starter home consultation suggests that older person's housing may be required to provide a commuted sum for starter homes. It is not clear exactly what implications this will have although we have assumed that it could be substituted for the cost of the on or off site affordable housing requirement.

6. RESIDENTIAL VIABILITY ANALYSIS – STRATEGIC SITES

Introduction

- 6.1 Two strategic sites are proposed in Ashford Borough - Court Lodge and Kennington - in addition to the Chilmington Green strategic site which has recently been consented (and therefore not part of this viability testing). The characteristics of these two strategic sites have been discussed with Ashford Borough Council, along with the likely directly associated infrastructure costs and timing. It is acknowledged that the viability testing undertaken on the strategic sites is based upon relatively early planning for the infrastructure requirements and it is likely that the details may change as the plans for the sites are refined. However, at the time of writing this is the best available information. The separate Infrastructure Delivery Plan published as part of the draft Local Plan evidence base provides an overview of infrastructure requirements in the borough and the funding strategy.
- 6.2 Court Lodge is modelled at 950 dwellings and Kennington at 700 dwellings, of which 5% are self-build plots. Both have 20% starter homes and 10% affordable housing.
- 6.3 The strategic sites are tested against the £300,000/ha benchmark land value. Figure 6.1 below details the site specific assumptions made for these two sites.

Figure 6.1 Strategic Sites Case Studies

Case study	Site	Market value area	Total dwgs	Net site area (ha)	Dph	Gross site size (ha)	Net to gross	% AH/ SH	% self build	Dwg mix	£106 / dwg	Delivery	Opening up/ net ha	Benchmark/ gross ha	Site Specific Infrastructure, including phasing and cost where known.
55-57	Court Lodge (WS11)	Ashford Hinterlands	950	27	36	37.45	72%	15% + 15% SH	5%	35dph mix	£3,900, £13,620 and £11,720 / dwg (all these include off-site sports)	Year to 1 st completion then Yr 2 75 dwgs Yr 3 125 dwgs Yr 4 150 dwgs Yr 5 150 dwgs Yr 6 150 dwgs Yr 7 150 dwgs Yr 8 155 dwgs	£200,000	£300,000	<ul style="list-style-type: none"> • Offsite strategic Road Link £10m⁴⁵ by end of Yr 3 (200 dwgs). 3rd party reimbursement contributions £3.5m Yr8 • Primary school 1FE £4.5m Yr 4; 1FE £2.7m Yr 6 • Community Hall £2m Yr 4 • Off-site S106 contributions to sports at Chilmington (£1900/dwg)
58-60	Kennington (KE2 and KE3) + J10a	Ashford Hinterlands	700	28	25	38.8	72%	15% + 15% SH	5%	25dph mix	£11,320, £13,220 and £14,900/ dwg (all these include education and off-site sports)	Year to 1 st completion then 100 dwgs pa	£200,000	£300,000	<ul style="list-style-type: none"> • Financial contribution towards 2FE primary school (£5,500 per dwg). • Off-site S106 contributions to offsite sports Facilities (£1,900 per dwg)

⁴⁵ This is understood to be a generous estimate with more detailed costing work being undertaken at the time of writing

- 6.4 There are some combinations of specific infrastructure and different levels of s106 that have been modelled for Court Lodge, reflecting the options being considered by the Council⁴⁶:
- The first scenario (CS55) has a relatively low s106/278 requirement (£3,900/dwelling) but a higher infrastructure cost (£17,406/dwelling), giving a total of £21,306/dwelling.
 - The second scenario (CS56) has a higher s106/278 requirement (£13,620/dwelling) but a lower infrastructure cost (£2,217/dwelling), giving a total of £15,837/dwelling.
 - The third scenario (CS57) has a high s106/278 requirement (£11,720/dwelling) and the lower infrastructure cost (£2,217/dwelling), giving a total of £13,937/dwelling.
- 6.5 These are set out in Figure 6.2 below.

Figure 6.2 Court Lodge infrastructure costs and s106/278 scenarios

	CS55	CS56	CS57
S106/278 Planning Obligations			
Residual S106/278	£2,000	£2,000	£2,000
Sport contribution	£1,900	£1,900	
Education (£4k/house, £1k/2bed flat)		£3,470	£3,470
Offsite strategic road		£4,000	£4,000
Contribution to j10a works		£2,250	£2,250
Total s106/278 (per dwelling)	£3,900	£13,620	£11,720
Scheme total s106/278 (902 dwellings)	£3,517,800	£12,285,240	£10,571,440
Infrastructure (excluding opening up costs)			
Offsite strategic road ⁴⁷	£6,500,000		
Education	£7,200,000		
Community Hall	£2,000,000	£2,000,000	£2,000,000
Total infrastructure (per dwelling)	£17,406	£2,217	£2,217
Scheme total infrastructure	£15,700,000	£2,000,000	£2,000,000
Total s106/278 & infrastructure	£19,217,800	£14,285,240	£12,571,440
Total s106/278 & infrastructure / dwelling (902 dwellings)	£21,306	£15,837	£13,937

- 6.6 The testing for Kennington is more straightforward, and just involves variations in the levels of s106/278 required (£11,320, £13,220 and £14,900/ dwelling).
- 6.7 The timing of the infrastructure costs is as per Figure 6.1 above. S106/278 is assumed to be paid in line with development.

⁴⁶ Note that the costs are shared across the 902 dwellings that are not self-build units

⁴⁷ This is understood to be a generous estimate with more detailed costing work being undertaken at the time of writing

Commentary

- 6.8 Court Lodge is marginally viable with policy compliant starter homes and affordable housing, £11,720 s106/278 per dwelling and providing £2m of infrastructure. With the higher amounts of s106/278 and more infrastructure the scheme still has a positive residual value but this is below the benchmark.
- 6.9 Kennington is marginally viable with policy compliant starter homes and affordable housing, and £14,900 s106/278 per dwelling. If the s106/278 is reduced, then the viability improves and the site may be able to support a small CIL.
- 6.10 On the basis that the preference is to deliver the direct site infrastructure through s106 there is little opportunity for a CIL on these strategic sites.

Figure 5-3 Strategic Site Case Studies Residual Value and Potential CIL

Case Study	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/278 dwg	Opening up / net ha	Gross to net	Scheme residual value	Residual value per ha	Benchmark per ha	RV less benchmark	Max CIL (£/sq m)	CIL with Buffer
CS55 Court Lodge	Ashford Hinterland	950	20%	10%	5%	3,900	200,000	72%	5,514,175	147,045	300,000	-152,955	-£0	-£0
CS56 Court Lodge	Ashford Hinterland	950	20%	10%	5%	13,620	200,000	72%	9,850,021	262,667	300,000	-37,333	-£0	-£0
CS57 Court Lodge	Ashford Hinterland	950	20%	10%	5%	11,720	200,000	72%	11,328,189	302,085	300,000	2,085	£1	£1
CS58 Kennington	Ashford Hinterland	700	20%	10%	5%	14,900	200,000	72%	12,096,977	311,065	300,000	11,065	£6	£4
CS59 Kennington	Ashford Hinterland	700	20%	10%	5%	13,220	200,000	72%	12,813,269	329,484	300,000	29,484	£16	£11
CS60 Kennington	Ashford Hinterland	700	20%	10%	5%	11,320	200,000	72%	13,933,832	358,299	300,000	58,299	£32	£22

7 NON-RESIDENTIAL

Introduction

- 7.1 The non-residential viability testing covers the following uses:
- Retail
 - Offices
 - Industrial
 - Warehouse
 - Hotels
 - Mixed leisure
 - Care homes
- 7.2 These uses have been tested through the following case studies, which have been developed in discussion with Ashford Borough Council officers to be representative of the types of development likely to come forward under the draft Local Plan.
- 7.3 Values have been based on transactions listed by Co-Star Suite (lettings and investments). Where possible these have been Ashford specific transactions (comparison retail, office and industrial/warehouse) but for some uses data had been drawn from analogous developments in other areas (convenience retail, care homes, leisure) in order to broaden the base for the estimates used here. Build costs have been drawn from BCIS.
- 7.4 These uses, along with the costs and values, were discussed at the non-residential development industry workshop in 2015. Prior to this modelling values were checked against recent evidence and some minor changes have been made as a result. BCIS costs have been updated to April 2016.

Retail

- 7.5 Retail case studies include convenience and comparison, in and out of town centre.
- 7.6 In the past leases to the main supermarket operators have commanded a premium with investment institutions. Although there are some small regional variations on values, they are reasonably standard across the country with investors focusing primarily on the strength of the operator covenant and security of income. As a result, it is reasonable to use a broad geographical evidence base for convenience retail.
- 7.7 There has been a structural change in convenience retailing in recent years with an end to the expansion of the largest format convenience retailing and more emphasis on smaller supermarket formats (as used by both discount and premium convenience operators) and greater provision of small format stores, often within the Sunday trading threshold (280 sq m display floor area), also often in existing floorspace. These changes reflect the alterations in shopping habits.

- **Town Centre Comparison Retail** - The case study is a two storey development of 800 sq m, which may be split into two or more units within Ashford town centre. Ashford retail values tend to be slightly higher than other locations in the Borough, such as Tenterden.
- **Out of Centre Comparison Retail/Retail Warehouse** - The case study is a development of retail warehouse multiple units totalling 6,000 sq m over one storey, located on a new or existing retail park (such as Ashford Retail Park)⁴⁸. This could also cover retail at the Ashford Designer Village. The draft Local Plan does not provide for out of centre retail in other locations in the Borough so there is no testing for other locations.
- **Small Convenience Retail** - A development of 300 sq m (which fits within the Sunday trading threshold⁴⁹ of maximum 280 sq m floor area for serving customers). This may be in a variety of locations including the proposed urban extensions (some of which provide for local centres)⁵⁰.
- **Supermarket** – A development of 1,100 sq m in an out of town centre location or as part of one of the urban extensions. Superstores/supermarkets are defined as shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit⁵¹.

Offices

7.8 Office case studies include business park and town centre.

- **Town centre offices** – the case study is a four storey development of 2,000 sq m which may be split into two or more units. In line with the draft Local Plan it is expected that this may take place on sites in the Ashford commercial quarter.
- **Out of Centre Offices** – the case study is a two storey development of 1,500 sq m which may be split into two or more units. It is expected that this may take place on one of the existing employment locations such as Eureka Park.

Industrial and Warehouse

7.9 We have tested two schemes which cover these types of development.

- **Smaller industrial/warehouse** – 1,600 sq m over one storey on an existing or new business park (such as Willesborough Road Industrial Estate or Ashford Business Park).

⁴⁸ Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering for mainly car-borne customers. This definition was suggested as part of the Wycombe CIL examination report December 2012

⁴⁹ Sunday Trading Act 1994

⁵⁰ New small convenience retail may take place in town centre locations although this is often in existing premises and therefore exempt from CIL.

⁵¹ This definition builds upon a Competition Commission investigation into supermarkets (Supermarkets: A report on the supply of groceries from multiple stores in the United Kingdom, 2000, Competition Commission – section 4), and was also suggested as part of the Wycombe CIL examination report December 2012.

- **Larger warehouse/industrial**– 5,000 sq m over one storey on an existing or new business park (such as Willesborough Road Industrial Estate or Ashford Business Park).

7.10 While some forms of this development can be larger still such as logistics centres (with some local examples), Ashford is not a focus for this type of activity and none is planned in the draft Local Plan.

Hotels

7.11 Nationally, there has been significant growth in the provision of budget hotels⁵², with relatively few full service hotels outside the major conurbations. The most likely hotel development in Ashford is a budget hotel and the testing has used a budget hotel development of 70 rooms over two storeys (total 2,450 sq m), in an out of centre location (business park).

Mixed Leisure

7.12 The mixed leisure case study is a 3,800 sq m development with cinema and other leisure uses, in an out of centre location.

Care Homes

7.13 There has been significant private sector investment in care homes in the past, fuelled by investment funds seeking new returns. However, there have been concerns about the occupancy rates and the ability to sustain prices.

7.14 The care home case study is a 3000, sq m 60-bedroom development in an out of centre location.

Land values for non-residential development

7.15 The approach taken for non-residential benchmark land values is based on existing use values with a premium as appropriate. This takes into account the likely location for this development and whether it is likely to have a cleared site or an existing occupied use. The available information on land values is discussed in section 3. Based on this discussion we have used the following benchmark land values:

Location	Type	£/gross ha	Notes
Industrial/office	Accessible sites	£482,000	VOA/DCLG Feb 2015 ⁵³
Other standard non-residential uses	Accessible sites	£626,000	Premium over industrial use values

⁵² The British Hospitality Association Trends and Developments Report 2012 indicates that budget hotels are defined as a property without an extensive food and beverage operation, with limited en-suite and in-room facilities (limited availability of such items as hair dryers, toiletries, etc.), low staffing and service levels and a price markedly below that of a full service hotel.

⁵³ DCLG, 2015, Land Value Estimates for Policy Appraisal

Higher value non-residential uses	Accessible sites	£1,300,000	Benchmarked against highest residential benchmark
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Draft Local Plan policy viability implications

- 7.16 Section 2 of this report considers the draft Local Plan policies and their viability implications. This highlighted that non-residential development should meet BREEAM Very Good standard.
- 7.17 A review of costs associated with BREEAM Excellent⁵⁴ notes that there can be significant variances, although when the standards are built in from an early part of the design process the uplift is lower. Generally, the evidence suggests an uplift in building costs is between 1.5% and 2.5% for BREEAM Excellent. An allowance has been made of 2% of base build costs to meet this standard, which is a generous estimate based on a higher standard than may be required.
- 7.18 Based on discussion with Ashford Borough Council allowances have been made in the viability testing for s106/s278 obligations that may remain post CIL. These obligations have been included as costs to development in the viability testing.
- 7.19 The site coverage takes account of parking standards except for town centre locations where it is assumed parking will use existing or new chargeable car parking (outside the scope of this viability assessment) and on street parking.

Non-residential values

- 7.20 Non-residential values in Ashford have been estimated based on lease and sale transaction data drawn from Focus Suite. Where there has been a reasonable number of local transactions (such as comparison shops, offices and offices) the estimates have been able to rely on a specific local perspective. For some uses such as supermarkets, care homes and leisure the data has had to be drawn from further afield.

Non-residential costs and values

- 7.21 The tables below summarise the values and costs used in the viability testing.

⁵⁴ Target Zero, RICS, Price of Sustainable Schools, EC Harris, BRE/Cyril Sweett, Bristol City Council

Figure 7-1: Non-residential values and costs

	Out of centre offices	Town centre offices	Industrial/warehouse units	Warehouse/industrial units
Floorspace sqm	1,500	2,000	1,600	5,000
Storeys	2	4	1	1
Site coverage	40%	75%	40%	40%
Rent/sqm	£194	£172	£75	£75
Yield	7.00%	9.00%	7.90%	7.90%
Purchaser costs % GDV	5.80	5.80	5.80	5.80
Build costs/sqm including water efficiency	£1,519	£1,847	£738	£585
External works % of base build costs	10%	10%	10%	10%
Professional fees	12.00%	12.00%	12.00%	12.00%
Sales and letting costs % of GDV	3%	3%	3%	3%
Allowance for s106 (not covered by CIL)	£20,000	£0	£20,000	£50,000
Finance costs	6.0%	6.0%	6.0%	6.0%
Build and void period (months)	46	50	20	32
Developer return % GDV	20%	20%	20%	20%
SDLT & agent fees/sqm (if viable)	£0	£0	£0	£0

	Town centre comparison shops	Out of centre comparison shops	Small convenience store	Supermarket
Floorspace sqm	800	6,000	300	1,100
Storeys	2	1	1	1
Site coverage	80%	40%	40%	40%
Rent/sqm	£194	£172	£204	£172
Yield	7.70%	6.50%	6.50%	5.50%
Purchaser costs % GDV	5.80	5.80	5.80	5.80
Build costs/sqm including water efficiency	£1,494	£891	£2,244	£1,822
External works % of base build costs	10%	10%	10%	10%
Professional fees	12.00%	12.00%	12.00%	12.00%
Sales and letting costs % of GDV	3%	3%	3%	3%
Allowance for s106 (not covered by CIL)	£0	£100,000	£0	£100,000
Finance costs	6.0%	6.0%	6.0%	6.0%
Build and void period (months)	24	26	6	20
Developer return % GDV	20%	20%	20%	20%
SDLT & agent fees/sqm (if viable)	£0	£38	£0	£0

	Budget hotel	Care home
Floorspace sqm	2,450	3,000
Storeys	3	2
Site coverage	50%	40%
Capital value per room	£90,000	£80,000
Purchaser costs % GDV	5.80	5.80
Build costs/sqm including water efficiency	£1,317	£2,226
External works % of base build costs	10%	10%
Professional fees	12.00%	12.00%
Sales and letting costs % of GDV	3%	3%
Allowance for s106 (not covered by CIL)	£10,000	£75,000
Finance costs	6.0%	6.0%
Build and void period (months)	16	12
Developer return % GDV	20%	20%
SDLT & agent fees/sqm (if viable)	£6	£0

	Leisure development
Floorspace sqm	3,800
Storeys	2
Site coverage	80%
Rent/sqm	£151
Yield	7.00%
Purchaser costs % GDV	5.80
Build costs/sqm including water efficiency	£1,582
External works % of base build costs	10%
Professional fees	12.00%
Sales and letting costs % of GDV	3%
Allowance for s106 (not covered by CIL)	£20,000
Finance costs	6.0%
Build and void period (months)	12
Developer return % GDV	20%
SDLT & agent fees/sqm (if viable)	£0

Summary viability assessments

- 7.22 The tables below summarise the results from the detailed assessments for each non-residential development type. They provide the following information
- Net value per square metre.
 - Net costs per square metre - including an allowance for land cost and s106 to deal with site specific issues (e.g. On-site highways, travel plan etc. to make development acceptable).
 - Residual value per sq m (i.e. Value less costs).
 - The land value benchmark for that use - presented as £s per sq m of development to take into account differences in site coverage and the number of storeys for the notional developments.
 - The viability headroom and maximum potential for CIL.
- 7.23 It is important to note that the analysis considers development that might be built for subsequent sale or rent to a commercial tenant. However, there will also be development that is undertaken for specific commercial operators, either as owners or pre-lets. In these circumstances the economics of the development relate to the profitability of the enterprise accommodated within the buildings rather than the market value of the buildings.

B Class Uses – Offices, industrial and warehouses

- 7.24 The viability assessments indicate that all of these B class uses produce a negative residual value, and that it makes no difference in outcome between the costs from BCIS or those provided at the workshop. There is no possibility of charging CIL. The lack of viability for B class uses is common across many areas of the country.

Figure 7-2: Offices

	Out of centre offices	Town centre offices
Value per sq m	£2,484	£1,718
Costs per sq m	£2,911	£3,278
Residual per sq m	-£426	-£1,561
Land benchmark per sq m	£60	£16
Viability 'headroom' per sq m – theoretical maximum CIL	£0	£0

Table 7-3 Industrial and Warehouses

	Industrial/ warehouse units	Warehouse/ industrial units
Value per sq m	£856	£856
Costs per sq m	£1,219	£1,052
Residual per sq m	-£363	-£196
Land benchmark per sq m	£121	£121
Viability 'headroom' per sq m – theoretical maximum CIL	£0	£0

Retail uses

- 7.25 The viability of retail development will depend primarily on occupier demand and the type of retail being promoted. For this reason we have tested different types of retail provision.
- 7.26 **Supermarkets and local convenience** – convenience retailing is defined as the provision of everyday essential items, including food, drinks, newspapers/magazines and confectionery; and within this larger stores provide the range required for weekly shops and smaller stores provide more of a 'top-up' function.

Figure 7-4: Convenience retail

	Small convenience store	Supermarket
Value per sq m	£2,824	£2,811
Costs per sq m	£3,566	£3,227
Residual per sq m	-£742	-£417
Land benchmark per sq m	£325	£325
Viability 'headroom' per sq m – theoretical maximum CIL	£0	£0

- 7.27 **Town centre comparison retail** –we have tested town centre retail in Ashford as it has slightly higher values than elsewhere in the Borough. Town centre comparison retail in Ashford does not produce a positive residual value and is therefore not able to support a CIL charge. This means that town centre comparison retail in other locations in the Borough will also not be able to support CIL.
- 7.28 **Retail warehouse** –the development is viable and able to support a theoretical maximum CIL of just over £200.

Figure 7-5: Town centre and out of centre comparison retail

	Town centre comparison shops	Out of centre comparison shops
Value per sq m	£2,259	£2,378
Costs per sq m	£2,592	£1,849
Residual per sq m	-£334	£529
Land benchmark per sq m	£81	£325
Viability 'headroom' per sq m – theoretical maximum CIL	£0	£204

Other Uses

- 7.29 The other uses tested include hotels, mixed leisure developments and care homes.
- 7.30 **Hotels** –budget hotels were tested and the scheme was viable and able to support a maximum CIL of £65/sqm
- 7.31 **Mixed leisure** – the mixed leisure scheme is not viable and is unable to support a CIL
- 7.32 **Care homes** – the care home case study scheme tested here is not viable and is unable to support a CIL.

Figure 7-6: Other uses

	Budget hotel	Leisure development	Care home
Value per sq m	£2,430	£1,932	£1,512
Costs per sq m	£2,324	£2,527	£3,314
Residual per sq m	£107	-£595	-£1,801
Land benchmark per sq m	£42	£39	£78
Viability 'headroom' per sq m – theoretical maximum CIL	£65	£0	£0

Sensitivity

- 7.33 It is likely that costs and values will change in the future and a set of sensitivity tests have been run to determine at what point viability changes. This indicates that:
- A 10% increase in values would see the viability become stronger but no change in the uses able to support a CIL.
 - A 15% increase in values would further improve viability again but no other uses have become viable at this stage.
 - A 20% increase in values would further improve viability again with out of centre offices and town centre comparison retail now able to support a CIL.
 - A 5% increase in costs reduces viability and only the retail warehousing remains viable.

- A 10% increase in costs would see all non-residential development unviable.
- A 5% decrease in costs would see viability strengthen but no other uses become viable at this stage.

Other Uses

7.34 The viability testing has been based on the development expected to come forward and discussions with the development industry. It is acknowledged that there are other uses that could arise and it is recommended that the following approach is taken:

- A2 Financial and Professional Services – treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- A3 Restaurants and Cafes – again treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- A4 Drinking Establishments - again treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- A5 Hot Food Takeaways - again treat as A1 in viability terms as many of these uses are likely to occupy the same sorts of premises as some town centre retail.
- Selling and/or displaying motor vehicles - sales of vehicles are likely to occupy the same sorts of premises and locations as many B2 uses and therefore the viability will be covered by the assessment of the viability of B2 uses.
- Retail warehouse clubs – these retail uses are likely to be in the same type of premises as the out of town A1 retail uses and covering the same purchase or rental costs.
- Nightclubs – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs.
- Scrapyards – there may be new scrapyard/recycling uses in the future, particularly if the prices of metals and other materials rise. These are likely to occupy the same sorts of premises as many B2 uses and therefore the viability will be covered by the assessment of the viability of B2 uses.
- Taxi businesses – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs. Therefore, they are covered by this viability assessment.
- Amusement centres – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs. Therefore, they are covered by this viability assessment.

7.35 For community facilities that are ultimately paid for by the public sector such as community centres, health centres, hospitals and schools there is a relatively simple approach. The commercial values for community uses are £0 but there are build costs of around £2,400 to

£2,900 per sq m⁵⁵ plus the range of other development costs; with a net negative residual value. Therefore, we recommend a £0 CIL for these uses.

Summary and Ability to Support a CIL Charge

- 7.36 The decision on the level of CIL needs to be informed by this evidence but ultimately taken by Ashford Borough Council. In theory the amount a scheme can afford to contribute CIL is to a maximum of all of the difference between the residual value and the threshold land value after taking into account all costs. However, it is clear from the guidance that it is not appropriate to charge up to the maximum viability headroom in order to allow for margins of error and the likelihood of different costs and values affecting different locations and sites.
- 7.37 The analysis above has demonstrated that of the non-residential development types considered, only out of centre retail uses and budget hotels are currently able to support a CIL.
- 7.38 Ashford Borough Council, in deciding on the CIL rates it wishes to set, should take into account the suggested maximum rates set out in the figure and individual appraisal tables above, along with an allowance for variations in costs and values. It would be possible to set a CIL rate of
- Approximately £100/sq m CIL (based on a 'buffer' of approximately 50%⁵⁶) for out of centre retail uses
 - Approximately £30/sq m CIL (again with a buffer of 50%) for budget hotels.

⁵⁵ Based on BCIS September 2013 – Hospitals, Community Centres, Schools and Libraries

⁵⁶ Note that this is an arbitrary amount based on prudence rather than informed by specific requirements, although the CIL guidance is clear that some 'buffer' is required.

ANNEX 1 - DEVELOPMENT INDUSTRY WORKSHOP

**Ashford Borough Council,
Plan and CIL Viability Review**

Developer's Workshop 20th April 2015

Please feedback to Daniel, daniel.carter@ashford.gov.uk your comments on the material from this workshop by 5th May 2015

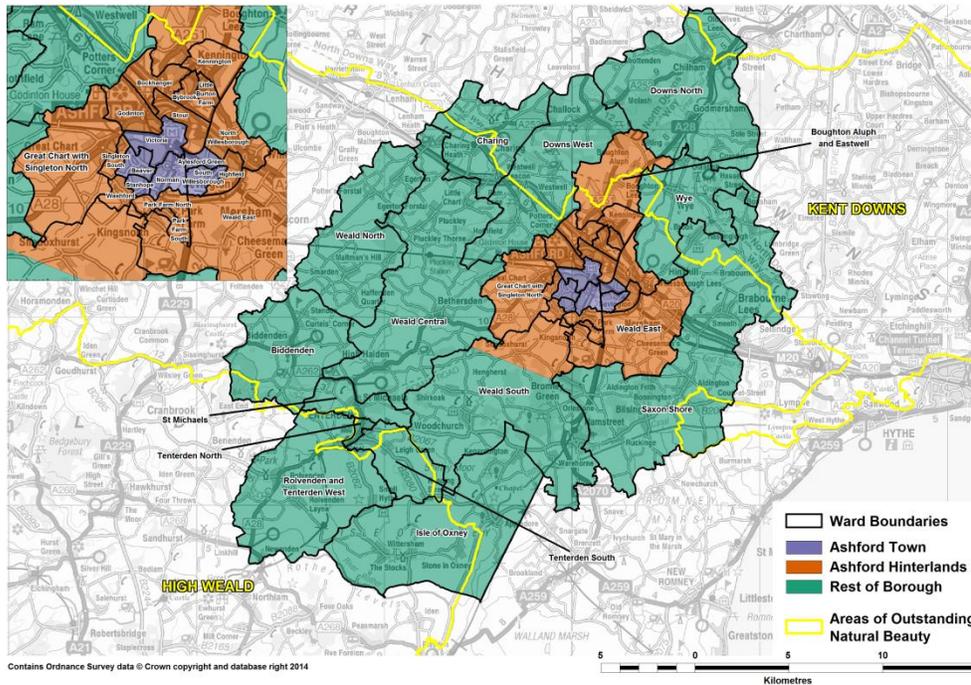
Attending Organisations: Ian Bull Consultancy Ltd; Pentland Homes; Persimmon; Salmon Harvester Properties; Julian Estates Ltd; Orbit Housing; Moat; West Kent HA; DTZ; Taylor Riley Stafford; Smith-Woolley & Perry; BDB Design LLP; Dukelease Properties Ltd; Strutt & Parker; - HBF; Ashford Borough Council; Three Dragons.

Introduction (Daniel Carter, Ashford Borough Council) - The emerging Local Plan, currently in its early stages, will cover the period to 2030. It is anticipated the Draft will be published in early 2016 along with the Draft CIL Charging Schedule.

Viability Presentation (Dominic Houston, Three Dragons)

1. Outline of CIL Principles
 - = £ per sq metre – 1 dwelling or more or over 100sq m additional – ‘NOT NEGOTIABLE’
 - Justification for the levy rate(s):
 - There is a need (infrastructure funding deficit)
 - Viability assessment
 - Can have different rates for different areas or uses
 - Exemptions include affordable housing and charities
 - Regulation 123 list: sets out what money will be spent on
 - Can collect in one place and spend in another
 - Identified at planning permission, paid at commencement/instalments
 - Remaining s106 contributions
2. Slide showing adopted/proposed CIL rates in neighbouring authorities
3. NPPF

NPPF / NPPG offers some guidance on viability and plan making:
“To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide **competitive returns to a willing land owner and willing developer** to enable the development to be deliverable.
“Local planning authorities should**assess the likely cumulative impacts on development in their area of all existing and proposed local standards,**”
4. Map identifying the main market areas identified within Ashford Borough with the AONB boundaries



The market areas identified have been based on new build and existing stock sales using Land Registry (LR) price paid data, in order to use a spread of transactions. It was made clear that the house prices used for modelling would reflect new build values only.

Discussion clarified that the lowest values in the Borough are seen in Ashford, followed by the Ashford Hinterlands. The Rest of Borough area has the highest values. There were no comments about the market areas.

5. Residual Value Approach

Three Dragon use a residual value approach to viability testing as follows:

$$\begin{aligned}
 & \text{Total development value} \\
 & \text{Minus} \\
 & \text{Development costs (incl. build costs and return to developer)} \\
 & = \\
 & \text{Gross residual value} \\
 & \text{Minus} \\
 & \text{CIL + planning obligations (including AH)} \\
 & = \\
 & \text{Net residual value (available to pay for land)}
 \end{aligned}$$

6. Benchmark Land Values

Location	Type	£/gross ha (acre)	Notes
Ashford/Ashford Hinterlands	Urban/edge of urban	£700,000 (£175,000)	Based on premium over EUV + review
Ashford Hinterlands	Strategic greenfield	£300,000 (£120,000)	Based on 15 x agricultural

Location	Type	£/gross ha (acre)	Notes
Rest of Borough	Infill/edge of settlement	£1,300,000 (£525,000)	Based on review
Industrial/office	Accessible	£482,000 (£195,000)	VOA

Bench mark land values have been arrived at by looking at land sales in Ashford and elsewhere in Kent; previous viability testing in the area; DCLG values published 2015⁵⁷. In response to questions, it was clarified that Three Dragons / ABC will be working to the requirements of NPPF, in that land values must be sufficient to satisfy a willing developer and a willing landowner. It was clarified that the benchmark land values represent the lowest value that buyers and sellers might use, rather than inflated land values for premium schemes or those seeking to deliver below policy planning obligations.

There was a query about whether the benchmark for strategic greenfield sites is too low, by about £100K/ha. It was clarified that the value presented is appropriate for large urban extensions in Ashford and elsewhere, and that these values are for gross site areas and reflect the unfavourable net to gross developable areas associated with strategic sites as well as the additional costs of servicing these larger sites.

It was suggested that industrial land value presented may be too high.

Attendees were requested to provide examples of land transactions, to include the values, costs and planning obligations associated with the schemes concerned.

In response to a query about site land area used for infrastructure, e.g. a school building, it was confirmed that these uses would be part of the gross site area included in the viability testing unless there were sources of funding associated (such as Gypsy and Traveller sites or local centres). ABC confirmed on-going discussions were taking place with KCC regarding delivery of education infrastructure.

7. Residential Testing: Dwelling Sizes

House type description	Affordable sq m (sq ft)	Market Sq m (sq ft)
1 Bed Flat	50 (538)	50 (538)
2 Bed Flat	67 (721)	61 (656)
2 Bed Terrace	75 (807)	70 (753)
3 Bed Terrace	84 (904)	84 (904)
4 bed terrace/ semi	100 (1,076)	97 (1,044)
3 Bed Semi	84 (904)	93 (1,001)
3 Bed Detached	84 (904)	110 (1,184)
4 Bed Detached	106 (1,141)	130 (1,399)
5 Bed Detached	125 (1,345)	155 (1,668)

⁵⁷ <https://www.gov.uk/government/publications/land-value-estimates-for-policy-appraisal> -

note that this document presents possible values re for sites unencumbered by CIL, S106 or affordable housing

Assumptions for dwelling sizes are based on national minimum standards but recognise that for larger properties the local market will deliver dwellings above this standard. It was commented that a) national standards are useful and b) the larger sizes are as expected, but it was felt that an inspector may expect national standards all the way through. In addition, there should be attention given to affordability for local residents, as a separate issue from values/sizes. ABC mentioned that members have not yet given a steer on sizes, this is still to be discussed. Findings from the initial testing will inform members regarding the approach to dwelling sizes.

8. Residential Testing: Market Dwelling Mix

Type	20dph	25dph	30dph	50dph
1 bed flat			5%	10%
2 bed flat			10%	20%
2 bed terrace		10%	20%	40%
3 bed terrace		10%	15%	20%
4 bed terrace				10%
3 bed semi	10%	15%	15%	
4 bed semi				
3 bed detached	30%	25%	15%	
4 bed detached	40%	25%	15%	
5 bed detached	20%	15%	5%	

No comments were passed relating to the dwelling mixes proposed.

9. Market Values

	Detached			Semi-detached		Terrace			Flats	
	5 Bed	4 Bed	3 Bed	4 Bed	3 Bed	4 Bed	3 Bed	2 Bed	2 Bed	1 Bed
Ashford Hinterlands	£360,000	£325,000	£260,000	£270,000	£240,000	£250,000	£235,000	£203,000	£145,000	£125,000
Ashford Town	£369,000	£300,000	£260,000	£249,000	£227,000	£245,000	£223,000	£202,000	£135,000	£115,000
Rest of Borough	£449,000	£408,000	£367,000	£280,000	£265,000	£270,000	£250,000	£222,000	£193,000	£175,000
Selling Price per sq m (per sq ft)										
Ashford Hinterlands	£2,325 (£216)	£2,497 (£232)	£2,368 (£220)	£2,788 (£259)	£2,583 (£240)	£2,583 (£240)	£2,799 (£260)	£2,906 (£270)	£2,379 (£221)	£2,497 (£232)
Ashford Town	£2,378 (£221)	£2,303 (£214)	£2,368 (£220)	£2,573 (£239)	£2,443 (£227)	£2,530 (£235)	£2,659 (£247)	£2,885 (£268)	£2,217 (£206)	£2,303 (£214)
Rest of Borough	£2,895 (£269)	£3,143 (£292)	£3,337 (£310)	£2,885 (£268)	£2,852 (£265)	£2,788 (£259)	£2,981 (£277)	£3,175 (£295)	£3,165 (£294)	£3,498 (£325)

It was explained that the values are based on Land Registry price paid data, and then checked against current prices for new build dwellings using various property websites, including Rightmove and those for individual developers. While there were price differentials between each of the three areas, the greatest differentials were between the Rest of Borough and Ashford/Ashford Hinterlands.

There was comment that there are some (not specified) market distortions and the date of valuation was requested. It was clarified that that guidance required 'current values' are used and that the figures used in the presentation are based on data that has been assessed back to 2011 and adjusted for market uplifts, then

compared to current property asking prices less an adjustment to estimate achieved prices. Feedback was requested on market values.

In response to a query about delivery rates, it was suggested that a rate of about 1 dwelling per developer per week was generally used. It was acknowledged that when a number of developers were active on a large site, the development rates per developer would be lower. Modelling of delivery on larger sites would be in line with SHLAA trajectories.

Further feedback on delivery rates was requested in follow up responses.

10. Build Costs

Type	Cost	
Flats (1-2 storeys)	£133	sq ft includes 15% for external works (£1431 sqm)
Flats (3-5 storeys)	£147	sq ft includes 15% for external works (£1582 sqm)
Houses	£117	sq ft includes 15% for external works (£1259 sqm)
Professional fees	12%	of build costs
Finance	6%	of development costs
Marketing fees	3%	of GDV
Developer return	20%	of GDV
Contractor return	6%	of build costs
Residuals s106/278	£2,000 tbc	Per dwelling for children's play/informal greenspace/minor local transport
Strategic infrastructure costs	£100,000 / £200,000	net ha for larger sites
Affordable Housing	30%/35%	Growth Area/Rest of Borough 60% rent and 40% shared ownership
Agents and legal	1.75%	
Lifetime Homes	£1,661	Per dwelling for 60% of affordable dwellings (Cat 2)
Wheelchair standard	£16,857	Per dwelling for 5% of affordable dwellings (Cat 3 adaptable)

Build costs have been taken from BCIS, with a 15% uplift to cover external works.

Accessibility costs for affordable housing were assessed using the Impact Assessment for recent Housing Standards Review, undertaken by EC Harris. No accessibility has been built in for market housing at present but this could be tested if necessary.

It was noted that some strategic sites may be CIL exempt as site specific infrastructure may be delivered through S106. ABC will consider this further as the testing process is progressed.

Participants expressed a concern that there could be confusion over whether rents will be Affordable or Social. It was confirmed that Affordable Rents will be tested throughout as this is how policy was being implemented.

11. Affordable Housing

For rental properties.

Management and maintenance	£1,000
Voids/bad debts	3.00%
Repairs reserve	£500
Capitalisation	5.75%

For shared ownership

Share size	40%
Rental charge	2.75%
Capitalisation	5.75%

Weekly rents	Rent	Mix
1 bed flat	£104	30%
2 bed flat	£136	20%
2 bed house	£136	20%
3 bed house	£172	25%
4 bed house	£212	5%

Three Dragons will be testing at various levels of affordable housing.

12. Non- Residential: Rents and Yields

Type	Rent/sq ft	Yield
Out of centre offices	£18	7.0%
Town centre offices	£24	9.0%
Industrial/warehouse units	£7	7.9%
Town centre comparison shops	£25	7.7%
Retail warehouse	£16	6.3%
Small convenience store	£19	6.5%
Supermarket	£16	5.5%
Budget hotel	£10	6.0%
Leisure development	£14	7.0%
Care home	£7,300/bed	7.0%

Discussion suggested that in comparison with residential development, non-residential development will contribute little CIL in absolute terms.

Rents were based on new non-residential development in Ashford, however some attendees felt that the rents were too high for town centre retail. Also, some town centre retail development has not been fitted out and has been empty for several years.

It was suggested that Town Centre and Out of Centre office rents may be too high.

It was mentioned that there may have been speculative office development at Eureka Park.

Further information will be provided by 3D regarding transactions following the meeting.

Post meeting note

Rental and investment transactions examples related to the discussion above:

- *Variety of lets in older stock in well placed locations in Ashford town centre either side of £24/psf – typically for relatively small units e.g. £25.26psf for 770sf at 73a High Street*
- *County Square - £21.34psf for 1,400sf; £34.09psf for 440sf, £22.70psf for 3,300sf (quoting rent)*
- *Office rentals at Northdown - £17psf for 12,500sf; 316.98psf for 3,000 sf; £17.99psf for 1,400sf*
- *Office rentals at the Herald building on Trinity Street - £19.50psf for 24,000sf; £19.50psf for 11,000sf*
- *Office rental at 200 Eureka Park - £15psf for 10,000sf*
- *Office rentals at Pluto House – £25psf for 1,800sf; £23psf for 1,400sf*
- *Office rentals at International House - £33psf for 3,000sf; £28.80 for 500sf; £28.80 for 800sf; £28.85psf for 300sf.*

Further feedback on these rents is invited.

13. Non residential build and other costs

Type	Cost/sq ft
Out of centre offices	148
Town centre offices	170
Industrial/warehouse units	63
Town centre comparison shops	121
Retail warehouse	74
Small convenience store	97
Supermarket	150
Full service hotel	121
Budget hotel	157
Leisure development	148
Care home	148

Professional fees	12% of build costs
Marketing fees	3% of GDV
Finance	6% of development cost
Developer return	20% of development cost
Purchaser costs	5%
Acquisition costs	Varies – c 2.0% + SDLT
Void periods	Varies

S106/278 on some developments

Non-residential build costs have been based on BCIS, with an uplift of 10% to cover external works.

Comment was received around incentives and that it is standard for 12 months occupier incentives to be applied.

14. General points and questions

Various additional issues and comments were made at the end of the session:

- It was considered important that at least 80% of strategic sites are viable; the emphasis is on deliverability and continual negotiation at planning stage delays the process and stalls delivery
- There was discussion around zero carbon homes and the need to take into account that new homes should be carbon neutral by 2016. Following the Housing Standards Review, no new Building Regulation Standards regarding energy use have been published. The Ministerial Statement accompanying the Housing Standards Review however makes reference to at least the old code 4 CfSH. Reference was made to complying with Code 4.5CfSH, the costings in Zero Carbon Hub report of 2014 as well as the costs in the Impact Assessment for Housing Standards Technical Review. *Post meeting note – the allowable solutions element of zero carbon is still undefined by government at the time of writing and is therefore uncoded. The Zero Carbon Hub report offers some costs but given the uncertainty about how allowable solutions may be implemented it is unclear how this information may be deployed. As further information becomes available through the period of the study it will be included where possible.*
- The phasing of the plan can be critical for developers; it is important to know when CIL is likely to be effective from. The council iterated that it expects to have a preliminary report ready for January 2016, hopefully leading to examination in autumn 2016 and adoption early 2017, if all goes smoothly. 1.09.25
- There was query about how often CIL would be reviewed: it was agreed that it is likely to be triggered by significant changes in the market. There will however be a buffer to help ameliorate such changes in the short term.

- Highway access to J10/ J10a on the M20 is a significant local issue affecting in particular the East Hinterland. Recent land transactions around this area may also have distorted local figures and complicate some issues. At the Core Strategy Hearing the issue was sidelined to the discontent of many. ABC assured participants that it is now a crucial part of the development strategy and a lot of sites will depend upon its delivery. An update note will be provided by ABC.

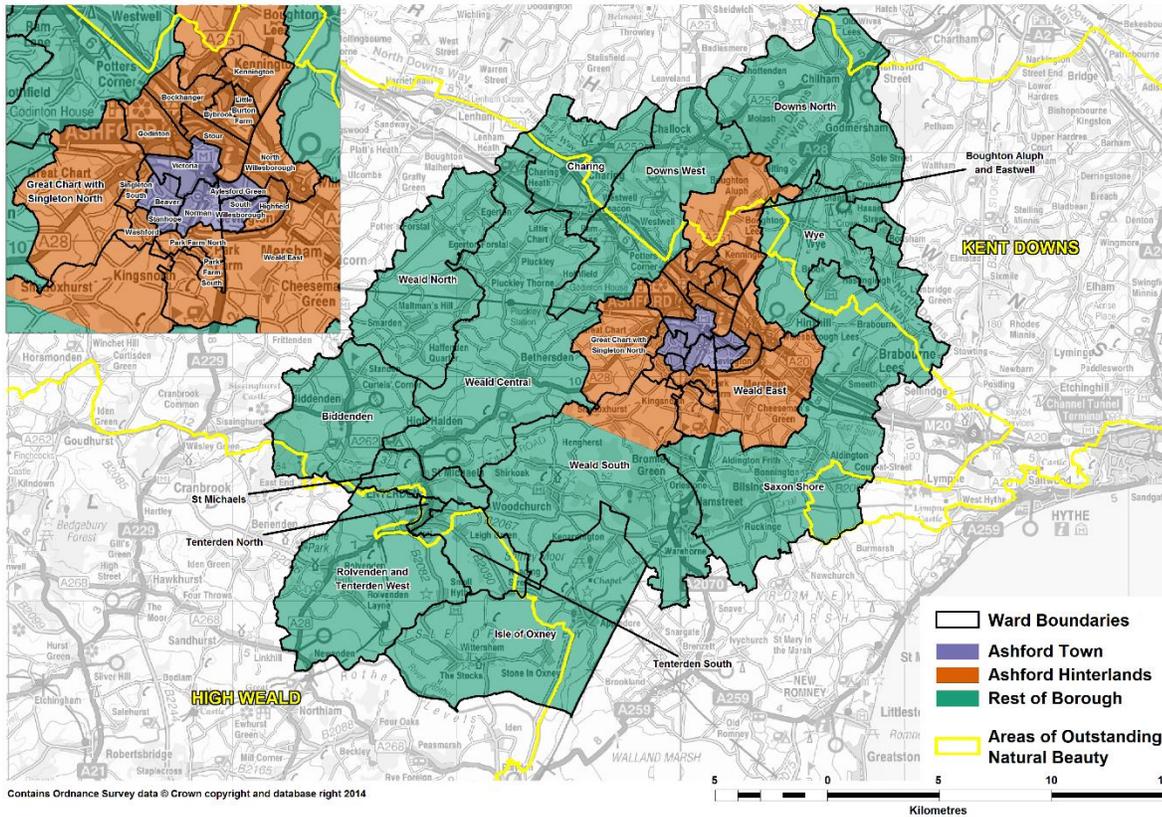
15. Next Steps

Notes of this workshop will be circulated along with the presentation and comments/ feedback should be sent to Daniel Carter by 5th May 2015. After that assumptions will be reviewed and testing can begin.

Three Dragons/ 21st April 2015

ANNEX 2 - RESIDENTIAL MODELLING ASSUMPTIONS

Ashford Viability Study Testing Assumptions House Prices Value Zones



Land Values

Location	Type	£/gross ha (acre)	Notes
Ashford/Ashford Hinterlands	Urban/edge of urban	£700,000	Based on premium over EUV + review
Ashford Hinterlands	Strategic greenfield	£300,000	Based on 15 x agricultural
Ashford Hinterlands	Intermediate value for larger non-strategic sites	£450,000	Mid-point between standard urban/edge of urban and strategic greenfield
Rest of Borough	Infill/edge of settlement	£1,300,000	Based on review
Rest of Borough	Strategic greenfield	£300,000	Based on 15 x agricultural
Rest of Borough	Intermediate value for larger	£800,000	Mid-point between standard Infill/edge of settlement and strategic greenfield

	non-strategic sites		
Industrial/office	Accessible	£482,000	VOA

House Prices

	Detached			Semi-detached		Terrace			Flats	
	5 Bed	4 Bed	3 Bed	4 Bed	3 Bed	4 Bed	3 Bed	2 Bed	2 Bed	1 Bed
Ashford Hinterlands	£380,000	£345,000	£305,000	£280,000	£265,000	£270,000	£250,000 <i>Starter Home - £200,000</i>	£215,000 <i>Starter Home - £172,000</i>	£150,000 <i>Starter Home - £120,000</i>	£130,000
Ashford Town	£365,000	£325,000	£285,000	£260,000	£240,000	£245,000	£230,000 <i>Starter Home - £184,000</i>	£200,000 <i>Starter Home - £160,000</i>	£145,000 <i>Starter Home - £116,000</i>	£130,000
Rest of Borough	£490,000	£425,000	£380,000	£330,000	£305,000	£290,000	£255,000 <i>Starter Home - £204,000</i>	£230,000 <i>Starter Home - £184,000</i>	£180,000 <i>Starter Home - £144,000</i>	£155,000

Ground rent on market flats - £250 per flat, capitalised at 5%

Selling prices on case studies with 1, 2 or 3 dwellings are increased by 5% to reflect higher value of small scheme.

Dwelling Sizes

House type description	Affordable sq m	Market sq m
1 Bed Flat	50	50
2 Bed Flat	61	61
2 Bed Terrace	70	70
3 Bed Terrace	84	84
4 Bed Terrace	106	97
3 Bed Semi		95
4 Bed Semi		106
3 Bed Detached		110
4 Bed Detached		125
5 Bed Detached		140

Sizes meet or exceed Nationally Described Space Standards.

Additional 10% circulation space to be added to low rise flats (1-2 storey); 15% added to 3 storey or more (50dph and 90dph mix).

Dwelling Mix

Market Dwellings	20dph	25dph	30dph	35dph	40dph	50dph	90dph
1 bed flat				5%	5%	10%	50%

Market Dwellings	20dph	25dph	30dph	35dph	40dph	50dph	90dph
2 bed flat			10%	10%	10%	20%	50%
2 bed terrace		10%	20%	20%	30%	40%	
3 bed terrace		10%	15%	20%	30%	20%	
4 bed terrace						10%	
3 bed semi	10%	15%	15%	15%	15%		
4 bed semi							
3 bed detached	30%	25%	20%	15%	5%		
4 bed detached	40%	25%	15%	15%	5%		
5 bed detached	20%	15%	5%				

Affordable Housing Mix	Affordable rent/shared ownership	Starter homes
1 bed flat	30%	
2 bed flat	20%	30%
2 bed house	20%	40%
3 bed house	25%	30%
4 bed house	5%	

Development Costs

Type	Cost	
Flats (1-2 storeys)	£1,626	sq m includes 15% for external works
Flats (3-5 storeys)	£1,750	sq m includes 15% for external works
Flats 6+ storeys	£2,141	sq m includes 5% external works
Houses	£1,396 (£1,466 small sites)	sq m includes 15% for external works Add 5% for smaller sites- 2 & 3 dwellings
Houses – single dwellings	£2,362	sq m includes 15% for external works
Sheltered housing	£1,755	sq m includes 15% for external works
Professional fees	12% for 1-10 dwgs 10% for 11-100 dwgs 8% for 101+ dwgs	of build costs
Finance	6%	of development costs
Marketing fees	3%	of GDV
Developer return	20%	of GDV
Contractor return	6%	of build costs

Type	Cost	
Residual s106/278	£2,000	Per dwelling for children's play/informal greenspace/minor local transport
Opening up costs	£50,000 / £200,000	net ha for larger greenfield sites
Affordable Housing	<ul style="list-style-type: none"> Ashford town 20% Starter Homes Ashford Hinterlands 10% AH & 20% Starter Homes Rest of Borough 20% AH & 20% Starter Homes 	AH split 50% affordable rent and 50% shared ownership (except in Ashford Town where 20% starter homes only)
Agents and legal	1.75%	
Part M(4) 2	C. £1,661 per dwelling - see below for different dwelling mixes	per dwelling for 100% of all market, 100% of Starter Homes and 100% of shared ownership; and 92.5% of affordable rent dwellings (see below).
Wheelchair standard Part M(4)3b accessible	c. £29,341 per dwelling - see below for different dwelling mixes	per dwelling for 7.5% of <u>affordable rent</u> dwellings (Cat 3 accessible)
Water standards 110 ltr/day	£9	per dwelling
Part Q Security	£320	per dwelling
Undercroft parking	£13,500	per space

Affordable Housing

Weekly affordable rents	Rent pre service charges	Net rent
1 bed flat	£104	97
2 bed flat	£136	129
2 bed house	£136	132
3 bed house	£172	168
4 bed house	£212	208

Service charges

Flats £7pw

Houses £4pw

For rental properties.

Management and maintenance £1,000

Voids/bad debts 3.00%

Repairs reserve £500

Capitalisation 5.25%

For shared ownership

Share size 40%

Rental charge 2.75%

Capitalisation 5.25%

V8, updated 08 April 2016

ANNEX 3 - BENCHMARK LAND VALUE

Land Value Benchmarks

1. The land value benchmark is an estimate of the lowest cost that a willing landowner would sell land for development. The concept of a benchmark land value attempts to balance two factors: a) land can only be worth what the highest value permissible development can afford to pay for it; and b) landowners will require some premium over the existing use value in order to incentivise a sale. Note that where development is able to pay more for land, then it is likely that transactions will be above the benchmark land value, particularly when different developers are competing for the same piece of land. Establishing suitable land value benchmarks is an important part of any viability testing and the Advice for planning practitioners⁵⁸ sets out a preferred approach in the following extract from page 29:

“We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values (noting the exceptions below.....).”
2. The exceptions referred to in the Advice for planning practitioners reflect the significant differences in the types of current use found within settlements and on greenfield land adjoining settlements. The exceptions are summarised as:
 - Larger scale sites for urban extensions on greenfield land where the uplift on current use value (agricultural land) sought by the landowner will be significantly higher than in an urban context.
 - Edge-of-settlement greenfield sites, where landowners’ required returns will be more like those for sites within the settlement.
3. Advice for planning practitioners states that reference to market values can still provide a useful ‘sense check’ on the benchmark values that are being used for testing, but it is not recommended that these are used as the basis for the input to a model. This is an important concept and explains why the land value benchmark used to test plan policies (and CIL rates) can be **less** than the value at which land is being traded in the market. This point was highlighted in the London Mayoral CIL examiner’s report⁵⁹:

Finally the price paid for development land may be reduced. As with profit levels there may be cries that this is unrealistic, but a reduction in development land value is an inherent part of the CIL concept. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future. In any event in some instances it may be possible for contracts and options to be re-negotiated in the light of the changed circumstances arising from the imposition of CIL charges.
4. In addition to the guidance advocating the use of premium over existing use value (particularly the Local Housing Delivery Group, 2012), recent RICS research⁶⁰ highlights the issues with using market values to set land benchmarks – *“If market value is based on comparable evidence*

⁵⁸ Local Housing Delivery Group, 2012, Viability Testing Local Plans

⁵⁹ Report to The Mayor of London, by Keith Holland January 2012

⁶⁰ RICS, 2015, Financial Viability Appraisal in Planning Decisions: Theory and Practice

without proper adjustment to reflect policy compliant planning obligations, this introduces a circularity, which encourages developers to overpay for sites and try to recover some or all of this overpayment via reductions in planning obligations". Furthermore, there are tangible differences between the types of appraisals supporting market values and those used for area wide viability appraisals such as this CIL study. These differences further highlight the issues with using market value comparables to set benchmarks:

Appraisal Input	Area-wide viability study	Developer appraisal to inform land purchase
Sales values	Current day	Potentially inflated to take into account of market rises
Build costs	Current day full BCIS cost	Value engineered
Profit	Full target applied	Competitive and not necessarily at target level
Planning requirements	Applied in full	Potentially squeezed
Site costs	Extensive	None/limited
Development Programme	Lengthy	Short

5. Therefore, the basis for establishing the land values is a rounded view including the benchmarks established as part of the local plan process, published reports on land values, consultation with the development industry and a review of the sale price information available from land transactions.
6. Annex 1 (Transparent Viability Assumptions) to the Homes and Communities Agency guidance for its Area Wide Viability Model published in August 2010 states that in relation to the required premium above existing use value (EUV):

"Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas. For greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value". (page 9)⁶¹
7. Another report in 2011 undertaken for the Department for Communities and Local Government⁶² suggested that a premium of 25% over existing use value was required to bring forward industrial land for redevelopment. The premium for greenfield land was said to be higher, recognising that while the existing use value base is low, the costs normally associated with realising new development on unserviced greenfield land are considerable.

⁶¹ Homes and Communities Agency, 2010, Annex 1 (Transparent Viability Assumptions)

⁶² Turner Morum, 2011, Cumulative impacts of regulations on house builders and landowners

8. For residential land, current use value is taken as industrial land for urban sites and agricultural land for strategic sites/urban extensions, with appropriate uplifts applied. Sites are taken as being suitable for development but not necessarily consented.
9. The benchmarks refer to sites suitable for development i.e. not constrained by abnormal conditions such as contamination from previous uses or archeological or topographical constraints etc. Where these abnormal constraints can reasonably be judged to form part of any due diligence we have assumed that they will feature in any negotiations about purchasing the land and the price adjusted accordingly. It is of course possible that in some circumstances the costs of dealing with the constraints is greater than any uplift in value from the new use. In these situations, it may be best that either the site remains in its existing use or that if it is strategically important, third party funding is sought to assist redevelopment.

Implications for Benchmark Land Values in Ashford Borough

10. The key factors to be taken into consideration are:
 - Premium over existing use values – as specified by the guidance
 - Published research reports on land values
 - Benchmark land value discussion at the development industry workshop in 2015
 - Evidence from transactions, where available.

Premium over existing use values

11. A 45% premium over industrial use value of £482,000/ha gives a value for urban/edge of urban sites of £700,000/ha. 14 times agricultural values suggests a greenfield strategic sites value of £300,000/ha.
12. It is likely that larger greenfield non-strategic sites will have a benchmark value somewhere between the strategic sites and the urban sites. £450,000 represents a mid point between the strategic sites and the urban site benchmarks.
13. Outside Ashford and its hinterlands house prices are higher and it is likely that the benchmark will be also be higher, on the basis that development will consistently be able to pay more for sites. We suggest a benchmark of £1.3m/ha for the Rest of Borough (which would be approximately 2.5 times industrial values).
14. These benchmarks are per gross ha.

Published research reports on land values

15. DCLG has published estimates of residential land values for policy purposes, with an estimate of £1.94m/ha⁶³ for 35 dph residential development land in Ashford. Note that this value is a nominal figure for market housing development only (i.e. the cost of providing affordable housing is not included) without any s106/278 or CIL; and that the development costs are lower than the standard costs used here (e.g. the DCLG estimates use lower quartile build costs and a

⁶³ DCLG, 2015, Land estimates for policy appraisal

lower developer return of 17% of GDV). The DCLG report also estimated that agricultural land in SE England was £22,000/ha and that industrial land in SE England was £1.1m/ha⁶⁴.

16. The DCLG residential benchmark assumptions indicate that the benchmarks are “‘typical’ for the local authority area”, which we would interpret as being Ashford Hinterlands, as this is where most development is to take place.
17. It is possible to adjust the DCLG residential land estimate by applying the costs of policy compliant affordable housing and s106, and making an adjustment to reflect the different developer return rates used. The costs of providing policy compliant 10% affordable housing and 20% starter housing is estimated by testing a 1 ha scheme at 35 dph both with the affordable housing and starter homes; and then with no affordable housing or starter homes. This takes into account the opportunity cost of not providing market housing as well as the specific costs of providing the affordable housing and starter homes. Through this process it is estimated that the average cost is £45,500 per affordable dwelling/starter home in the required proportions. The Council estimates that current typical s106 costs are £13,000/dwelling and 3% of the wholly market housing GDV is c. £265,000. Applying these adjustments gives an estimate of £0.75m/ha at 35 dph. It would be possible to make further adjustments to take into the account of the lower build costs used by DCLG but the adjustment required is less clear.
18. CIL viability assessments have been undertaken in surrounding locations and these use residual value viability assessments with benchmark land value estimates. Some of these have variations by location/site typology. The table below illustrates the range of benchmarks used. When considering these benchmarks, it is important to note that land value benchmarks will be affected by different affordable housing policies, s106 requirements and house prices in the various authorities. Nonetheless it can be seen that the highest typical benchmarks are £1.2m - £1.5m/ha, secondary benchmarks typically £1.3m - £0.75m/ha, other location benchmarks £0.3m-£0.55m/ha and greenfield £0.25m - £0.5m. Within Kent, estimates of land values are higher in Maidstone and Sevenoaks than elsewhere.

Table 3.1 Benchmark Land Values in surrounding authorities

Location	CIL status	Date	Benchmark 1 £/ha	Benchmark 2 £/ha	Benchmark 3 £/ha	Benchmark 4 £/ha	Strategic sites benchmark £/ha
Sevenoaks	CIL adopted	2014	£3,000,000	£1,300,000			£250,000-£500,000
Dartford	CIL adopted	2013	£1,190,000	£740,000			
Maidstone	PDCS	2014	£1,800,000	£1,650,000	£1,425,000	£1,200,000	£1,125,000
Shepway	Examined	2016	£1,200,000	£750,000	£500,000		£500,000

⁶⁴ In February 2015 DCLG published a value of £482,000/ha as the value of industrial land, which was used in the developer workshop.

Location	CIL status	Date	Benchmark 1 £/ha	Benchmark 2 £/ha	Benchmark 3 £/ha	Benchmark 4 £/ha	Strategic sites benchmark £/ha
Thanet		2012	£600,000				£400,000
Dover	PDCS	2012	£1,500,000	£1,000,000	£300,000		
Swale		2015	£1,236,000	£952,000	£695,000	£555,000	

19. Research published by Savills suggests that development land has increased in value in recent years, although this is most apparent in London⁶⁵, and that in the short term there has been little change⁶⁶. Demand is flattening as housebuilders have enough consented land for their needs, with on average the listed housebuilders have 5.3 years' worth of land to build out at existing build rates.
20. Research published by Knight Frank in 2015⁶⁷ states that development land prices are also moderating, reflecting the increased costs of development, with a sharp rise in the cost of materials and labour in recent years. The research showed an increase in value to late 2013 followed by a fall in value of development land in 2015.
21. Colliers estimates that industrial land may be worth £1.48m/ha in 2015⁶⁸. These values are stated to apply to sites of over 4ha in prime locations.

Development industry feedback

22. Benchmark land values were discussed during the April 2014 development industry workshop. The feedback included:
- Concern that the requirements of the NPPF in terms of a competitive return to the landowner were being met.
 - Discussion about whether the benchmark for strategic greenfield sites is too low, by about £100K/ha. It was clarified that these values are for gross site areas and reflect the unfavourable net to gross developable areas associated with strategic sites as well as the additional costs of servicing these larger sites
 - It was suggested that industrial land value presented may be too high.
23. Attendees were requested to provide examples of land transactions, to include the values, costs and planning obligations associated with the schemes concerned. No evidence was made available.

⁶⁵ <http://pdf.euro.savills.co.uk/uk/residential---other/market-in-minutes-development-land-september-2015.pdf>

⁶⁶ <http://pdf.euro.savills.co.uk/uk/residential---other/market-in-minutes-uk-residential-development-land-november-2015.pdf>

⁶⁷ <http://content.knightfrank.com/research/955/documents/en/developmentopportunities2015-3368.pdf>

⁶⁸ <http://www.colliers.com/en-gb/uk/insights/industrial-rents-map>

Evidence from land for sale/transactions

24. There is limited information on land for sale in Kent. UK Land directory listings at the beginning of the study in 2015 included nine sites varying between c.£250,000/ha to £5.3m/ha. The average of the sites over 0.5ha was £1.1m/ha. These represent asking prices and it is not known what the actual sales values were.
25. Information from CoStar covers 122 development land transactions in Kent. Excluding those without values, sites clearly for industrial use only, very high value sites (over £5m/ha) and sales before 2010 reduces the number to 34. For these the average value was £1.5m/ha and the median value was £1.2m/ha. The values differed considerably on a £/ha basis, from between £45,000/ha (0.7ha) to £4.8m/ha (0.15ha). For sites over 1 ha, the prices ranged from £0.4m/ha (1.31ha) to £2.7m/ha (1.55ha). There is no clear pattern from this data about different values per ha from different size of sites.
26. A sample of land titles were reviewed for one of the strategic allocations in the Ashford Hinterlands. From the limited information available it can be seen that 10.7 ha had a value of £751,000/ha in November 2014 and 84.5ha had a value of £33,000/ha in March 2005. The £33,000/ha is above agricultural values, suggesting some future development value, but too low to use by itself as the basis for a benchmark.
27. Discussions regarding other strategic greenfield sites suggest that £300,000/ha is a reasonable benchmark to use in this testing.

Benchmark land value summary

28. The range of land factors considered suggests that the benchmark land values based on a premium over existing use are suitable for this viability assessment:
- The adjusted DCLG estimates are close to the main urban/edge of urban benchmarks for Ashford and Hinterlands
 - The benchmarks have similarities with the range of benchmarks used in similar viability exercises in nearby authorities.
 - The development industry has not suggested other benchmarks or presented other evidence.
 - The evidence from transactions shows that some sites will pay more (which is to be expected), but also that some sites will pay less.
29. The benchmark land values used in the residential testing are therefore:

Location	Type	£/gross ha (acre)	Notes
Ashford/Ashford Hinterlands	Urban/edge of urban	£700,000 (£175,000)	Based on premium over EUV + review
Ashford Hinterlands	Larger sites intermediate benchmark	£450,000 (£182,000)	Mid-point for larger non-strategic sites with additional costs

Ashford Hinterlands	Strategic greenfield	£300,000 (£120,000)	Based on approximately 15 x agricultural
Rest of Borough	Infill/edge of settlement	£1,300,000 (£525,000)	Based on review
Industrial/office	Accessible	£482,000 (£195,000)	VOA

30. Where office and industrial developments are anticipated to be on vacant industrial or office land the benchmark is considered to be £482,000/ha (industrial value suggested by DCLG in 2015). This assumes that these uses will pay the standard rate for this type of land. Where a new non-residential use is proposed (e.g. hotel, leisure or care home) then a premium of 30% over the existing industrial value is applied to release the land to its new use.
31. The exception to this is for uses known to generate high values, where landowner expectations will require a larger premium to provide an incentive to sell. In particular, this will apply to convenience shops and out of centre comparison retail. In the absence of transaction evidence and based on experience elsewhere the testing has used the higher £1.3m/ha residential benchmark for these uses, as this is the highest alternative use benchmark used in the testing.

ANNEX 4 - 1HA RESIDUAL VALUES

Market Value Area	DPH	%SH	% AH	% Self Build	s106/dwg	Total market sq m	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)	CIL With Buffer
Ashford Town	40	20%	0%	0%	2,000	2,612.8	822,000	700,000	122,000	£47	£32.69
Ashford Town	50	20%	0%	0%	2,000	2,971.2	557,000	700,000	-143,000	-£48	-£33.69
Ashford Town	90	20%	0%	0%	2,000	5,744.3	-2,416,000	700,000	-3,116,000	-£542	-£379.72
Ashford Hinterland	20	20%	10%	0%	2,000	1,687.0	726,000	700,000	26,000	£15	£10.79
Ashford Hinterland	25	20%	10%	0%	2,000	1,914.5	872,000	700,000	172,000	£90	£62.89
Ashford Hinterland	30	20%	10%	0%	2,000	2,001.3	883,000	700,000	183,000	£91	£64.01
Ashford Hinterland	35	20%	10%	0%	2,000	2,198.9	955,000	700,000	255,000	£116	£81.18
Ashford Hinterland	40	20%	10%	0%	2,000	2,286.2	1,063,000	700,000	363,000	£159	£111.15
Ashford Hinterland	50	20%	10%	0%	2,000	2,599.8	795,000	700,000	95,000	£37	£25.58
Rest of Borough	20	20%	20%	0%	2,000	1,446.0	1,359,000	1,300,000	59,000	£41	£28.56
Rest of Borough	25	20%	20%	0%	2,000	1,641.0	1,480,000	1,300,000	180,000	£110	£76.78
Rest of Borough	30	20%	20%	0%	2,000	1,715.4	1,401,000	1,300,000	101,000	£59	£41.21
Rest of Borough	35	20%	20%	0%	2,000	1,884.8	1,452,000	1,300,000	152,000	£81	£56.45
Rest of Borough	40	20%	20%	0%	2,000	1,959.6	1,400,000	1,300,000	100,000	£51	£35.72
Rest of Borough	50	20%	20%	0%	2,000	2,228.4	1,100,000	1,300,000	-200,000	-£90	-£62.83

ANNEX 5 - CASE STUDY CHARACTERISTICS

Case Study	Type	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/ dwg	Opening up/ net ha	Total market sq m	Density (dph)	Net Site area (ha)	Gross Site area (ha)	DCF applied	Benchmark
1	Houses	Ashford Town	1	0%	0%	0%	2,000	-	125.0	40	0.03	0.03	No	700,000
2	Houses	Ashford Town	2	0%	0%	0%	2,000	-	220.0	40	0.05	0.05	No	700,000
3	Houses	Ashford Town	3	0%	0%	0%	2,000	-	330.0	40	0.08	0.08	No	700,000
4	Houses	Ashford Town	4	0%	0%	0%	2,000	-	500.0	40	0.10	0.10	No	700,000
5	Houses	Ashford Town	10	0%	0%	0%	2,000	-	816.5	40	0.25	0.25	Yes	700,000
6	Houses	Ashford Town	10	20%	0%	0%	2,000	-	653.2	40	0.25	0.25	Yes	700,000
7	Houses	Ashford Town	20	20%	0%	0%	2,000	-	1,306.0	40	0.50	0.50	Yes	700,000
8	Houses	Ashford Town	100	20%	0%	0%	2,000	-	6,532.0	40	2.50	2.75	Yes	450,000
9	Houses	Ashford Town	200	20%	0%	0%	2,000	-	13,064.0	40	5.00	5.88	Yes	450,000
10	Houses	Ashford Town	200	20%	0%	0%	7,500	-	13,064.0	40	5.00	5.88	Yes	450,000
11	Flatted development	Ashford Town	200	20%	0%	0%	2,000	-	12,765.0	90	2.22	2.22	Yes	700,000
12	Houses	Ashford Town	350	20%	0%	0%	10,000	150,000	22,862.0	40	8.75	10.94	Yes	450,000
13	Houses	Ashford Town	350	20%	0%	0%	12,000	150,000	22,862.0	40	8.75	10.94	Yes	450,000
14	Houses	Ashford Town	350	20%	0%	0%	15,000	150,000	22,862.0	40	8.75	10.94	Yes	450,000

Case Study	Type	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/ dwg	Opening up/ net ha	Total market sq m	Density (dph)	Net Site area (ha)	Gross Site area (ha)	DCF applied	Benchmark
15	Flatted development	Ashford Town	600	20%	0%	0%	2,000	-	38,295.0	90	6.67	6.67	Yes	700,000
16	Houses	Ashford Hinterland	1	0%	0%	0%	2,000	-	125.0	33	0.03	0.03	No	700,000
17	Houses	Ashford Hinterland	2	0%	0%	0%	2,000	-	250.0	33	0.06	0.06	No	700,000
18	Houses	Ashford Hinterland	3	0%	0%	0%	2,000	-	375.0	33	0.09	0.09	No	700,000
19	Houses	Ashford Hinterland	4	0%	0%	0%	2,000	-	500.0	36	0.11	0.11	No	700,000
20	Houses	Ashford Hinterland	10	0%	0%	0%	2,000	-	897.5	34	0.29	0.29	Yes	700,000
21	Houses	Ashford Hinterland	10	20%	10%	0%	2,000	-	628.3	34	0.29	0.29	Yes	700,000
22	Houses	Ashford Hinterland	20	20%	10%	0%	2,000	-	1,256.5	35	0.57	0.57	Yes	700,000
23	Houses	Ashford Hinterland	55	20%	10%	5%	2,000	50,000	3,266.9	35	1.57	1.85	Yes	700,000
24	Houses	Ashford Hinterland	55	20%	10%	5%	7,500	50,000	3,266.9	35	1.57	1.85	Yes	700,000
25	Houses	Ashford Hinterland	55	20%	10%	5%	10,000	50,000	3,266.9	35	1.57	1.85	Yes	700,000
26	Houses	Ashford Hinterland	55	20%	10%	5%	12,000	50,000	3,266.9	35	1.57	1.85	Yes	700,000
27	Houses	Ashford Hinterland	55	20%	10%	5%	15,000	50,000	3,266.9	35	1.57	1.85	Yes	700,000
28	Houses	Ashford Hinterland	110	20%	10%	5%	7,500	100,000	6,802.4	30	3.67	4.22	Yes	450,000

Case Study	Type	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/ dwg	Opening up/ net ha	Total market sq m	Density (dph)	Net Site area (ha)	Gross Site area (ha)	DCF applied	Benchmark
29	Houses	Ashford Hinterland	110	20%	10%	5%	10,000	100,000	6,802.4	30	3.67	4.22	Yes	450,000
30	Houses	Ashford Hinterland	110	20%	10%	5%	12,000	100,000	6,802.4	30	3.67	4.22	Yes	450,000
31	Houses	Ashford Hinterland	110	20%	10%	5%	15,000	100,000	6,802.4	30	3.67	4.22	Yes	450,000
32	Houses	Ashford Hinterland	200	20%	10%	5%	2,000	150,000	12,674.9	30	6.67	7.85	Yes	450,000
33	Houses/ offsite s106	Ashford Hinterland	200	20%	10%	5%	7,500	150,000	12,674.9	30	6.67	7.85	Yes	450,000
34	Houses/ offsite s106	Ashford Hinterland	200	20%	10%	5%	10,000	150,000	12,674.9	30	6.67	7.85	Yes	450,000
35	Houses/ offsite s106	Ashford Hinterland	200	20%	10%	5%	12,000	150,000	12,674.9	30	6.67	7.85	Yes	450,000
36	Houses/ offsite s106	Ashford Hinterland	200	20%	10%	5%	15,000	150,000	12,674.9	30	6.67	7.85	Yes	450,000
37	Houses/ offsite s106	Ashford Hinterland	300	20%	10%	5%	10,000	150,000	19,012.4	30	10.00	12.50	Yes	300,000
38	Houses/ offsite s106	Ashford Hinterland	300	20%	10%	5%	12,000	150,000	19,012.4	30	10.00	12.50	Yes	300,000
39	Houses/ offsite s106	Ashford Hinterland	300	20%	10%	5%	15,000	150,000	19,012.4	30	10.00	12.50	Yes	300,000
40	Houses/ offsite s106/J10a	Ashford Hinterland	300	20%	10%	5%	20,500	150,000	19,012.4	30	10.00	12.50	Yes	300,000
41	Houses	Rest of Borough	1	0%	0%	0%	2,000	-	125.0	25	0.04	0.04	No	1,300,000
42	Houses	Rest of Borough	2	0%	0%	0%	2,000	-	250.0	25	0.08	0.08	No	1,300,000
43	Houses	Rest of Borough	3	0%	0%	0%	2,000	-	405.0	25	0.12	0.12	No	1,300,000

Case Study	Type	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/ dwg	Opening up/ net ha	Total market sq m	Density (dph)	Net Site area (ha)	Gross Site area (ha)	DCF applied	Benchmark
44	Houses	Rest of Borough	4	0%	0%	0%	2,000	-	530.0	25	0.16	0.16	No	1,300,000
45	Houses	Rest of Borough	10	0%	0%	0%	2,000	-	1,094.0	25	0.40	0.40	Yes	1,300,000
46	Houses	Rest of Borough	10	20%	20%	0%	2,000	-	656.4	25	0.40	0.40	Yes	1,300,000
47	Houses	Rest of Borough	11	20%	20%	0%	2,000	-	722.0	25	0.44	0.44	Yes	1,300,000
48	Houses	Rest of Borough	11	20%	20%	0%	8,000	-	722.0	25	0.44	0.44	Yes	1,300,000
49	Houses	Rest of Borough	20	20%	20%	5%	2,000	-	1,247.2	25	0.80	0.80	Yes	1,300,000
50	Houses	Rest of Borough	20	20%	20%	5%	8,000	-	1,247.2	25	0.80	0.80	Yes	1,300,000
51	Houses	Rest of Borough	40	20%	20%	5%	2,000	-	2,172.8	30	1.33	1.33	Yes	1,300,000
52	Houses	Rest of Borough	40	20%	20%	5%	8,000	-	2,172.8	30	1.33	1.33	Yes	1,300,000
53	Houses	Rest of Borough	225	20%	20%	5%	2,000	150,000	12,236.5	30	7.50	8.82	Yes	300,000
54	Houses	Rest of Borough	225	20%	20%	5%	8,000	150,000	12,236.5	30	7.50	8.82	Yes	300,000
55	Court Lodge (WS11)	Ashford Hinterland	950	20%	10%	5%	3,900	200,000	56,668.2	35	27.00	37.50	Yes	300,000
56	Court Lodge (WS11)	Ashford Hinterland	950	20%	10%	5%	13,620	200,000	56,668.2	35	27.00	37.50	Yes	300,000
57	Court Lodge (WS11)	Ashford Hinterland	950	20%	10%	5%	11,720	200,000	56,668.2	35	27.00	37.50	Yes	300,000
58	Kennington (KE2 & KE3)/ j10a	Ashford Hinterland	700	20%	10%	5%	14,900	200,000	50,925.7	24	28.00	38.89	Yes	300,000

Case Study	Type	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/ dwg	Opening up/ net ha	Total market sq m	Density (dph)	Net Site area (ha)	Gross Site area (ha)	DCF applied	Benchmark
59	Kennington (KE2 & KE3)/ j10a	Ashford Hinterland	700	20%	10%	5%	13,220	200,000	50,925.7	24	28.00	38.89	Yes	300,000
60	Kennington (KE2 & KE3)/ j10a	Ashford Hinterland	700	20%	10%	5%	11,320	200,000	50,925.7	24	28.00	38.89	Yes	300,000
61	Sheltered	Ashford Hinterland	100	0%	30%	0%	2,000	-	5,670.0	125	0.80	0.80	Yes	700,000
62	Sheltered	Ashford Hinterland	100	0%	15%	0%	2,000	-	6,885.0	125	0.80	0.80	Yes	700,000
63	Sheltered	Ashford Hinterland	100	0%	0%	0%	2,000	-	8,110.0	125	0.80	0.80	Yes	700,000
64	Sheltered	Rest of Borough	100	0%	40%	0%	2,000	-	4,860.0	125	0.80	0.80	Yes	1,300,000
65	Sheltered	Rest of Borough	100	0%	20%	0%	2,000	-	6,480.0	125	0.80	0.80	Yes	1,300,000
66	Sheltered	Rest of Borough	100	0%	0%	0%	2,000	-	8,110.0	125	0.80	0.80	Yes	1,300,000

ANNEX 5 - CASE STUDY RESIDUAL VALUES

Case Study	Type	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/ dwg	Opening up/ net ha	Residual Value	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)	CIL With Buffer
1	Houses	Ashford Town	1	0%	0%	0%	2,000	-	-90,000	-3,600,000	700,000	-4,300,000	-£860	-£602
2	Houses	Ashford Town	2	0%	0%	0%	2,000	-	71,000	1,420,000	700,000	720,000	£164	£115
3	Houses	Ashford Town	3	0%	0%	0%	2,000	-	107,000	1,426,667	700,000	726,667	£165	£116
4	Houses	Ashford Town	4	0%	0%	0%	2,000	-	158,000	1,580,000	700,000	880,000	£176	£123
5	Houses	Ashford Town	10	0%	0%	0%	2,000	-	265,267	1,061,068	700,000	361,068	£111	£77
6	Houses	Ashford Town	10	20%	0%	0%	2,000	-	204,161	816,644	700,000	116,644	£45	£31
7	Houses	Ashford Town	20	20%	0%	0%	2,000	-	446,045	892,090	700,000	192,090	£74	£51
8	Houses	Ashford Town	100	20%	0%	0%	2,000	-	2,185,015	795,345	450,000	345,345	£132	£93
9	Houses	Ashford Town	200	20%	0%	0%	2,000	-	4,524,071	769,092	450,000	319,092	£122	£85
10	Houses	Ashford Town	200	20%	0%	0%	7,500	-	3,521,636	598,678	450,000	148,678	£57	£40
11	Flatted development	Ashford Town	200	20%	0%	0%	2,000	-	-6,382,835	-2,875,151	700,000	-3,575,151	-£622	-£435
12	Houses	Ashford Town	350	20%	0%	0%	10,000	150,000	4,243,624	387,988	450,000	-62,012	-£24	-£17
13	Houses	Ashford Town	350	20%	0%	0%	12,000	150,000	3,677,716	336,248	450,000	-113,752	-£44	-£30
14	Houses	Ashford Town	350	20%	0%	0%	15,000	150,000	2,756,849	252,055	450,000	-197,945	-£76	-£53

Case Study	Type	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/ dwg	Opening up/ net ha	Residual Value	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)	CIL With Buffer
15	Flatted development	Ashford Town	600	20%	0%	0%	2,000	-	- 17,193,420	-2,577,724	700,000	-3,277,724	-£571	-£400
16	Houses	Ashford Hinterland	1	0%	0%	0%	2,000	-	-73,000	-2,433,333	700,000	-3,133,333	-£752	-£526
17	Houses	Ashford Hinterland	2	0%	0%	0%	2,000	-	116,000	1,933,333	700,000	1,233,333	£296	£207
18	Houses	Ashford Hinterland	3	0%	0%	0%	2,000	-	171,000	1,900,000	700,000	1,200,000	£288	£202
19	Houses	Ashford Hinterland	4	0%	0%	0%	2,000	-	218,000	1,981,818	700,000	1,281,818	£282	£197
20	Houses	Ashford Hinterland	10	0%	0%	0%	2,000	-	390,394	1,346,186	700,000	646,186	£209	£146
21	Houses	Ashford Hinterland	10	20%	10%	0%	2,000	-	262,184	904,083	700,000	204,083	£94	£66
22	Houses	Ashford Hinterland	20	20%	10%	0%	2,000	-	565,844	992,709	700,000	292,709	£133	£93
23	Houses	Ashford Hinterland	55	20%	10%	5%	2,000	50,000	1,484,943	803,950	700,000	103,950	£50	£35
24	Houses	Ashford Hinterland	55	20%	10%	5%	7,500	50,000	1,224,310	662,843	700,000	-37,157	-£18	-£12
25	Houses	Ashford Hinterland	55	20%	10%	5%	10,000	50,000	1,105,841	598,704	700,000	-101,296	-£49	-£34
26	Houses	Ashford Hinterland	55	20%	10%	5%	12,000	50,000	1,011,065	547,392	700,000	-152,608	-£73	-£51
27	Houses	Ashford Hinterland	55	20%	10%	5%	15,000	50,000	868,902	470,425	700,000	-229,575	-£110	-£77
28	Houses	Ashford Hinterland	110	20%	10%	5%	7,500	100,000	2,573,221	610,001	450,000	160,001	£86	£60

Case Study	Type	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/ dwg	Opening up/ net ha	Residual Value	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)	CIL With Buffer
29	Houses	Ashford Hinterland	110	20%	10%	5%	10,000	100,000	2,334,003	553,292	450,000	103,292	£56	£39
30	Houses	Ashford Hinterland	110	20%	10%	5%	12,000	100,000	2,142,629	507,926	450,000	57,926	£31	£22
31	Houses	Ashford Hinterland	110	20%	10%	5%	15,000	100,000	1,855,569	439,876	450,000	-10,124	-£5	-£4
32	Houses	Ashford Hinterland	200	20%	10%	5%	2,000	150,000	5,149,843	656,277	450,000	206,277	£109	£76
33	Houses/ offsite s106	Ashford Hinterland	200	20%	10%	5%	7,500	150,000	4,197,530	534,918	450,000	84,918	£45	£31
34	Houses/ offsite s106	Ashford Hinterland	200	20%	10%	5%	10,000	150,000	3,764,660	479,754	450,000	29,754	£16	£11
35	Houses/ offsite s106	Ashford Hinterland	200	20%	10%	5%	12,000	150,000	3,418,365	435,624	450,000	-14,376	-£8	-£5
36	Houses/ offsite s106	Ashford Hinterland	200	20%	10%	5%	15,000	150,000	2,898,921	369,428	450,000	-80,572	-£42	-£30
37	Houses/ offsite s106	Ashford Hinterland	300	20%	10%	5%	10,000	150,000	6,116,730	489,338	300,000	189,338	£100	£70
38	Houses/ offsite s106	Ashford Hinterland	300	20%	10%	5%	12,000	150,000	5,634,818	450,785	300,000	150,785	£79	£56
39	Houses/ offsite s106	Ashford Hinterland	300	20%	10%	5%	15,000	150,000	4,907,482	392,599	300,000	92,599	£49	£34
40	Houses/ offsite s106/110a	Ashford Hinterland	300	20%	10%	5%	20,500	150,000	3,561,335	284,907	300,000	-15,093	-£8	-£6
41	Houses	Rest of Borough	1	0%	0%	0%	2,000	-	-9,000	-225,000	1,300,000	-1,525,000	-£488	-£342
42	Houses	Rest of Borough	2	0%	0%	0%	2,000	-	240,000	3,000,000	1,300,000	1,700,000	£544	£381
43	Houses	Rest of Borough	3	0%	0%	0%	2,000	-	405,000	3,375,000	1,300,000	2,075,000	£615	£430

Case Study	Type	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/ dwg	Opening up/ net ha	Residual Value	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)	CIL With Buffer
44	Houses	Rest of Borough	4	0%	0%	0%	2,000	-	491,000	3,068,750	1,300,000	1,768,750	£534	£374
45	Houses	Rest of Borough	10	0%	0%	0%	2,000	-	917,270	2,293,175	1,300,000	993,175	£363	£254
46	Houses	Rest of Borough	10	20%	20%	0%	2,000	-	555,091	1,387,728	1,300,000	87,728	£53	£37
47	Houses	Rest of Borough	11	20%	20%	0%	2,000	-	643,851	1,463,298	1,300,000	163,298	£100	£70
48	Houses	Rest of Borough	11	20%	20%	0%	8,000	-	583,704	1,326,600	1,300,000	26,600	£16	£11
49	Houses	Rest of Borough	20	20%	20%	5%	2,000	-	1,134,906	1,418,633	1,300,000	118,633	£76	£53
50	Houses	Rest of Borough	20	20%	20%	5%	8,000	-	1,031,017	1,288,771	1,300,000	-11,229	-£7	-£5
51	Houses	Rest of Borough	40	20%	20%	5%	2,000	-	1,930,763	1,451,702	1,300,000	151,702	£93	£65
52	Houses	Rest of Borough	40	20%	20%	5%	8,000	-	1,722,986	1,295,478	1,300,000	-4,522	-£3	-£2
53	Houses	Rest of Borough	225	20%	20%	5%	2,000	150,000	9,368,017	1,061,709	300,000	761,709	£467	£327
54	Houses	Rest of Borough	225	20%	20%	5%	8,000	150,000	8,273,116	937,620	300,000	637,620	£391	£274
55	Court Lodge (WS11)	Ashford Hinterland	950	20%	10%	5%	3,900	200,000	5,514,175	147,045	300,000	-152,955	-£73	-£51
56	Court Lodge (WS11)	Ashford Hinterland	950	20%	10%	5%	13,620	200,000	9,850,021	262,667	300,000	-37,333	-£18	-£12
57	Court Lodge (WS11)	Ashford Hinterland	950	20%	10%	5%	11,720	200,000	11,328,189	302,085	300,000	2,085	£1	£1
58	Kennington (KE2 & KE3)/ j10a	Ashford Hinterland	700	20%	10%	5%	14,900	200,000	12,096,977	311,065	300,000	11,065	£6	£4

Case Study	Type	Market Value Area	Total dwgs	%SH	% AH	% Self Build	s106/ dwg	Opening up/ net ha	Residual Value	Residual Value per ha	Main Benchmark	RV less main benchmark	Main Benchmark Max CIL (£/sq m)	CIL With Buffer
59	Kennington (KE2 & KE3)/ j10a	Ashford Hinterland	700	20%	10%	5%	13,220	200,000	12,813,269	329,484	300,000	29,484	£16	£11
60	Kennington (KE2 & KE3)/ j10a	Ashford Hinterland	700	20%	10%	5%	11,320	200,000	13,933,832	358,299	300,000	58,299	£32	£22
61	Sheltered	Ashford Hinterland	100	0%	30%	0%	2,000	-	-798,033	-997,541	700,000	-1,697,541	-£240	-£168
62	Sheltered	Ashford Hinterland	100	0%	15%	0%	2,000	-	4,432	5,540	700,000	-694,460	-£81	-£56
63	Sheltered	Ashford Hinterland	100	0%	0%	0%	2,000	-	786,200	982,750	700,000	282,750	£28	£20
64	Sheltered	Rest of Borough	100	0%	40%	0%	2,000	-	567,143	708,929	1,300,000	-591,071	-£97	-£68
65	Sheltered	Rest of Borough	100	0%	20%	0%	2,000	-	1,764,399	2,205,499	1,300,000	905,499	£112	£78
66	Sheltered	Rest of Borough	100	0%	0%	0%	2,000	-	3,006,580	3,758,225	1,300,000	2,458,225	£242	£170

ANNEX 6 - NON-RESIDENTIAL VIABILITY TESTS

Non-residential Viability Assessment Model					
Office development of two storeys out of town (a/c multiple units)					
	Size of unit (GIA)	1500	sq m		
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	1500	sq m		Produced by model
	NIA as % of GIA	95%			Key results
	NIA	1425	sq m	GEA	Gross external area
	Floors	2		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	0.19	Hectares		
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£194	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 194	
	Annual rent for assesment (total) - NIA			£ 275,994	
	Yield			7.00%	
	(Yield times rent)			£ 3,942,771	
	Less purchaser costs	5.80	% of yield x rent		
	Gross Development Value			£	3,726,627
SCHEME COSTS					
	Build costs	£ 1,489	per sq m	£ 2,233,500	
	Additional build costs	£ -	per sq m	£ -	
	Water efficiency	2.00%	of base build costs	£ 44,670	
	External costs	10%	of base build costs	£ 223,350	
	Total construction costs			£	2,501,520
	Professional fees	12.00%	of construction costs	£ 300,182	
	Sales and lettings costs	3%	of GDV	£ 111,799	
	S106 costs (not covered by CIL)			£ 20,000	
	Total 'other costs'			£	431,981
	Finance costs	6.0%	Interest rate		
	Build period	10	Months		
	Finance costs for 100% of construction and other costs			£ 146,675	
	Void finance/rent free period (in months)	36	Months	£ 528,030	
	Total finance costs			£	674,705
	Developer return	20%	Scheme value	£	745,325
	Total scheme costs			£	4,353,532
RESIDUAL VALUE					
	Gross residual value			-£	626,905
	Less purchaser costs	0.00	% Stamp duty land tax	£	-
		2.00	% Agent/legal purchase fees	£	-
	Residual value			-£	639,443
			Equivalent per hectare	-£	3,410,362
			Not viable		
Potential for CIL					
	Benchmark land value (per hectare)			£	482,000
	Equivalent benchmark land value for site			£	90,375
	Potential for CIL for the scheme			-£	729,818
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Office development of four storeys town centre (a/c)					
	Size of unit (GIA)	2000	sq m		
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	2000	sq m		Produced by model
	NIA as % of GIA	95%			Key results
	NIA	1900	sq m	GEA	Gross external area
	Floors	4		GIA	Gross internal area
	Site coverage	75%		NIA	Net internal area
	Site area	0.07	Hectares		
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£172	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEM premium			£ 172	
	Annual rent for assesment (total) - NIA			£ 327,104	
	Yield			9.00%	
	(Yield times rent)			£ 3,634,489	
	Less purchaser costs	5.80	% of yield x rent		
	Gross Development Value				£ 3,435,245
SCHEME COSTS					
	Build costs	£ 1,811	per sq m	£ 3,622,000	
	Additional build costs	£ -	per sq m	£ -	
	Water efficiency	2.00%	of base build costs	£ 72,440	
	External costs	10%	of base build costs	£ 362,200	
	Total construction costs				£ 4,056,640
	Professional fees	12.00%	of construction costs	£ 486,797	
	Sales and lettings costs	3%	of GDV	£ 103,057	
	S106 costs (not covered by CIL)			£ -	
	Total 'other costs'				£ 589,854
	Finance costs	6.0%	Interest rate		
	Build period	14	Months		
	Finance costs for 100% of construction and other costs			£ 325,255	
	Void finance/rent free period (in months)	36	Months	£ 836,369	
	Total finance costs				£ 1,161,624
	Developer return	20%	Scheme value		£ 687,049
	Total scheme costs				£ 6,495,167
RESIDUAL VALUE					
	Gross residual value				-£ 3,059,922
	Less purchaser costs	0.00	% Stamp duty land tax		£ -
		2.00	% Agent/legal purchase fees		£ -
	Residual value				
		For the scheme			-£ 3,121,120
		Equivalent per hectare			-£ 46,816,805
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 482,000	
	Equivalent benchmark land value for site			£ 32,133	
	Potential for CIL for the scheme				-£ 3,153,254
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Four industrial/warehouse units in a block of 1,600 sqm edge of town					
	Size of unit (GIA)	1600	sq m		
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	1600	sq m		Produced by model
	NIA as % of GIA	95%			Key results
	NIA	1520	sq m	GEA	Gross external area
	Floors	1		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	0.40	Hectares		
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£75	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 75	
	Annual rent for assesment (total) - NIA			£ 114,486	
	Yield			7.90%	
	(Yield times rent)			£ 1,449,195	
	Less purchaser costs	5.80	% of yield x rent		
	Gross Development Value				£ 1,369,749
SCHEME COSTS					
	Build costs	£ 724	per sq m	£ 1,158,400	
	Additional build costs	£ -	per sq m	£ -	
	Water efficiency	2.00%	of base build costs	£ 23,168	
	External costs	10%	of base build costs	£ 115,840	
	Total construction costs				£ 1,297,408
	Professional fees	12.00%	of construction costs	£ 155,689	
	Sales and lettings costs	3%	of GDV	£ 41,092	
	S106 costs (not covered by CIL)			£ 20,000	
	Total 'other costs'				£ 216,781
	Finance costs	6.0%	Interest rate		
	Build period	8	Months		
	Finance costs for 100% of construction and other costs			£ 60,568	
	Void finance/rent free period (in months)	12	Months	£ 90,851	
	Total finance costs				£ 151,419
	Developer return	20%	Scheme value		£ 273,950
	Total scheme costs				£ 1,939,558
RESIDUAL VALUE					
	Gross residual value				-£ 569,809
	Less purchaser costs	0.00	% Stamp duty land tax		£ -
		2.00	% Agent/legal purchase fees		£ -
	Residual value				
		For the scheme			-£ 581,205
		Equivalent per hectare			-£ 1,453,012
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 482,000	
	Equivalent benchmark land value for site			£ 192,800	
	Potential for CIL for the scheme				-£ 774,005
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Warehouse/industrial unit of 5,000 sqm edge of town, accessible location					
	Size of unit (GIA)	5000 sq m			
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	5000 sq m			Produced by model
	NIA as % of GIA	95%			Key results
	NIA	4750 sq m		GEA	Gross external area
	Floors	1		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	1.25 Hectares			
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£75	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 75	
	Annual rent for assesment (total) - NIA			£ 357,770	
	Yield			7.90%	
	(Yield times rent)			£ 4,528,734	
	Less purchaser costs	5.80 % of yield x rent			
	Gross Development Value				£ 4,280,467
SCHEME COSTS					
	Build costs	£ 574 per sq m		£ 2,870,000	
	Additional build costs	£ - per sq m		£ -	
	Water efficiency	2.00% of base build costs		£ 57,400	
	External costs	10% of base build costs		£ 287,000	
	Total construction costs				£ 3,214,400
	Professional fees	12.00% of construction costs		£ 385,728	
	Sales and lettings costs	3% of GDV		£ 128,414	
	S106 costs (not covered by CIL)			£ 50,000	
	Total 'other costs'				£ 564,142
	Finance costs	6.0% Interest rate			
	Build period	8 Months			
	Finance costs for 100% of construction and other costs			£ 151,142	
	Void finance/rent free period (in months)	24 Months		£ 453,425	
	Total finance costs				£ 604,567
	Developer return	20% Scheme value			£ 856,093
	Total scheme costs				£ 5,239,202
RESIDUAL VALUE					
	Gross residual value				-£ 958,735
	Less purchaser costs	0.00 % Stamp duty land tax			£ -
		2.00 % Agent/legal purchase fees			£ -
	Residual value				
		For the scheme			-£ 977,910
		Equivalent per hectare			-£ 782,328
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 482,000	
	Equivalent benchmark land value for site			£ 602,500	
	Potential for CIL for the scheme				-£ 1,580,410
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Town centre comparison retail 800 sqm					
	Size of unit (GIA)	800 sq m			
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	800 sq m			Produced by model
	NIA as % of GIA	95%			Key results
	NIA	760 sq m		GEA	Gross external area
	Floors	2		GIA	Gross internal area
	Site coverage	80%		NIA	Net internal area
	Site area	0.05 Hectares			
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£194	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 194	
	Annual rent for assesment (total) - NIA			£ 147,197	
	Yield			7.70%	
	(Yield times rent)			£ 1,911,647	
	Less purchaser costs	5.80 % of yield x rent			
	Gross Development Value				£ 1,806,849
SCHEME COSTS					
	Build costs	£ 1,465 per sq m		£ 1,172,000	
	Additional build costs	£ - per sq m		£ -	
	Water efficiency	2.00% of base build costs		£ 23,440	
	External costs	10% of base build costs		£ 117,200	
	Total construction costs				£ 1,312,640
	Professional fees	12.00% of construction costs		£ 157,517	
	Sales and lettings costs	3% of GDV		£ 54,205	
	S106 costs (not covered by CIL)			£ -	
	Total 'other costs'				£ 211,722
	Finance costs	6.0% Interest rate			
	Build period	12 Months			
	Finance costs for 100% of construction and other costs			£ 91,462	
	Void finance/rent free period (in months)	12 Months		£ 91,462	
	Total finance costs				£ 182,923
	Developer return	20% Scheme value			£ 361,370
	Total scheme costs				£ 2,068,656
RESIDUAL VALUE					
	Gross residual value				-£ 261,806
	Less purchaser costs	0.00 % Stamp duty land tax			£ -
		2.00 % Agent/legal purchase fees			£ -
	Residual value				
		For the scheme			-£ 267,042
		Equivalent per hectare			-£ 5,340,846
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 1,300,000	
	Equivalent benchmark land value for site			£ 65,000	
	Potential for CIL for the scheme				-£ 332,042
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Out of centre comparison retail multiple units totalling 6,000 sqm					
	Size of unit (GIA)	6000 sq m			
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	6000 sq m			Produced by model
	NIA as % of GIA	95%			Key results
	NIA	5700 sq m		GEA	Gross external area
	Floors	1		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	1.50 Hectares			
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£172	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 172	
	Annual rent for assesment (total) - NIA			£ 981,312	
	Yield			6.50%	
	(Yield times rent)			£ 15,097,108	
	Less purchaser costs	5.80 % of yield x rent			
	Gross Development Value				£ 14,269,478
SCHEME COSTS					
	Build costs	£874 per sq m		£ 5,244,000	
	Additional build costs	£ - per sq m		£ -	
	Water efficiency	2.00% of base build costs		£ 104,880	
	External costs	10% of base build costs		£ 524,400	
	Total construction costs				£ 5,873,280
	Professional fees	12.00% of construction costs		£ 704,794	
	Sales and lettings costs	3% of GDV		£ 428,084	
	S106 costs (not covered by CIL)			£ 100,000	
	Total 'other costs'				£ 1,232,878
	Finance costs	6.0% Interest rate			
	Build period	14 Months			
	Finance costs for 100% of construction and other costs			£ 497,431	
	Void finance/rent free period (in months)	12 Months		£ 426,369	
	Total finance costs				£ 923,801
	Developer return	20% Scheme value			£ 2,853,896
	Total scheme costs				£ 10,883,854
RESIDUAL VALUE					
	Gross residual value				£ 3,385,624
	Less purchaser costs	4.70 % Stamp duty land tax			£ 159,124
		2.00 % Agent/legal purchase fees			£ 67,712
	Residual value				
		For the scheme			£ 3,173,031
		Equivalent per hectare			£ 2,115,354
					Go to next stage
Potential for CIL					
	Benchmark land value (per hectare)			£ 1,300,000	
	Equivalent benchmark land value for site			£ 1,950,000	
	Potential for CIL for the scheme			£ 1,223,031	
	Potential per sq m			£ 204	

Non-residential Viability Assessment Model					
Small Convenience Store 300 sqm					
	Size of unit (GIA)	300 sq m			
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	300 sq m			Produced by model
	NIA as % of GIA	95%			Key results
	NIA	285 sq m		GEA	Gross external area
	Floors	1		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	0.08 Hectares			
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£204	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 204	
	Annual rent for assesment (total) - NIA			£ 58,265	
	Yield			6.50%	
	(Yield times rent)			£ 896,391	
	Less purchaser costs	5.80 % of yield x rent			
	Gross Development Value			£ 847,250	
SCHEME COSTS					
	Build costs	£ 2,244 per sq m		£ 673,200	
	Additional build costs	£ - per sq m		£ -	
	Water efficiency	2.00% of base build costs		£ 13,464	
	External costs	10% of base build costs		£ 67,320	
	Total construction costs			£ 753,984	
	Professional fees	12.00% of construction costs		£ 90,478	
	Sales and lettings costs	3% of GDV		£ 25,418	
	S106 costs (not covered by CIL)			£ -	
	Total 'other costs'			£ 115,896	
	Finance costs	6.0% Interest rate			
	Build period	6 Months			
	Finance costs for 100% of construction and other costs			£ 26,096	
	Void finance/rent free period (in months)	0 Months		£ -	
	Total finance costs			£ 26,096	
	Developer return	20% Scheme value		£ 169,450	
	Total scheme costs			£ 1,065,426	
RESIDUAL VALUE					
	Gross residual value			-£ 218,176	
	Less purchaser costs	0.00 % Stamp duty land tax		£ -	
		2.00 % Agent/legal purchase fees		£ -	
	Residual value	For the scheme		-£ 222,539	
		Equivalent per hectare		-£ 2,967,190	
		Not viable			
Potential for CIL					
	Benchmark land value (per hectare)			£ 1,300,000	
	Equivalent benchmark land value for site			£ 97,500	
	Potential for CIL for the scheme			-£ 320,039	
	Potential per sq m			NONE	

Non-residential Viability Assessment Model					
Supermarket of 1,100 sqm					
	Size of unit (GIA)	1100	sq m		
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	1100	sq m		Produced by model
	NIA as % of GIA	95%			Key results
	NIA	1045	sq m	GEA	Gross external area
	Floors	1		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	0.28	Hectares		
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£172	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 172	
	Annual rent for assesment (total) - NIA			£ 179,907	
	Yield			5.50%	
	(Yield times rent)			£ 3,271,040	
	Less purchaser costs	5.80	% of yield x rent		
	Gross Development Value				£ 3,091,720
SCHEME COSTS					
	Build costs	£ 1,786	per sq m	£ 1,964,600	
	Additional build costs	£ -	per sq m	£ -	
	Water efficiency	2.00%	of base build costs	£ 39,292	
	External costs	10%	of base build costs	£ 196,460	
	Total construction costs				£ 2,200,352
	Professional fees	12.00%	of construction costs	£ 264,042	
	Sales and lettings costs	3%	of GDV	£ 92,752	
	S106 costs (not covered by CIL)			£ 100,000	
	Total 'other costs'				£ 456,794
	Finance costs	6.0%	Interest rate		
	Build period	8	Months		
	Finance costs for 100% of construction and other costs			£ 106,286	
	Void finance/rent free period (in months)	12	Months	£ 159,429	
	Total finance costs				£ 265,715
	Developer return	20%	Scheme value		£ 618,344
	Total scheme costs				£ 3,541,204
RESIDUAL VALUE					
	Gross residual value				-£ 449,484
	Less purchaser costs	0.00	% Stamp duty land tax		£ -
		2.00	% Agent/legal purchase fees		£ -
	Residual value				
		For the scheme			-£ 458,474
		Equivalent per hectare			-£ 1,667,178
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 1,300,000	
	Equivalent benchmark land value for site			£ 357,500	
	Potential for CIL for the scheme				-£ 815,974
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Edge of centre mixed leisure development					
	Size of unit (GIA)	3800	sq m		
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	3800	sq m		Produced by model
	NIA as % of GIA	95%			Key results
	NIA	3610	sq m	GEA	Gross external area
	Floors	2		GIA	Gross internal area
	Site coverage	80%		NIA	Net internal area
	Site area	0.24	Hectares		
SCHEME REVENUE					
	Headline annual rent (in £s per sq m)			£151	
	Rent premium			0%	
	Headline annual rent (in £s per sq m) with BREEAM premium			£ 151	
	Annual rent for assesment (total) - NIA			£ 543,810	
	Yield			7.00%	
	(Yield times rent)			£ 7,768,720	
	Less purchaser costs	5.80	% of yield x rent		
	Gross Development Value				£ 7,342,836
SCHEME COSTS					
	Build costs	£ 1,551	per sq m	£ 5,893,800	
	Additional build costs	£ -	per sq m	£ -	
	Water efficiency	2.00%	of base build costs	£ 117,876	
	External costs	10%	of base build costs	£ 589,380	
	Total construction costs				£ 6,601,056
	Professional fees	12.00%	of construction costs	£ 792,127	
	Sales and lettings costs	3%	of GDV	£ 220,285	
	S106 costs (not covered by CIL)			£ 20,000	
	Total 'other costs'				£ 1,032,412
	Finance costs	6.0%	Interest rate		
	Build period	12	Months		
	Finance costs for 100% of construction and other costs			£ 458,008	
	Void finance/rent free period (in months)	0	Months	£ -	
	Total finance costs				£ 458,008
	Developer return	20%	Scheme value		£ 1,468,567
	Total scheme costs				£ 9,560,043
RESIDUAL VALUE					
	Gross residual value				-£ 2,217,207
	Less purchaser costs	0.00	% Stamp duty land tax		£ -
		2.00	% Agent/legal purchase fees		£ -
	Residual value				
			For the scheme		-£ 2,261,552
			Equivalent per hectare		-£ 9,522,322
					Not viable
Potential for CIL					
	Benchmark land value (per hectare)			£ 626,600	
	Equivalent benchmark land value for site			£ 148,818	
	Potential for CIL for the scheme				-£ 2,410,369
	Potential per sq m				NONE

Non-residential Viability Assessment Model					
Care home 60 bedrooms					
	Size of unit (GIA)	3000	sq m		
	Ratio of GEA to GIA	100.0%			User input cells
	GEA	3000	sq m		Produced by model
	NIA as % of GIA	95%			Key results
	NIA	2850	sq m	GEA	Gross external area
	Floors	2		GIA	Gross internal area
	Site coverage	40%		NIA	Net internal area
	Site area	0.38	Hectares		
SCHEME REVENUE					
	Capital value per room			£	80,000
	Rooms				60
	Gross capital value			£	4,800,000
	Less purchaser costs	5.80	% of gross capital value		
	Gross Development Value			£	4,536,862
SCHEME COSTS					
	Build costs	£	2,182 per sq m	£	6,546,000
	Additional build costs	£	- per sq m	£	-
	Water efficiency	2.00%	of base build costs	£	130,920
	External costs	10%	of base build costs	£	654,600
	Total construction costs			£	7,331,520
	Professional fees	12.00%	of construction costs	£	879,782
	Sales and lettings costs	3%	of GDV	£	136,106
	S106 costs (not covered by CIL)			£	75,000
	Total 'other costs'			£	1,090,888
	Finance costs	6.0%	Interest rate		
	Build period	12	Months		
	Finance costs for 100% of construction and other costs			£	505,344
	Void finance/rent free period (in months)	0	Months	£	-
	Total finance costs			£	505,344
	Developer return	20%	Scheme value	£	907,372
	Total scheme costs			£	9,835,125
RESIDUAL VALUE					
	Gross residual value			-£	5,298,263
	Less purchaser costs	0.00	% Stamp duty land tax	£	-
		2.00	% Agent/legal purchase fees	£	-
	Residual value			-£	5,404,228
			Equivalent per hectare	-£	14,411,276
			Not viable		
Potential for CIL					
	Benchmark land value (per hectare)			£	626,600
	Equivalent benchmark land value for site			£	234,975
	Potential for CIL for the scheme			-£	5,639,203
	Potential per sq m				NONE