

Community Infrastructure Levy

Supplementary viability evidence relating to flats in Norwich City

This report has been prepared to supplement the evidence provided by GVA in their reports:

- Viability Advice on a CIL/ Tariff for Broadland Norwich and South Norfolk (2010)
- CIL Charging Zones Schedule (2011)

and needs to be read in conjunction with those reports.

A separate report has been prepared on the viability of residential development.

These reports can be found on the GNDP website:

<http://www.gndp.org.uk/our-work/cil/cil-evidence-base/>

December 2011

Summary

This supplementary paper deals with some additional evidence relating to flatted developments over 6 storeys¹. The viability of this development is examined and due to high build costs, a revised rate of CIL - £100 per sqm is recommended as an addition to the Norwich City Council Draft Charging Schedule. This will help to avoid a reduction in overall levels of CIL income and achieve a more acceptable level of affordable housing on sites where this type of development is appropriate.

1. Introduction

- 1.1 Concern was expressed during the consultation by one respondent about the level of CIL and the specific costs associated with the development of brownfield sites. Some further evidence has already been prepared in Appendix 2 (Background Paper on Viability) to the report on the CIL consultation. This deals with an example of a brownfield site in the City for housing. Having looked further into the problems of viability on brownfield sites, one significant difference which has come to light relates to multi-storey flatted developments. This paper provides some further evidence on this matter and recommends some further changes to the CIL charging schedule as a consequence.

2. Main differences relating to flatted development

- 2.1 For flatted development it is recognised that the build costs per sq m are higher than for other lower rise residential development. This is mainly because flats over 5 storeys are of steel frame construction rather than traditional residential construction, require lifts and often include decked or basement car parking. In addition the amount of floorspace within individual flats (the saleable area excluding communal areas, lifts, stairwells etc) represents only about 65% of the gross internal floor area of the buildings.
- 2.2 BCIS figures for December 2011 indicate that at a national level the mean build costs for 6+ storey flats is £1331 per sq m compared with rates of £951 per sq m for 3-5 storey and £933 for 1-2 storey flats (although there is significant variation in individual schemes)

3. Scenarios

- 3.1 The analysis uses a residual land value model applied to notional flatted developments in Greater Norwich. Figures and assumptions have been cross referenced with Appendix 2 Background Paper on Viability, already provided as part of the report back on the CIL consultation. The assumptions are based on an assessment of BCIS data and confidential appraisals of real schemes by the district valuer. The attached scenario in Appendix 1 is based on two hypothetical sites and a number of sensitivity tests have been undertaken.

¹ Flats in blocks of 6 storeys and above (above ground) including blocks where some floors may have other uses (e.g. retail)

Scheme X

3.2 Scheme X represents a 7 storey, 66 dwelling development on a City Centre brownfield site of 0.22 hectares with average 72sqm flat size.

- Abnormal costs have been included at a rate of £0.5m per hectare. These are typical of brownfield city centre sites and are likely to include contamination, flood risk, archaeology and subsidence.
- The appraisal has been developed based on a number of assumptions used by the district valuer in assessing the viability of real schemes in the City as well as data from the GVA study and BCIS average build cost data.
- BCIS average build cost data for flatted schemes of 6+ storeys is £1358 per m² when indexed for Norfolk, this is inconsistent with real scheme data and even with no affordable housing, no CIL and no S106 based on current values would result in a residual land value of -£1.9m.
- BCIS average build cost data (£970 per m²) for 3-5 storey schemes is very close to real scheme data for a 7 storey flatted scheme and is used in this example.
- The scheme assumes a basement car park and as such the net internal area is only 65% of gross internal area, a smaller lower density flatted scheme would not have such a low percentage of net to gross.
- Benchmark land value for the site is £287,439 based on GVA figures plus stamp duty and agent/legal fees. It should be noted that this is well below the level accepted by the district valuer on a number of City centre sites as higher values have been necessary to deliver redevelopment.

3.3 A number of scenarios have been examined to take account of variations in assumptions:

- Xa) is the policy compliant scenario with CIL at £115 per m² with £5 per m² for parking areas and 33% affordable housing with an 85:15 split between social rented and affordable. The residual land value is - £0.65m.
- Xb) maintains CIL at £115 per m² with £5 m² for parking but reduces affordable housing to 14% (maintaining an 85:15 split) in order to make the scheme viable and to give a residual land value just above the benchmark value.
- Xc) This details a 7% increase in the value of private open market units and delivers 25% affordable housing (maintaining an 85:15 split) with the residual land value almost reaching the benchmark value. It should be noted that build costs have not been increased in this scenario for consistency with other examples. However, while forecasts project growth of 6% over the next five years in the UK, inflation adjusted 5 year growth is predicted at -11% (Savills).
- Xd) This reduces CIL to £0 but with full 33% affordable housing giving a negative residual land value of -£4k.
- Xe) This sets CIL to £100. 17% affordable housing would be viable (73:27 mix social:shared) delivering a residual land value close to the benchmark.

- Xf) This sets CIL to £75. 20% affordable housing would be viable (77:23 mix social:shared) delivering a residual land value close to the benchmark.
- Xg) This is scenario Xc with 7% increase in values of private open market dwellings but with a 10% inflation on build costs and abnormals. This shows that with CIL at £115 per m2, affordable housing would drop to 9% to make the scheme viable.

Scheme Y

3.4 Scheme Y represents a 3-4 storey, 30 dwelling development on a City Centre brownfield site of 0.22 hectares with average 72sqm flat size.

- Abnormal costs have been included at a rate of £0.5m per hectare (as scheme X).
- Assuming a more conventional build construction to scheme X a build cost of £900 per m2 has been adopted.
- The scheme assumes surface parking as opposed to basement parking and as such the net internal area is 80% of gross internal area.
- Benchmark land value for the site is £287,439 (as scheme X).

3.5 A number of similar scenarios have been explored:

- Ya) Sets out the policy compliant scenario with 33% affordable and CIL at £115 m2 which gives a negative residual land value.
- Yb) sets out a viable scenario adjusting affordables to 25% giving a residual land value in the region of the benchmark value.
- Yc) increases GDV of private open market housing by 7% and is viable with 33% affordable (85:15 split) and CIL at £115. (the same issue applies here as in Xc) above in relation to build costs).
- Yd) as Yc but with inflation of 10% on build costs and abnormals. A viable scheme would see affordable housing drop to 20%.

4. Results

4.1 The analysis demonstrates a high degree of variability in assessing viability using a residual land value model. The viability of higher density multi storey flatted schemes is much more marginal and it is likely to be difficult to achieve acceptable levels of affordable housing if CIL is set at the standard residential rate. Lower density flatted schemes such as scheme Y will not be affected anywhere near to the same degree, however such schemes are unlikely to be acceptable in many parts of the City Centre.

4.2 It is worth highlighting that the higher density scheme with CIL a £75 per m2 this delivers more CIL (£420,266.00) than the lower density scheme with CIL at £115 per m2 (£310,500.00). This means that the unintended consequence of setting CIL too high for high density flatted development would be to encourage lower density schemes which will deliver a lower level of CIL overall.

5. Legal position

- 5.1 Legal advice has been sought about the ability to differentiate between different types of residential accommodation. The advice is that as long as this is supported on viability grounds then a distinction between different types of residential accommodation can be made.
- 5.2 This is borne out by the inspector's report on the examination into the Newark and Sherwood Charging schedule. Paragraph 29 of the Inspector's report deals with making a special provision for flats/apartments and decides that it is not necessary to do so after reviewing the construction costs relevant to the district.

The initial residential VAs indicated that the building of new flats would be uneconomic at present across the whole district. However, this was based on the construction costs for a large block of apartments, such as those often found in city centres that require lifts and include steel frames. In this area new flats are more likely to be provided through conversions and as part of a mix of size and type of new housing on major development sites. In the latter case at least the use of more traditional building methods and materials would enable provision at similar construction costs to more typical new 2 and 3 storey housing, as the Council's revised figures show. Therefore, there is no need to make any special provision for flats/apartments in the CIL schedule.

If different cost evidence had been available a different decision could have been made.

6. Conclusion

- 6.1 This analysis demonstrates that the delivery of the policy requirement of affordable housing and CIL at the full residential rate is affected by the viability of multi storey flatted development. Even allowing for increases in house prices, the viability of this type of scheme could be in doubt. In order to strike the right balance between maximising CIL revenue and promoting development, a CIL rate for flats of 6 storeys and above is proposed.

Viability Appraisal

X based on BCIS average build cost data for 6+ flatted schemes - noCIL, Affordables or S106

Site Scenario: Nominal Site - 0.22 Hectares Gross Area of Site
 7 Storey flatted development 66 flats averaging 72m2
 Based on BCIS mean for 6+ storey flats adjusted for Norfolk verified by real site - Land value based on GVA land values for central area
 GIA is 154% of Net saleable internal area - based on scheme including basement parking

Receipts	66	19.0%	13	11	53	Average Flat Size (m2 GIA)	72
			Total GIA				
	No of Units	m2	Rate £				
Private Residential							
Houses Flats	66	4,752	2,700			£12,830,400	
	100.00%	66	4,752			£12,830,400	
Affordable							
Rented							
Houses Flats	0	0				£0	
	0.00%	0	0			£0	
Shared Ownership							
Houses Flats	0	0				£0	
	0.00%	0	0			£0	
Ground Rents							
Private Flats	66		£250			£16,500	
Yield		6.00%				16.67	£275,000
TOTAL DEVELOPMENT VALUE							£13,105,400

Development Costs							
Acquisition Costs							
Benchmark Value	0.22 Hectares	£1,235,500 per hectare				£271,810	
	0.54 Acres	£500,000 per acre					
Stamp Duty			4.00%			£10,872	
Agents and Legal Fees			1.75%			£4,757	
							£287,439
Construction Costs							
		Net m2	Gross m2				
Residential	Houses Flats	0	0			£0	
		4,752	7,318	£1,358		£9,937,953	
Code 3 Residential Externals				Incl		£0	£9,937,953
Contingency				5.0%		£496,898	£10,434,850
Other Costs						£0	£0
Abnormal Costs				£500,000 per hectare		£110,000	£110,000
Professional Fees				10.0%		£993,795	£993,795
Section 106 Costs							£11,538,646
	1						
	2						
	3						
	4						
	5						
	6						
						£0	£0
CIL		GIA - Parking Areas	5,481	£0		£0	£0
		Parking Areas	1,837	£0		£0	£0
Marketing Fees				1.5%		£192,456	£192,456
Sales/Letting Fees							
Agents Sale Fees				1.0%		£131,054	
Legal Sale Fees				0.5%		£65,527	
Agents Letting Fees				10.0%			
Legal Letting Fees				5.0%			
RSL Fees				0.5%		£0	£196,581
Finance							
Arrangement Fee Interest				7.0%		£807,705	£807,705
Profit							
Private Residential	On GDV			17.5%		£2,245,320	
Affordable	On GDV			6.0%		£0	£2,245,320
TOTAL DEVELOPMENT COSTS	S106 MODEL						£15,268,147
	CIL MODEL						£15,268,147

Summary		
Balance	S106 Model	-£2,162,747
	CIL Model	-£2,162,747

Residual Land Value of Assessment		
	S106 Model	-£1,875,308
	CIL Model	-£1,875,308

Viability Appraisal

Xa CIL at 115 Affordables at 33% - Not Viable

Site Scenario: Nominal Site - 0.22 Hectares Gross Area of Site
 7 Storey flatted development 66 flats averaging 72m2
 Based on BCIS mean for 3-5 storey flats adjusted for Norfolk verified by real site - Land value based on GVA land values for central area
 GIA is 154% of Net saleable internal area - based on scheme including basement parking

Receipts	66	33.0%	22	19	44		Average Flat Size (m2 GIA)	72
			Total GIA					
			No of Units	m2	Rate £			
Private Residential								
Houses								
Flats			44	3,168	2,700	£8,553,600		
	66.67%		44	3,168		£8,553,600		
Affordable								
Rented								
Houses								
Flats			19	1,368		£1,641,600		
	28.79%		19	1,368		£1,641,600		
Shared Ownership								
Houses								
Flats			3	216		£388,800		
	4.55%		3	216		£388,800		
Ground Rents								
Private Flats			44		£250	£11,000		
Yield					6.00%	16.67		£183,333
TOTAL DEVELOPMENT VALUE							£10,767,333	

Development Costs									
Acquisition Costs									
Benchmark Value	0.22 Hectares		£1,235,500 per hectare						£271,810
	0.54 Acres		£500,000 per acre						
Stamp Duty					4.00%				£10,872
Agents and Legal Fees					1.75%				£4,757
									£287,439
Construction Costs									
			Net m2		Gross m2				
Residential	Houses		0		0				£0
	Flats		4,752		7,318	£970			£7,098,538
Code 3 Residential Externals					Incl			£0	£7,098,538
Contingency					5.0%			£354,927	£7,453,464
Other Costs								£0	£0
Abnormal Costs					£500,000 per hectare			£110,000	£110,000
Professional Fees					10.0%			£709,854	£709,854
Section 106 Costs									£8,273,318
	1								
	2								
	3								
	4								
	5								
	6								
								£0	£0
CIL									
	GIA - Parking Areas		5,481		£115			£630,324	
	Parking Areas		1,837		£5			£9,185	£639,509
Marketing Fees					1.5%			£128,304	£128,304
Sales/Letting Fees									
Agents Sale Fees					1.0%			£107,673	
Legal Sale Fees					0.5%			£53,837	
Agents Letting Fees					10.0%				
Legal Letting Fees					5.0%				
RSL Fees					0.5%			£10,152	£171,662
Finance									
Arrangement Fee									
Interest					7.0%			£579,132	£579,132
Profit									
Private Residential		On GDV			17.5%			£1,496,880	
Affordable		On GDV			6.0%			£121,824	£1,618,704
TOTAL DEVELOPMENT COSTS			S106 MODEL						£11,058,560
			CIL MODEL						£11,698,069

Summary		
Balance	S106 Model	-£291,226
	CIL Model	-£930,735

Residual Land Value of Assessment		
	S106 Model	-£3,787
	CIL Model	-£643,296

Viability Appraisal

Xb CIL at 115 Affordables at 14%

Site Scenario: Nominal Site - 0.22 Hectares Gross Area of Site
 7 Storey flatted development 66 flats averaging 72m2
 Based on BCIS mean for 3-5 storey flats adjusted for Norfolk verified by real site - Land value based on GVA land values for central area
 GIA is 154% of Net saleable internal area - based on scheme including basement parking

Receipts	66	14.0%	9	8	57		Average Flat Size (m2 GIA)	72
			Total GIA					
			No of Units	m2	Rate £			
Private Residential								
Houses								
Flats			57	4,104	2,700	£11,080,800		
			86.36%	57	4,104			£11,080,800
Affordable								
Rented								
Houses								
Flats			8	576		£691,200		
			12.12%	8	576			£691,200
Shared Ownership								
Houses								
Flats			1	72		£129,600		
			1.52%	1	72			£129,600
Ground Rents								
Private Flats				57	£250	£14,250		
Yield					6.00%	16.67		£237,500
TOTAL DEVELOPMENT VALUE								£12,139,100

Development Costs									
Acquisition Costs									
Benchmark Value	0.22 Hectares		£1,235,500 per hectare			£271,810			
	0.54 Acres		£500,000 per acre						
Stamp Duty					4.00%	£10,872			
Agents and Legal Fees					1.75%	£4,757			
									£287,439
Construction Costs									
			Net m2	Gross m2					
Residential	Houses		0	0		£0			
	Flats		4,752	7,318	£970	£7,098,538			
Code 3 Residential Externals					Incl	£0	£7,098,538		
Contingency					5.0%	£354,927			£7,453,464
Other Costs						£0			£0
Abnormal Costs					£500,000 per hectare	£110,000			£110,000
Professional Fees					10.0%	£709,854			£8,273,318
Section 106 Costs									
			1						
			2						
			3						
			4						
			5						
			6						
							£0		£0
CIL									
			GIA - Parking Areas	5,481	£115	£630,324			
			Parking Areas	1,837	£5	£9,185			£639,509
Marketing Fees					1.5%	£166,212			£166,212
Sales/Letting Fees									
Agents Sale Fees					1.0%	£121,391			
Legal Sale Fees					0.5%	£60,696			
Agents Letting Fees					10.0%				
Legal Letting Fees					5.0%				
RSL Fees					0.5%	£4,104			£186,191
Finance									
Arrangement Fee									
Interest					7.0%	£579,132			£579,132
Profit									
Private Residential			On GDV		17.5%	£1,939,140			
Affordable			On GDV		6.0%	£49,248			£1,988,388
TOTAL DEVELOPMENT COSTS			S106 MODEL						£11,480,680
			CIL MODEL						£12,120,189

Summary			
Balance		S106 Model	£658,420
		CIL Model	£18,911

Residual Land Value of Assessment			
		S106 Model	£945,859
		CIL Model	£306,350

Viability Appraisal

Xd CIL at £0 Affordable at 33% - Not Viable

Site Scenario: Nominal Site - 0.22 Hectares Gross Area of Site
 7 Storey flatted development 66 flats averaging 72m2
 Based on BCIS mean for 3-5 storey flats adjusted for Norfolk verified by real site - Land value based on GVA land values for central area
 GIA is 154% of Net saleable internal area - based on scheme including basement parking

Receipts	66	33.0%	21.8	18.5	44.2		Average Flat Size (m2 GIA)	72
			Total GIA					
			No of Units	m2	Rate £			
Private Residential								
Houses								
Flats			44	3,168	2,700	£8,553,600		
	66.67%		44	3,168			£8,553,600	
Affordable								
Rented								
Houses								
Flats			19	1,368		£1,641,600		
	28.79%		19	1,368			£1,641,600	
Shared Ownership								
Houses								
Flats			3	216		£388,800		
	4.55%		3	216			£388,800	
Ground Rents								
Private Flats			44		£250	£11,000		
Yield					6.00%	16.67		£183,333
TOTAL DEVELOPMENT VALUE								£10,767,333

Development Costs									
Acquisition Costs									
Benchmark Value	0.22 Hectares		£1,235,500 per hectare			£271,810			
	0.54 Acres		£500,000 per acre						
Stamp Duty					4.00%	£10,872			
Agents and Legal Fees					1.75%	£4,757			
									£287,439
Construction Costs									
			Net m2		Gross m2				
Residential	Houses		0		0		£0		
	Flats		4,752		7,318	£970	£7,098,538		
Code 3 Residential Externals					Incl		£0	£7,098,538	
Contingency					5.0%		£354,927		£7,453,464
Other Costs							£0		£0
Abnormal Costs					£500,000 per hectare		£110,000		£110,000
Professional Fees					10.0%		£709,854		£709,854
Section 106 Costs									£8,273,318
	1								
	2								
	3								
	4								
	5								
	6								
								£0	£0
CIL									
	GIA - Parking Areas		5,481			£0		£0	
	Parking Areas		1,837			£0		£0	
Marketing Fees						1.5%		£128,304	£128,304
Sales/Letting Fees									
Agents Sale Fees						1.0%		£107,673	
Legal Sale Fees						0.5%		£53,837	
Agents Letting Fees						10.0%			
Legal Letting Fees						5.0%			
RSL Fees						0.5%		£10,152	£171,662
Finance									
Arrangement Fee									
Interest						7.0%		£579,132	£579,132
Profit									
Private Residential		On GDV				17.5%		£1,496,880	
Affordable		On GDV				6.0%		£121,824	£1,618,704
TOTAL DEVELOPMENT COSTS									£11,058,560
			S106 MODEL						£11,058,560
			CIL MODEL						£11,058,560

Summary		
Balance	S106 Model	-£291,226
	CIL Model	-£291,226

Residual Land Value of Assessment		
	S106 Model	-£3,787
	CIL Model	-£3,787

Viability Appraisal

Xe CIL at £100 Affordables at 17%

Site Scenario: Nominal Site - 0.22 Hectares Gross Area of Site
 7 Storey flatted development 66 flats averaging 72m2
 Based on BCIS mean for 3-5 storey flats adjusted for Norfolk verified by real site - Land value based on GVA land values for central area
 GIA is 154% of Net saleable internal area - based on scheme including basement parking

Receipts	66	17.0%	11.2	9.5	54.8	Average Flat Size (m2 GIA)	72
				Total GIA			
			No of Units	m2	Rate £		
Private Residential							
Houses							
Flats			55	3,960	2,700	£10,692,000	
	83.33%		55	3,960		£10,692,000	
Affordable							
Rented							
Houses							
Flats			8	576		£691,200	
	12.12%		8	576		£691,200	
Shared Ownership							
Houses							
Flats			3	216		£388,800	
	4.55%		3	216		£388,800	
Ground Rents							
Private Flats				55	£250	£13,750	
Yield				6.00%		16.67	£229,167
TOTAL DEVELOPMENT VALUE							£12,001,167

Development Costs							
Acquisition Costs							
Benchmark Value	0.22 Hectares		£1,235,500 per hectare				£271,810
	0.54 Acres		£500,000 per acre				
Stamp Duty				4.00%			£10,872
Agents and Legal Fees				1.75%			£4,757
							£287,439
Construction Costs							
			Net m2	Gross m2			
Residential	Houses		0	0			£0
	Flats		4,752	7,318	£970		£7,098,538
Code 3 Residential Externals					Incl		£0
Contingency					5.0%		£354,927
Other Costs							£0
Abnormal Costs					£500,000 per hectare		£110,000
Professional Fees					10.0%		£709,854
Section 106 Costs							£8,273,318
	1						
	2						
	3						
	4						
	5						
	6						
							£0
							£0
CIL							
	GIA - Parking Areas		5,481	£100			£548,108
	Parking Areas		1,837	£5			£9,185
							£557,293
Marketing Fees					1.5%		£160,380
							£160,380
Sales/Letting Fees							
Agents Sale Fees					1.0%		£120,012
Legal Sale Fees					0.5%		£60,006
Agents Letting Fees					10.0%		
Legal Letting Fees					5.0%		
RSL Fees					0.5%		£5,400
							£185,418
Finance							
Arrangement Fee							
Interest					7.0%		£579,132
							£579,132
Profit							
Private Residential		On GDV			17.5%		£1,871,100
Affordable		On GDV			6.0%		£64,800
							£1,935,900
TOTAL DEVELOPMENT COSTS							
			S106 MODEL				£11,421,587
			CIL MODEL				£11,978,880

Summary			
Balance		S106 Model	£579,580
		CIL Model	£22,287

Residual Land Value of Assessment			
		S106 Model	£867,019
		CIL Model	£309,726

Viability Appraisal

Xf CIL at £75 Affordables at 20%

Site Scenario: Nominal Site - 0.22 Hectares Gross Area of Site
 7 Storey flatted development 66 flats averaging 72m2
 Based on BCIS mean for 3-5 storey flats adjusted for Norfolk verified by real site - Land value based on GVA land values for central area
 GIA is 154% of Net saleable internal area - based on scheme including basement parking

Receipts	66	20.0%	13.2	11.2	52.8		Average Flat Size (m2 GIA)	72
				Total GIA				
			No of Units	m2	Rate £			
Private Residential								
Houses Flats			53	3,816	2,700	£10,303,200		
Affordable			80.30%	53	3,816		£10,303,200	
Rented								
Houses Flats			10	720		£864,000		
Shared Ownership			15.15%	10	720		£864,000	
Houses Flats			3	216		£388,800		
Ground Rents			4.55%	3	216		£388,800	
Private Flats				53	£250	£13,250		
Yield			6.00%			16.67	£220,833	
TOTAL DEVELOPMENT VALUE								£11,776,833

Development Costs									
Acquisition Costs									
Benchmark Value	0.22 Hectares		£1,235,500 per hectare						£271,810
	0.54 Acres		£500,000 per acre						
Stamp Duty					4.00%				£10,872
Agents and Legal Fees					1.75%				£4,757
									£287,439
Construction Costs									
			Net m2	Gross m2					
Residential	Houses Flats		0	0					£0
			4,752	7,318	£970				£7,098,538
Code 3 Residential Externals					Incl			£0	£7,098,538
Contingency					5.0%			£354,927	£7,453,464
Other Costs								£0	£0
Abnormal Costs					£500,000 per hectare			£110,000	£110,000
Professional Fees					10.0%			£709,854	£709,854
Section 106 Costs									£8,273,318
			1						
			2						
			3						
			4						
			5						
			6						
								£0	£0
CIL									
			GIA - Parking Areas	5,481	£75			£411,081	
			Parking Areas	1,837	£5			£9,185	£420,266
Marketing Fees					1.5%			£154,548	£154,548
Sales/Letting Fees									
Agents Sale Fees					1.0%			£117,768	
Legal Sale Fees					0.5%			£58,884	
Agents Letting Fees					10.0%				
Legal Letting Fees					5.0%				
RSL Fees					0.5%			£6,264	£182,917
Finance									
Arrangement Fee									
Interest					7.0%			£579,132	£579,132
Profit									
Private Residential					17.5%			£1,803,060	
Affordable			On GDV		6.0%			£75,168	£1,878,228
			On GDV						
TOTAL DEVELOPMENT COSTS			S106 MODEL						£11,355,582
			CIL MODEL						£11,775,848

Summary			
Balance		S106 Model	£421,251
		CIL Model	£985

Residual Land Value of Assessment			
		S106 Model	£708,690
		CIL Model	£288,424

Viability Appraisal

Xg CIL at 115 GDV on private +7% Inflation +10%

Site Scenario: Nominal Site - 0.22 Hectares Gross Area of Site
 7 Storey flatted development 66 flats averaging 72m2
 Based on BCIS mean for 3-5 storey flats adjusted for Norfolk verified by real site - Land value based on GVA land values for central area
 GIA is 154% of Net saleable internal area - based on scheme including basement parking

Receipts	66	9.0%	5.9	5.0	60.1	Average Flat Size (m2 GIA)	72
				Total GIA			
	No of Units	m2	Rate £				
Private Residential							
Houses							
Flats	60	4,320	2,889		£12,480,480		
	90.91%	60	4,320			£12,480,480	
Affordable							
Rented							
Houses							
Flats	5	360			£432,000		
	7.58%	5	360			£432,000	
Shared Ownership							
Houses							
Flats	1	72			£129,600		
	1.52%	1	72			£129,600	
Ground Rents							
Private Flats							
		60	£250		£15,000		
Yield		6.00%			16.67	£250,000	
TOTAL DEVELOPMENT VALUE							£13,292,080

Development Costs							
Acquisition Costs							
Benchmark Value	0.22 Hectares	£1,235,500 per hectare				£271,810	
	0.54 Acres	£500,000 per acre					
Stamp Duty			4.00%			£10,872	
Agents and Legal Fees			1.75%			£4,757	
							£287,439
Construction Costs							
		Net m2	Gross m2				
Residential	Houses	0	0			£0	
	Flats	4,752	7,318	£1,067		£7,808,391	
Code 3 Residential Externals				Incl		£0	£7,808,391
Contingency				5.0%		£390,420	£8,198,811
Other Costs						£0	£0
Abnormal Costs				£550,000 per hectare		£121,000	£121,000
Professional Fees				10.0%		£780,839	£780,839
Section 106 Costs							£9,100,650
	1						
	2						
	3						
	4						
	5						
	6						
						£0	£0
CIL	GIA - Parking Areas	5,481	£115			£630,324	
	Parking Areas	1,837	£5			£9,185	£639,509
Marketing Fees				1.5%		£187,207	£187,207
Sales/Letting Fees							
Agents Sale Fees				1.0%		£132,921	
Legal Sale Fees				0.5%		£66,460	
Agents Letting Fees				10.0%			
Legal Letting Fees				5.0%			
RSL Fees				0.5%		£2,808	£202,189
Finance							
Arrangement Fee							
Interest				7.0%		£637,046	£637,046
Profit							
Private Residential	On GDV			17.5%		£2,184,084	
Affordable	On GDV			6.0%		£33,696	£2,217,780
TOTAL DEVELOPMENT COSTS							£12,632,311
							£13,271,820

Summary			
Balance		S106 Model	£659,769
		CIL Model	£20,260

Residual Land Value of Assessment			
		S106 Model	£947,208
		CIL Model	£307,699

Viability Appraisal

Ya CIL at 115 Affordable 33% - Not Viable

Site Scenario: Nominal Site - 0.22 Hectares Gross Area of Site
 3-4 Storey flatted development 30 flats averaging 72m2
 Land value based on GVA land values for central area
 GIA is 125% of Net saleable internal area - based on scheme with surface parking

Receipts	30	33.0%	10	8	20	Average Flat Size (m2 GIA)	72
				Total GIA			
			No of Units	m2	Rate £		
Private Residential							
Houses							
Flats			20	1,440	2,400	£3,456,000	
			66.67%	20	1,440		£3,456,000
Affordable							
Rented							
Houses							
Flats			9	648		£648,000	
			30.00%	9	648		£648,000
Shared Ownership							
Houses							
Flats			1	72		£115,200	
			3.33%	1	72		£115,200
Ground Rents							
Private Flats				20	£250	£5,000	
Yield				6.00%		16.67	£83,333
TOTAL DEVELOPMENT VALUE							£4,302,533

Development Costs							
Acquisition Costs							
Benchmark Value	0.22 Hectares		£1,235,500 per hectare			£271,810	
	0.54 Acres		£500,000 per acre				
Stamp Duty				4.00%		£10,872	
Agents and Legal Fees				1.75%		£4,757	
							£287,439
Construction Costs							
		Net m2	Gross m2				
Residential	Houses		0	0		£0	
	Flats		2,160	2,700	£900	£2,430,000	
Code 3 Residential Externals				Incl		£0	£2,430,000
Contingency				5.0%		£121,500	£2,551,500
Other Costs						£0	£0
Abnormal Costs				£500,000 per hectare		£110,000	£110,000
Professional Fees				10.0%		£243,000	£243,000
Section 106 Costs							£2,904,500
	1						
	2						
	3						
	4						
	5						
	6						
						£0	£0
CIL	GIA		2,700	£115		£310,500	
				£0		£0	£310,500
Marketing Fees				1.5%		£51,840	£51,840
Sales/Letting Fees							
Agents Sale Fees				1.0%		£43,025	
Legal Sale Fees				0.5%		£21,513	
Agents Letting Fees				10.0%			
Legal Letting Fees				5.0%			
RSL Fees				0.5%		£3,816	£68,354
Finance							
Arrangement Fee							
Interest				7.0%		£203,315	£203,315
Profit							
Private Residential	On GDV			17.5%		£604,800	
Affordable	On GDV			6.0%		£45,792	£650,592
TOTAL DEVELOPMENT COSTS		S106 MODEL					£4,166,040
		CIL MODEL					£4,476,540

Summary		
Balance	S106 Model	£136,493
	CIL Model	-£174,007

Residual Land Value of Assessment		
	S106 Model	£423,932
	CIL Model	£113,432

Viability Appraisal

Yb CIL at 115 Affordable 25% - Viable

Site Scenario: Nominal Site - 0.22 Hectares Gross Area of Site
 3-4 Storey flatted development 30 flats averaging 72m2
 Land value based on GVA land values for central area
 GIA is 125% of Net saleable internal area - based on scheme with surface parking

Receipts	30	25.0%	8	6	23	Average Flat Size (m2 GIA)	72
				Total GIA			
			No of Units	m2	Rate £		
Private Residential							
Houses							
Flats			22	1,584	2,400	£3,801,600	
			73.33%	22	1,584		£3,801,600
Affordable							
Rented							
Houses							
Flats			6	432		£432,000	
			20.00%	6	432		£432,000
Shared Ownership							
Houses							
Flats			2	144		£230,400	
			6.67%	2	144		£230,400
Ground Rents							
Private Flats				22	£250	£5,500	
Yield			6.00%			16.67	£91,667
TOTAL DEVELOPMENT VALUE							£4,555,667

Development Costs							
Acquisition Costs							
Benchmark Value	0.22 Hectares		£1,235,500 per hectare			£271,810	
	0.54 Acres		£500,000 per acre				
Stamp Duty				4.00%		£10,872	
Agents and Legal Fees				1.75%		£4,757	
							£287,439
Construction Costs							
		Net m2	Gross m2				
Residential	Houses	0	0			£0	
	Flats	2,160	2,700	£900		£2,430,000	
Code 3 Residential Externals				Incl		£0	£2,430,000
Contingency				5.0%		£121,500	£2,551,500
Other Costs						£0	£0
Abnormal Costs				£500,000 per hectare		£110,000	£110,000
Professional Fees				10.0%		£243,000	£243,000
Section 106 Costs							£2,904,500
	1						
	2						
	3						
	4						
	5						
	6						
						£0	£0
CIL	GIA		2,700	£115		£310,500	
				£0		£0	£310,500
Marketing Fees				1.5%		£57,024	£57,024
Sales/Letting Fees							
Agents Sale Fees				1.0%		£45,557	
Legal Sale Fees				0.5%		£22,778	
Agents Letting Fees				10.0%			
Legal Letting Fees				5.0%			
RSL Fees				0.5%		£3,312	£71,647
Finance							
Arrangement Fee							
Interest				7.0%		£203,315	£203,315
Profit							
Private Residential	On GDV			17.5%		£665,280	
Affordable	On GDV			6.0%		£39,744	£705,024
TOTAL DEVELOPMENT COSTS		S106 MODEL					£4,228,949
		CIL MODEL					£4,539,449

Summary			
Balance		S106 Model	£326,718
		CIL Model	£16,218

Residual Land Value of Assessment			
		S106 Model	£614,157
		CIL Model	£303,657

Viability Appraisal

Yc CIL at 115 Affordable 33% GDV of private +7%

Site Scenario: Nominal Site - 0.22 Hectares Gross Area of Site
 3-4 Storey flatted development 30 flats averaging 72m2
 Land value based on GVA land values for central area
 GIA is 125% of Net saleable internal area - based on scheme with surface parking

Receipts	30	33.0%	10	8	20	Average Flat Size (m2 GIA)	72
				Total GIA			
			No of Units	m2	Rate £		
Private Residential							
Houses							
Flats			20	1,440	2,568	£3,697,920	
	66.67%		20	1,440		£3,697,920	
Affordable							
Rented							
Houses							
Flats			9	648		£648,000	
	30.00%		9	648		£648,000	
Shared Ownership							
Houses							
Flats			1	72		£115,200	
	3.33%		1	72		£115,200	
Ground Rents							
Private Flats			20		£250	£5,000	
Yield			6.00%			16.67	
TOTAL DEVELOPMENT VALUE						£4,544,453	

Development Costs							
Acquisition Costs							
Benchmark Value	0.22 Hectares		£1,235,500 per hectare				£271,810
	0.54 Acres		£500,000 per acre				
Stamp Duty				4.00%			£10,872
Agents and Legal Fees				1.75%			£4,757
							£287,439
Construction Costs							
		Net m2	Gross m2				
Residential	Houses		0	0			£0
	Flats		2,160	2,700	£900		£2,430,000
Code 3 Residential Externals					Incl		£0
Contingency					5.0%		£121,500
Other Costs							£0
Abnormal Costs					£500,000 per hectare		£110,000
Professional Fees					10.0%		£243,000
Section 106 Costs							£2,904,500
	1						
	2						
	3						
	4						
	5						
	6						
							£0
							£0
CIL	GIA		2,700	£115			£310,500
				£0			£0
							£310,500
Marketing Fees					1.5%		£55,469
							£55,469
Sales/Letting Fees							
Agents Sale Fees					1.0%		£45,445
Legal Sale Fees					0.5%		£22,722
Agents Letting Fees					10.0%		
Legal Letting Fees					5.0%		
RSL Fees					0.5%		£3,816
							£71,983
Finance							
Arrangement Fee							
Interest					7.0%		£203,315
							£203,315
Profit							
Private Residential	On GDV				17.5%		£647,136
Affordable	On GDV				6.0%		£45,792
							£692,928
TOTAL DEVELOPMENT COSTS							£4,215,634
	S106 MODEL						£4,215,634
	CIL MODEL						£4,526,134

Summary		
Balance	S106 Model	£328,820
	CIL Model	£18,320

Residual Land Value of Assessment		
	S106 Model	£616,259
	CIL Model	£305,759

Viability Appraisal

Yd CIL at 115 Affordable 33% GDV of private +7% Inflation on costs +10%

Site Scenario: Nominal Site - 0.22 Hectares Gross Area of Site
 3-4 Storey flatted development 30 flats averaging 72m2
 Land value based on GVA land values for central area
 GIA is 125% of Net saleable internal area - based on scheme with surface parking

Receipts	30	20.0%	6	5	24	Average Flat Size (m2 GIA)	72
				Total GIA			
			No of Units	m2	Rate £		
Private Residential							
Houses							
Flats			24	1,728	2,568	£4,437,504	
	80.00%		24	1,728		£4,437,504	
Affordable							
Rented							
Houses							
Flats			5	360		£360,000	
	16.67%		5	360		£360,000	
Shared Ownership							
Houses							
Flats			1	72		£115,200	
	3.33%		1	72		£115,200	
Ground Rents							
Private Flats					£250	£6,000	
			24				
Yield			6.00%			16.67	£100,000
TOTAL DEVELOPMENT VALUE							£5,012,704

Development Costs							
Acquisition Costs							
Benchmark Value	0.22 Hectares		£1,235,500 per hectare			£271,810	
	0.54 Acres		£500,000 per acre				
Stamp Duty				4.00%		£10,872	
Agents and Legal Fees				1.75%		£4,757	
							£287,439
Construction Costs							
		Net m2	Gross m2				
Residential	Houses		0	0		£0	
	Flats		2,160	2,700	£990	£2,673,000	
Code 3 Residential Externals				Incl		£0	£2,673,000
Contingency				5.0%		£133,650	£2,806,650
Other Costs						£0	£0
Abnormal Costs				£550,000 per hectare		£121,000	£121,000
Professional Fees				10.0%		£267,300	£267,300
Section 106 Costs							£3,194,950
	1						
	2						
	3						
	4						
	5						
	6						
						£0	£0
CIL	GIA		2,700	£115		£310,500	
				£0		£0	£310,500
Marketing Fees				1.5%		£66,563	£66,563
Sales/Letting Fees							
Agents Sale Fees				1.0%		£50,127	
Legal Sale Fees				0.5%		£25,064	
Agents Letting Fees				10.0%			
Legal Letting Fees				5.0%			
RSL Fees				0.5%		£2,376	£77,567
Finance							
Arrangement Fee							
Interest				7.0%		£223,647	£223,647
Profit							
Private Residential	On GDV			17.5%		£776,563	
Affordable	On GDV			6.0%		£28,512	£805,075
TOTAL DEVELOPMENT COSTS		S106 MODEL					£4,655,240
		CIL MODEL					£4,965,740

Summary			
Balance		S106 Model	£357,464
		CIL Model	£46,964

Residual Land Value of Assessment			
		S106 Model	£644,903
		CIL Model	£334,403