

Sevenoaks District Council



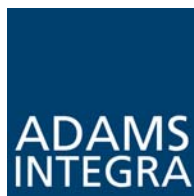
**Local Development Framework:
Affordable Housing Viability
Assessment**

*Report for the consideration of
Sevenoaks District Council:*

This document does not constitute Council Policy

Completed September 2009

Prepared by



**55 West Street
Chichester
West Sussex
PO19 1RU
01243 771304**

www.adamsintegra.co.uk

CONTENTS

	Executive Summary	4
1.	Introduction	12
2.	Methodology and Assumptions	16
	Background	16
	Property Values	18
	Approximate Residual Land Value	23
	Gross Development Value	26
	Developer's Profit	26
	Model Scenarios, Property Types, Size and Mix	27
	Indicative Scheme Density	28
	Affordable Housing Transfer (to RSL) – Method of Payment	
	Calculation and Type of Property Transferred	29
	Other Assumptions	32
	Caveats and Limitations to this Study	36
3.	Results and related commentary	38
	Background	38
	Property Values	41
	Results Trends	44
	General Trends	45
	Indicative Value Comparisons	46
	The Effect of Affordable Housing Proportions	48
	The Effect of Affordable Housing Thresholds and Potential Sliding Scale	51
	Potential Approach to Seeking Affordable Housing Contributions	55
	Impact of Increased Developer's Profit	61
	The Impact of Social Housing Grant and Tenure Mix	63
	Code for Sustainable Homes	69
	Impact of Increased Planning Infrastructure Costs	70
	Cumulative Impact of Potential Additional Cost Areas on	
	Development Viability	72
4.	Conclusions	74
5.	Key recommendations	87
6.	Wider Discussion	91

Figures

Figure 1: Summary of Value Points Adopted for Each Property Type (based on Assumed floor areas)	19
Figure 2: Simplified Example of Gross Development Value Calculation	24
Figure 3: Summary of Sums Payable by RSL to Developer for Completed Affordable Units	30
Figure 4: Example showing impact on RLV of increasing affordable housing proportion – 15 Unit Housing Scheme (Value Point	49
Figure 5: Residual Land Value (£ per Ha) – 15 Unit Housing Scheme	50
Figure 6: Example Results 5 Unit Housing Scheme – Value Point 4 Only	53
Figure 7: Indicative Financial Contributions in-lieu of Affordable Housing Figures used as a Basis for Appraisals	59
Figure 8: Comparison of Appraisal Results at 15% and 20% Developer's Profit Value Point 4 only	62
Figure 9: Comparison of Appraisal Results With and Without Grant Value Point 4 only	63
Figure 10: Comparison of Appraisal Results – Variable Tenure Mix	64
Figure 11: Legislative Timeline for Code for Sustainable Homes Compliance	69
Figure 12: Comparison of Appraisal Results – Increasing Code for Sustainable Homes Requirements	69
Figure 13: Comparison of Appraisal Results at current and potential future Infrastructure Cost/Planning obligations/other costs Value Point 4 only	71
Figure 14: Cumulative impact of applying various cost assumptions over and above base RLV results Value Point 4 – 25 Unit Mixed Scheme	72

Appendices

Appendix I	Development Scenarios
Appendix II	Base Appraisals Residual Land Value Results (£5,000 per unit Infrastructure Cost; 65%/35% Tenure Mix)
Appendix IIa	Base Appraisals Residual Land Value Results (£5,000 per unit Infrastructure Cost; 50%/50% Tenure Mix)
Appendix IIb	Residual Land Value Results (£10,000 per unit infrastructure cost; 65%/35% Tenure Mix)
Appendix IIc	Residual Land Value Results (£10,000 per unit infrastructure cost; 50%/50% Tenure Mix)
Appendix IId	Residual Land Value Results (Sample Results Varying Grant Requirements – 65%/35% Tenure Mix)
Appendix IIe	Residual Land Value Results (Sample Results Varying Grant Requirements – 50%/50% Tenure Mix)
Appendix IIf	Residual Land Value Results (Sample Results Varying Developer's Profit – 65%/35% Tenure Mix)
Appendix IIg	Residual Land Value Results (Sample Results Varying Developer's Profit – 50%/50% Tenure Mix)
Appendix IIh	Residual Land Value Results (Sample Results CfSH Level 4 – 65%/35% Tenure Mix)
Appendix Iii	Residual Land Value Results (Sample Results CfSH Level 4 – 50%/50% Tenure Mix)
Appendix IIj	Residual Land Value Results (Value Point 4 variations – increasing costs)
Appendix IIk	Residual Land Value Results (Financial Contributions – small sites)
Appendix III	Sevenoaks District Council – Property Values Report (including post code map)
Appendix IV	Glossary of Terms

EXECUTIVE SUMMARY

This summary first seeks to outline very briefly the main study findings. It then goes on to introduce and explain the study, along with the outcomes, in a little more detail.

For detailed information on the study methodology, results and conclusions it will be necessary to refer to the full text and appendices which follow this summary.

Quick overview of main outcomes

- 1 A tone of viability results which is generally good, driven by typically high property value levels assuming the return of a more fluently functioning development market over the long-term timeframe of the Local Development Framework (LDF).
- 2 Values do vary, however. Lower values, relatively, are also seen in the District. Those produce less favourable results, which also need to be considered in the context of recent and potential future market conditions. Affordable housing requirements are not the single cause of the less favourable results – the influence of recent market conditions is arguably a bigger factor at the current time.
- 3 An appropriate affordable housing target of 40% as a headline position. We consider that this should apply to sites of 15 or more dwellings across the Council's plan area – as a simple, single target approach District-wide for those sites, to give maximum clarity. This would respect the range and blurring of values levels, and thus viability conditions, seen. We have not seen enough evidence of a distinct or readily definable picture that points towards a range of area-specific targets for the District instead. From the information available, value patterns appear to be less clear when looking at new build property than at the overall (re-sales dominated) market.
- 4 Ruling out affordable housing targets, for universal application, of more than 40% in viability terms. The provision is not just about numbers. It will continue to be about the optimum dwelling and tenure mix, design and quality, etc that can be delivered in each specific set of circumstances. Whilst the level of need is acknowledged, this is another factor that means not over-stretching the proportions sought. The Council proposes to target affordable housing tenure mix at 65% affordable rented; 35% intermediate. This can be supported, as a target and strategic approach, subject to the overall viability equation and funding availability aspects which the study discusses, not always applied rigidly but as a measure for site specifics to be discussed against.

- 5 Given the anticipated continued site supply pattern, the Council is also considering lowered thresholds – so that a wider group (or potentially all) sites contribute towards meeting affordable housing needs.
- 6 If this is to be pursued, we suggest the Council considers reduced target proportions for sites of fewer than 15 dwellings - on a form of sliding scale basis. Smaller sites are not necessarily more or less viable per se than larger ones (our evidence here and elsewhere consistently shows this), but the study explains why reduced proportions are recommended for sites that would be brought within the policy scope for the first time.
- 7 Whilst other options are possible, a target of 20% affordable housing on sites of 5 or more dwellings is recommended, and 30% for sites of 10 – 14 dwellings.
- 8 The study detail also looks at the possibility of seeking appropriate levels of financial contributions from sites of fewer than 5 dwellings. From a viability viewpoint that is thought to be a workable addition to the policy scope, as a part of developing an equitable approach overall. The same type of target approach would be needed, with carefully judged contributions and (as with on-site provision) negotiated solutions as appropriate.
- 9 Where viability issues arise and are justified, a flexible approach to policy application may be needed. This could include discussing the areas of affordable housing dwelling mix, proportion and tenure mix; as well as numbers rounding and likely grant availability. The effect of these factors will need to be considered together, to arrive at solutions based on the combination of what works best for delivery in the particular circumstances. In exceptional circumstances where on-site affordable housing would not support sustainable communities' aims as well as an off-site route, the use of financial contributions in lieu (calculated to exact proportions and used in lieu of either part or whole provision) could be considered amongst the options – including on larger sites.
- 10 These represent challenging but appropriate targets when viewed in the context of a potentially wide range of future market conditions. They are not pitched purely with current market conditions in mind, and in our view they will often be viewed as particularly challenging in current and foreseeable uncertain market conditions. The positions also need to be viewed alongside the background of the Council's current approach which sets affordable housing expectations (both its usual negotiated approach and current discounted one), and in the context of developing policy for the wider area.
- 11 In all cases, policy positions should be framed as clearly worded targets, to provide clarity for stakeholders and a basis for a continued practical, negotiated approach which has regard to viability matters. It should be noted

that current market conditions, in particular, will mean increased emphasis on this type of approach. There will need to be particular focus on a flexible approach to the application of policy to smaller sites, bearing in mind that other factors alongside the headline proportion are equally, if not more, influential on viability.

- 12 In arriving at its final policy selections, the Council should also have regard to its wider information and evidence base – for example on affordable housing needs and type of site supply.
- 13 Finally confirmed policies, accompanying text and SPD should acknowledge the relevance of viability and the adaptable approach that will need to be applied to policy application.
- 14 Monitoring and contingency planning will need to form part of the Council's approach.
- 15 The report discusses all of these aspects further.

WIDER SUMMARY

Background and Introduction

- 16 In the process of considering and developing its planning-led affordable housing policies Sevenoaks District Council commissioned Adams Integra to study the workability of various potential policy positions – in terms of likely impact on residential development viability.
- 17 The Government's key statement on planning for housing, Planning Policy Statement 3 (PPS3), requires local authorities to enable the bringing forward a suitable, balanced housing mix including affordable housing. It confirms the well established route for the principles of seeking integrated affordable housing within private market housing developments. It encourages local authorities to make best use of this approach bearing in mind their local markets and circumstances. As a part of this, PPS3 also requires local authorities to consider development viability when setting policy targets for affordable housing.
- 18 This commission was therefore made against the backdrop of PPS3, in the context of building the evidence base for, and considering, the affordable housing content of Core Strategy Policies for the Council's LDF.
- 19 The study is to be considered as part of, and alongside, the Council's developing wider evidence base, including on the local housing market and

housing needs, and information on the range of site sizes and types which are likely to come forward.

- 20 In outline, the Council's recent approach (currently applied policy for negotiating affordable housing from private residential development) has been to seek 40% affordable housing based on a threshold of 15 dwellings.
- 21 This study is required to review options around this and recommend suitable policy positions from a viability point of view.
- 22 Maintaining the viability (in this sense meaning the financial health) of residential development schemes is crucial to ensuring release of sites and thus a continued supply of housing of all types. The study addresses only affordable housing which is required to be provided within market housing schemes under the existing established approach of setting site size thresholds (point(s) at which the affordable housing policy is triggered) and proportions of affordable housing to be sought at those points.
- 23 The study is based on carrying out a large number of developer type appraisals. These use well established "residual land valuation" techniques to approximate the sum of money which will be left for land purchase once all the development costs, including profit requirements, are met (hence "land residual"). The study methodology is settled and tested, having been used in a wide range of local authority locations for this purpose.
- 24 We vary the affordable housing assumptions across the range of appraisals and the outcomes inform our judgments on the likely workability of various policy positions from a viability viewpoint. Having fixed development costs and profit requirements, we can see the impact on development viability caused by variations to the amount and type of affordable housing. Two of the key ingredients to ensuring viable development are sufficient land value created by a development (relative to existing or alternative use values; or perhaps to an owner's particular circumstances) and adequate developer's profit in terms of risk reward.
- 25 Affordable housing impacts development viability because it provides a significantly reduced level of revenue to the developer compared with market level sales values.

Sevenoaks District Property Market and Viability Findings

- 26 Before commencing modelling Adams Integra researched the local residential property market to inform a range of appraisal assumptions we then adopted, and to help set the context for considering the outcomes. This research is included within our Property Values Report, which is to be found at Appendix III to the full study document.

- 27 We have seen a range of values on reviewing the overall (resale property dominated) market and the new builds market. Although at the time of the study there was a small amount of information available on new build property (due to low levels of development and thus new builds marketing activity), values for typical new build property seemed to show less variation across the District than the overall market picture suggested. Values did not always fit well with the perceptions and overall market indicated picture of values patterns.
- 28 The typical range of new build housing values seen in the District was approximately £3,000 to £5,000 per square metre or £280 to £460 per square foot). Within this range, the values seen in areas such as Sevenoaks, Otford, Brasted and Ide Hill tend to be the highest. This indicates that the highest values in the District tend to be found in the central to northern areas – broadly following the M25 southern section, M26 and A21. Moving south, away from the main road communications, broadly values seem to fall. However, values in the northernmost areas of the District tend to be the lowest – in areas such as Swanley, Hextable and Crockenhill. Edenbridge values appear to be between those for Swanley and Sevenoaks – though are closer to Swanley levels than to Sevenoaks. These are general statements only, and the study provides further information on the variations seen.
- 29 In terms of value levels and viability issues, bearing in mind this blurring of values, we picked up no clear basis for evidencing distinct policy positions in terms of varying affordable housing proportions for different areas across the District - without creating unduly complex policy.
- 30 At the time of the study, the local market broadly reflects the type of conditions which have been and are being experienced generally throughout the UK and beyond. These are discussed in this report. The market is still lacking in confidence. Funds for property finance – both development and purchasing - are much less readily available than in recent times (as per the well reported “credit crunch”). While from Spring 2009 there have been some more mixed signs and balanced messages, with more confidence and optimism being expressed by agents and others, the downturn appears to still show no firm signs of ending. Although they have picked up in recent months, sales volumes are still very markedly down. This lack of activity has through to the Spring of 2009 ensured a significant overall reduction in values (currently at around 15% from their winter 2007/08 peak levels). Sales volumes started picking up gradually from around February 2009, but as at May 2009 (the latest Land Registry information) had still only reached around one third of their summer 2007 peak levels. Since around April/May 2009, that picking up of sales has started to reverse the negative house price trends of the previous 18 months or so.

- 31 The tone of viability findings is generally good, given the values typically relevant to new build property in the District. The values at the mid to upper end of the range we have studied are very high and suggest scope for sites to deliver affordable housing to the target levels proposed – with 40% in mind as a headline for sites of 15 or more dwellings. However, we believe that in the overall context of the District – with varying values - and assuming variable market conditions over the LDF period, that a 40% headline would be a sufficiently challenging and appropriately pitched target. We think this will be the case even if values hold up well from this point. A range of other requirements needs to be considered alongside affordable housing. Beyond this level, any target would be particularly ambitious in our view.
- 32 In Sevenoaks we do also see values below the levels which would be required to support the 40% target level when considered alongside other requirements. Negotiations are quite likely to deliver affordable housing up to, rather than usually at, those levels in some cases - in the short-term at least.
- 33 In our view the current economic downturn should not be the only factor that determines policy positions, given that housing need is worsening and that those same conditions (with consequent job losses, etc) are most likely to be adding to the needs trend. The Council needs to find a balance between the opposing tensions of housing need and viability.
- 34 Whilst we have to consider the particular market conditions now in coming to our recommendations, those are very likely to change in some way over a short period of time in relation to the planning periods being considered. We do not consider that it is appropriate or realistic to set strategic policies and targets based on a snapshot of current market features alone. Such an approach could mean regularly varying those policies and targets. That could lead to potential inequities and requirements that are uncertain – the approach needs to create certainty and clarity of expectations.
- 35 When considering delivery based on ambitious targets, particularly in the short-term as policy expectations change and we have very difficult market conditions, it is vital that the Council continues to apply policy with flexibility where needed. As a part of this, the current financial conditions mean that the Council may need to prioritise planning obligations or other requirements within overall objectives and targets.
- 36 Given the level of need and type of site supply (role of smaller sites locally) the Council is also considering widening its approach by bringing within the policy scope a wider set of, or potentially all, schemes which include an element of residential development. This would be part of looking for a reasonably market sensitive but still sufficiently challenging approach.

- 37 Having stated within this study that smaller sites are no more or less viable than larger ones (i.e. site size in itself is not a determinant of viability), we recommend the application of reduced target proportions to smaller sites which are currently outside the affordable housing policy scope. In Sevenoaks' case this means sites of fewer than 15 dwellings.
- 38 This is related to the points we make about the very significant first-time impact of policy in such situations, and to how development value tends to reduce the smaller the scheme and may become more marginal compared with existing/competing land use values.
- 39 While there could be various options around this sliding scale, relating to the various threshold points and proportion (%) combinations, as well as to the potential role of a financial contributions approach, our recommendations are set out below. The wider options are discussed in the report Conclusions Chapter 4.

Recommendations

- 40 A challenging, but appropriately pitched, headline policy target set at a single clear position of **40% affordable housing applicable at a site size threshold of 15 or more dwellings, District-wide.**
- 41 The potential to lower the dwelling numbers threshold for contributions towards meeting affordable housing needs given that proven housing needs and local site supply patterns dictate a reliance on contributions from an expanded range of sites.
- 42 In the event of further policy development by the Council to bring within its scope a wider range of sites, we recommend for consideration that:
- a. **Sites of 10-14 dwellings – on site provision based on a target of 30%.**
 - b. **Sites of 5 to 9 dwellings** should be the smallest which relate to the overall priority for on-site provision of affordable housing. **A target of 20%**, to be provided **on-site**, would be appropriate.
 - c. **Sites of fewer than 5 dwellings be linked to a financial contributions approach** – with the equivalent proportion set with the parameters 10%– 20% in mind. A target equivalent proportion of 10% would respect the sliding scale principles we discuss, and be appropriate at this stage of policy development having regard to viability sensitivities.

- 43 In all cases these would again be District-wide positions, subject to continued evidence of needs and matching site supply patterns.
- 44 These potential policy positions are suggested not in isolation of other scheme costs and planning obligations, but have been arrived at through including assumptions on a range of other matters as set out in the study detail – the key ones being:
- a. Planning infrastructure obligations.
 - b. Code for Sustainable Homes Level 3 attainment – all dwellings (with future direction of Code requirements also considered).
 - c. Renewable energy requirements (cost allowances added to above Code assumptions, bearing in mind the overlaps that exist between the two).
- 45 To develop unambiguous policy wording which sets clear targets as a basis for the practical, negotiated approach, acknowledging the relevance of site viability. The report discusses policy wording, which in Adams Integra’s experience is critical in providing clarity for landowners, developers and others, as well as being a key part of sound policy for the purposes of the Public Examination of those.
- 46 To build on the approach through the development of a SPD and/or DPD to set out detail which explain the working practices and help to guide expectations.
- 47 Acknowledging current market conditions in particular, the Council will need to approach site by site delivery in an adaptable way, reacting to viability issues which may arise. This key point about the flexible, practical application of policy always applies, as the study emphasises, but it is likely to be in focus particularly in the market conditions we have seen both locally and nationally during the study period.
- 48 The Council will need to monitor affordable housing delivery progress and experiences alongside their site supply monitoring work. Review periods and potential delivery contingency measures will need to be considered, linked to those monitoring processes.

Executive Summary ends

1 INTRODUCTION

1.1 Introduction

1.1.1 Sevenoaks District Council (SDC) is in the process of preparing its Core Strategy Development Plan Document (DPD) as part of the Local Development Framework (LDF). Preparation of the Submission version of the Core Strategy (2006 – 2026) is underway with consultation proposed in January/February 2010. The proposed affordable housing policies within the Core Strategy, in terms of headlines, set out a requirement for 40% affordable housing across the District on all developments of 5 dwellings or more.

1.1.2 The housing needs study recommended that 40% affordable housing is an appropriate target for the District. However, the Core Strategy sets out requirements that may affect the viability of schemes. The proposed affordable housing policies are as follows:

“In order to meet the needs of people who are not able to compete in the general housing market, the Council will expect the provision of affordable housing, as defined in PPS3, in all types of residential development including specialised housing. The location, layout, design of the affordable housing within the scheme should create an inclusive development.

The level and type of affordable housing required in any residential development will be assessed against the following criteria:

- *In all residential developments of 5 dwellings or more gross the Council will expect 40% of the total number of units approved to be affordable.*
- *Where an element of affordable housing is required at least 65% of the affordable housing units should be social rented, unless the Council is satisfied that an alternative mix meets a proven need.”*

1.1.3 The purpose of this study is to provide an evidence base to support Sevenoaks District Council in its work to assess the capacity of development in Sevenoaks to deliver various planning obligations without adversely affecting viability and in developing affordable housing policies for its Core Strategy. Specifically the study is carried out in accordance with Planning Policy Statement 3 (PPS3)¹ - Housing and its accompanying document “Delivering Affordable Housing”².

1.1.4 There is a high level of need for affordable housing in Sevenoaks District, with affordability being an issue for even those above average incomes. The West

¹ Communities and Local Government - Planning Policy Statement 3: Housing

² Communities and Local Government – Delivering Affordable Housing (November 2006)

Kent Strategic Housing Market Assessment (SHMA)³ shows a total annual affordable housing shortfall of 646 units accounting for nearly 4 times of the total annual dwelling provision recommended in the South East Plan⁴ for Sevenoaks District. Looking back to 2007, between 68 and 104 sites per annum in the District have produced fewer than 15 dwellings – amounting to between 139 and 179 dwellings (gross) per annum completed from that group of sites. This points to the significant role of smaller sites locally.

- 1.1.5 An annual target for the District of 67 affordable homes was identified in the South East Plan and this target is part of the Local Area Agreement 2. Over the 3 years 2008/09 to 2010/11 it totals 201 affordable homes. In 2008/09 56 were achieved but current projections show a further 76 new affordable dwellings coming forward in 2009/10 and 71 in 2010/11. These are indicative figures and subject to several Section 106 sites going ahead. In the past few years the affordable homes delivered have been a mix of affordable rented and intermediate tenure, with the balance between those varying significantly from year to year (indicating that mix to be quite dependent on scheme specifics). The majority of the District's affordable housing has been negotiated through planning processes (s106) – few schemes have been 100% affordable. Whilst the s106 delivery has generally been at lower proportions, partly in response to previous targets and expectations, we are aware that 40% has been achieved on a more recent occasion following the increased South East Plan affordable housing requirement.
- 1.1.6 The SHMA recommends that, based on the evidence found, consideration should be given to an affordable housing target of at least 40% affordable housing in the range between 70% to 50% affordable rented tenure and 30% to 50% intermediate tenure. It goes on to state that consideration should be given to a range of thresholds below 15 units recognising that viability issues may require lower target levels or provision of commuted sums (financial contributions).
- 1.1.7 It is important however that the Council's policies do not deter development through reducing the supply of land brought forward for residential development more widely. Any policy must balance increasing delivery of affordable housing and planning obligations with maintaining sufficient incentive (reasonable land value levels) for landowners to release land – allowing developers to promote and bring forward schemes whilst securing a reasonable level of profit for their risk reward.
- 1.1.8 This study explores the viability impacts of a range of policy options relating to seeking various levels of affordable housing obligations from new development, taking into account property type, market value levels, tenure

³ DCA – West Kent Strategic Housing Market Assessment Final Report (December 2008)

⁴ Government Office for the South East – The South East Plan – Regional Spatial Strategy for the South East of England (May 2009)

mix, wider planning obligations and associated characteristics of residential development.

- 1.1.9 Specifically, it investigates and assesses the impact on land values, and therefore on development viability, of potentially lowering the affordable housing thresholds and increasing the proportion of affordable housing sought on private (market sale) residential sites across Sevenoaks District. This is considered alongside wider planning obligations and costs. The range of testing carried out for this study is shown at Appendix I – Development Scenarios.
- 1.1.10 In addition to looking at on-site affordable housing (i.e. provision integrated within market housing sites), this study investigates the viability of collecting financial contributions in lieu of on-site provision on smaller sites below any potential on-site threshold.
- 1.1.11 The study tests the impact of a range of affordable housing proportions, in order to generate a feel for viability based on current requirements, and how that varies with potential changes to those. It provides advice on the thresholds and proportions of affordable housing that are considered to be broadly viable and therefore suitable as targets.
- 1.1.12 We use the impact of varying affordable housing requirements on Residual Land Value (RLV) as our measure in putting forward our judgments and guidelines. This process involves comparing the likely impact of (changes to RLVs from) the range of potential policy changes with the RLVs indicated by appraisals relating to current policy positions. So the study examines the variations in approximate RLVs indicated within the District on this basis, as we envisage policy changing, and the implications of these are included in the assessment of site viability and deliverability.
- 1.1.13 Where possible, the study provides parameters and options for the Council to consider for affordable housing policy and delivery, from a viability perspective. The Council will need to consider these findings alongside wider policy considerations and overall priorities.
- 1.1.14 It must be recognised that this planning based tool for securing affordable housing relies on market-led processes. Throughout the study, an emphasis is placed on the need for a practical approach to be taken by Council, bearing in mind development viability – particularly given the current and likely short-term market conditions. In carrying out this assessment it is assumed that there will be a return to more stable financial and property market conditions where improved access to mortgage and development finance, on appropriate terms, will promote demand and re-stimulate more normal levels of development activity than we have seen while working in Sevenoaks District at the time of the study. The same applies to all such studies which look at affordable housing supplied through market led schemes.

1.1.15 The methodology and assumptions used are described in Chapter 2, the results are discussed in Chapter 3, the conclusions and recommendations set out in Chapter 4 and Chapter 5. Chapter 6 sets out wider points in relation to affordable housing delivery. The tables, graphs and associated information referred to throughout this study are appended to the rear of the document.

2 METHODOLOGY AND ASSUMPTIONS

2.1 Background

- 2.1.1 In considering the factors that need to be taken into account in bringing sites forward that include affordable housing, it is necessary to determine what effect increased affordable housing proportions, reduced thresholds, variations to tenure mix and other development costs may have on the value of a potential development site.
- 2.1.2 This study investigates residential development scenarios across a range of site sizes. Site sizes of 5, 10, 15, 25, 50, and 80 dwellings have been considered in respect of potential on-site affordable housing provision. Appendix I – Development Scenarios – outlines the range of appraisals carried out for these on-site affordable housing scenarios.
- 2.1.3 The schemes modelled are notional sites chosen to reflect scenarios that best match the various policy options to be tested. At certain site sizes, a range of dwelling mixes has been tested. These were arrived at and agreed through discussion with the Council's officers based on the range of site types which may come forward across Sevenoaks District and bearing in mind the nature of developments seen at the time of our research. These should reasonably reflect a range of scheme types coming forward now and in the future.
- 2.1.4 Most importantly however, the notional development scenarios have been formulated to enable development viability to be tested at a range of points with reference to scale of development (as will relate to affordable housing policy thresholds) and dwelling mix, as part of this strategic overview work. The smaller site sizes enable us to test viability at lower thresholds, whereas the larger sites enable us to test the impact of the proportion of affordable housing on sites that already trigger the requirement for affordable housing (sites of 15 or more dwellings).
- 2.1.5 The financial impact, and therefore viability, of collecting carefully judged financial contributions in lieu of on-site provision has also been tested on sites of 1 to 14 dwellings. Appendix IIk outlines the financial contributions scenarios.
- 2.1.6 An alternative approach to testing development viability on a strategic basis could be to investigate the development viability of actual sites. We have chosen the notional approach for a number of reasons including:
- There is no published good practice guidance on a methodology to follow for carrying out development viability studies.

- Our established approach to this viability work, including the use of notional sites, has been tested successfully through the former Local Plan Inquiry and current Development Plan Examination processes.
- There can be difficulties in obtaining sensitive information from developers and landowners in relation to actual sites. This leads to appraisals of actual sites becoming heavily assumption based in any event.
- The use of actual sites affects the ability to compare outcomes ‘like with like’ to assess the impact of varying affordable housing requirements. Affordable housing impacts can become blurred with, or by, other issues which vary from one site to another.
- Sensitivities with reporting, information and potential effect on future negotiations.
- Site sizes may not align to studying potential threshold points.
- An actual site approach can be very resource hungry and thus costly for this stage of the process.
- Ultimately, unless extensively applied (noting the former point) an actual sites approach does not fit well with taking a strategic overview of the impact of potential affordable housing policies, when in fact sites vary so much.

2.1.7 We invariably find that developers are, understandably, more often than not reluctant to share information on their usual assumptions. However, as part of considering a range of information and informing our judgments for each of our studies we contact a number of developers who we believe to be (or to have been recently) active locally. In this case we received some feedback from two companies, one negative response (unable to help) and did not hear back from the others contacted. We explained our purpose and undertook not to disclose names or information. We also consult with locally active Registered Social Landlords (RSLs).

2.1.8 The outcomes of the appraisals based on the range of scenarios tested provides us with a scale of results (discussed in Chapter 3) from which conclusions can be drawn as to the key factors and trends affecting viability across Sevenoaks District. This leads to discussion on how these might be considered in reviewing policy options, and then to policy recommendations.

2.2 Property Values

- 2.2.1 In determining the modelling scope in a local context, it was decided to consider a range of “Value Points” rather than concentrate on the specifics of settlement areas or centres (within which values can vary greatly in any event). By taking a Value Points approach we mean that the value levels considered at each Value Point could, in fact, be found anywhere within the District.
- 2.2.2 To this end research into property prices across Sevenoaks, on a detailed localised basis, was undertaken to determine realistic development values (property sales) for each of our appraisals.
- 2.2.3 We reviewed the ‘asking’ and ‘subject to contract’ sale prices of all available new build 1 and 2-bed flats and 2, 3 and 4-bed houses across the area to enable us to provide reasonable average values for Sevenoaks by dwelling type. The data was collected through a mixture of “on the ground” and desktop/internet research in June and July 2009. Adams Integra acknowledges that there is usually a gap between marketing and sale price. In recent difficult market circumstances this gap has typically grown, although it is not possible to make a definitive statement about the usual gap between the two, as a particular owner’s aspiration and the saleability of specific properties clearly varies significantly in any event. The research has been reviewed in the context of this, and the range of value levels assumptions set accordingly.
- 2.2.4 The results of the property value research, and in particular the new build values research, led to the formulation of 7 Value Points. These 7 points cover the range within which new build housing values in most areas of Sevenoaks fall. Two additional value points were also used in the modelling for this study (above and below the typical range seen) to enable us to consider the sensitivity of results to market conditions and price levels outside the typical range seen at the time of the study. As stated above, most areas have a variety of property values (even within the same postcode) therefore the results of this research can be used independently of location where approximate sales values can be estimated.

Figure 1: Summary of Value Points Adopted for Each Property Type (based on assumed floor areas):

Value Point Property Type	1-Bed Flat (50m²)	2-Bed Flat (67m²)	2-Bed House (75m²)	3-Bed House (85m²)	4-Bed House (100m²)	£ per m²
Value Point 1	£125,000	£167,500	£187,500	£212,500	£250,000	£2,500
Value Point 2	£150,000	£201,000	£225,000	£255,000	£300,000	£3,000
Value Point 3	£175,000	£234,500	£262,500	£297,500	£350,000	£3,500
Value Point 4	£200,000	£268,000	£300,000	£340,000	£400,000	£4,000
Value Point 5	£225,000	£301,500	£337,500	£382,500	£450,000	£4,500
Value Point 6	£250,000	£335,000	£375,000	£425,000	£500,000	£5,000
Value Point 7	£275,000	£368,500	£412,500	£467,500	£550,000	£5,500

2.2.5 This is only intended to indicate general tones of values/value patterns – the range within which values are typically seen. It helps us understand how varying policy (and the resultant range of viability outcomes) might affect housing and affordable housing delivery on sites which produce differing values across the District. In practice, very specific local factors influence value. Appendix III, the Property Values Report, goes into more detail on values.

2.2.6 As part of the research, we spoke to estate agents in June and July 2009 at various locations across Sevenoaks District. Where little data was available at the time of the search, the data has been verified or supplemented by using Land Registry average sales figures and resale data and through visits to, and enquiries made of, house builders’ sales offices where possible. In a more general sense, our thinking was further verified through our ongoing work and discussions with others such as land agents, for example, as to the way developers consider sites and price their new schemes.

2.2.7 In addition a comprehensive review of “subject to asking” prices of all re-sale properties was undertaken using internet property search engines. This helps us to understand and consider, very broadly, how values vary with location across the District in the context of the value points. These are set out later in this study with the Results but it must be reiterated that any attempt to define values patterns can only be highly indicative as values can change over very short distances (even down to street level) dependent on a site’s location and its surroundings, local amenities etc.

2.2.8 This study does not attempt to provide comprehensive property valuation data, but rather identifies the typical range of new build values for various dwelling types based on the assumed sizes set out. The values research is carried out to enable us to make judgments about the range of values of new build properties typically available. Inevitably judgments have to be made. It is

not a statistical exercise. The values used in the appraisals are averaged across properties of varying size and type, and it must be remembered that any settlement could contain a range of property values covering a single property type. We believe, however, that the information used is reasonably representative. The key point is to consider the likely range of typical new build values which will underpin this planning-led delivery of affordable homes, rather than consider overall resale market Land Registry type data alone, which can often dilute the new build market picture or not reflect it clearly.

- 2.2.9 Also relevant in this context is the fact that while specific values or other assumptions used here can only be on a snapshot/current time basis and may not reflect future market variations when viewed individually, when viewed overall (across the range of values and other assumptions studied) this approach enables us to consider how value trends might impact viability. Elsewhere within this report we acknowledge the type of uncertain wider market conditions which are being reported as the study progresses. Indeed the Government's Valuation Office Agency (VOA) has commented that it cannot carry out its normal six monthly residential land forecast and stated that:

“Due to the effects of the global financial crisis it has been decided not to include a residential land forecast in this edition of the report (July 2008). The unprecedented volatility in national and international world financial markets will not have been reflected in the previous data series used to compile the forecasts. Until these exceptional events are more fully reflected in these data series, any forecast using this method would be subject to unacceptable levels of uncertainty”

Source: VOA property market report July 2008

The January 2009 VOA property market report did not include any residential land value forecasting information either. It stated: *“A feature of the residential land market is the 'lumpiness' of changes in value. Although the index is based on six monthly figures it is difficult to establish exactly when significant movements in value occurred and an average over a longer period may provide a more realistic assessment of the market. This is particularly the case for the period since 2007 with the severe problems in the financial markets. “*

That 2009 report indicated, through trends graphs looking at the England and Wales picture, that between late 2007 and January 2009, residential land values had generally fallen by about £1m or more per hectare, in other words by around one third (or perhaps more) from their peak levels to that point. South East residential land values were indicated to be at around £2.5 to “.8m per hectare at January 2009, although the *“illustrative rather than definitive”* nature of such information is acknowledged in the VOA report.

Source: VOA property market report January 2009

2.2.10 Clearly, future values cannot be predicted, but this methodology does allow for potential future review of results as they vary through revised price levels as may be seen through a changing market - as well as sale price variations that are normally seen through site characteristics or location specifics. It enables us to look more widely at the sensitivity of results to value levels.

2.2.11 Prior to and during the study period, there has been continued reporting at all levels of a weak and uncertain property market. As at August 2009 these conditions could not be described as over by any means. However, after continued fairly bleak market reporting from a range of sources into January and February, from around March 2009 there has been some more positive reporting and market sentiment to balance this picture. This has reported reduced rates of house price declines and even some news of very recent increases in average property values. This is also discussed later in the report and our market review information is included at Appendix no. III Property Values Report. There are still wide-ranging views on how much further the downturn has to go or whether/to what extent the market is stabilising. Examples of characteristic features of the downturn to be noted in the context of this study include:

- Many house builders have been reporting reduced margins, or even losses in some cases, overall. Some house builders and others involved in the development industry reducing staff numbers significantly, with some ceasing to trade.
- A marked slow-down in the rate of construction of new homes.
- Incentives being offered fairly typically on new build sites - such as stamp duty/5% deposit paid/deferred purchase/shared equity/mortgage payments assistance, and perhaps others – dependent on a prospective purchaser's position together with the developer's marketing experience and sale potential of particular plots, etc.
- Some use of guide pricing alone, or even no advertised pricing.
- Some schemes still selling relatively well but usually with slower sales where this is so.
- Some developers considering offers from RSLs for expanded affordable housing quotas on sites, or even entire schemes for affordable.
- Increased reports of developers pulling out of schemes; and delaying starts or slowing scheme progress/ "mothballing" sites.
- Extended development periods in some cases, with a knock-on effect of impacted sales progress because there is less for purchasers to see.

Purchasers are far less likely to purchase off plan given uncertainty over values movements. This creates a circular effect with regard to build progress on some schemes – i.e. some developers taking a view that build progress needs to be underpinned by firmer sales interest. Others are however proceeding based on prospective purchasers typically now wanting “to see what they will get”.

- Examples of estate agents combining, closing or mothballing offices, or operating restricted hours.
- Fewer investment buyers active.
- Mortgage lending well down and difficulties in obtaining funding more widely experienced by prospective purchasers.

2.2.12 Despite the small signs of the potential makings of a more positive market picture, it would be premature to say that the above effects are now a thing of the past. In terms of study methodology, the current uncertainties are very difficult to reflect. In our view, it would be impractical for a local authority to move affordable housing and perhaps other viability related planning obligations targets in response to what could be relatively short-term market conditions and adjustments. As discussed, the use of a range of Value Points enables us to see how residual land values (and thus likely scheme viability) change as the market values of properties varies.

2.2.13 One of the principal concerns with the market currently is the volume of sales being achieved rather than simply the value levels. Sales volume is difficult to reflect in financial viability terms. It may affect developers’ views on risk levels, and it may affect development and sales periods, and thus finance periods. These will in any event be site-specific factors. To what extent the very depressed levels of market activity will ultimately affect value levels with time remains to be seen. However, it should also be noted (related to the point here about value levels not being the critical issue in isolation) that value levels are still high when long-term trends are reviewed. In the past, schemes have been brought forward and have therefore been viable at similar or lower value levels.

2.2.14 In our view the key message for local authorities in this situation is the need to monitor the market, housing delivery outcomes and trends locally - and respond to those through consideration of contingency measures and possible policy review longer term. It is also about adopting a practical and flexible approach to secure delivery of all housing types, especially in the short term. This theme will be picked up again in Chapters 4 and 5.

2.3 Approximate Residual Land Value (RLV)

- 2.3.1 In order to determine the impact of proposed affordable housing policy on the range of site sizes appraised across the range of Value Points it is necessary to determine a common indicator to ensure comparisons are made on a like-for-like basis.
- 2.3.2 The key viability outcome and indicator for this study is the land value that can be generated where there is a predetermined and fixed level of developer profit assumed (alongside allowing for all other assumptions and variations discussed in this report). It is not based on the notion of fixed land values with developer's profit varying as affordable housing or other requirements change. Land value expectations (and how those need to be adjusted over time with changing markets in addition to changing planning and environmental requirements) are central to this work and to the ongoing negotiation and delivery processes. Local authorities and others involved in the process must recognise that developers need to make reasonable profits, and this work is not based on a premise that those should be eroded below reasonable levels. This area is discussed further below, including at 2.5 – Developer's Profit.
- 2.3.3 Assuming a developer reaches the conclusion in principle that a site is likely to be viable for development, an appraisal is carried out to fine-tune the feasibility and discover what sum they can afford to pay for the site.
- 2.3.4 In this study we have to assume that a negotiation has occurred or is under way based on knowledge of the current development climate and planning policy requirements as they will apply to the scheme. Therefore, this study also compares the viability outcomes from the variety of current policy requirements with those likely to result from the range of policy proposals (e.g. increased affordable housing proportions and lower site thresholds).
- 2.3.5 Ultimately, land value is a product of a series of calculations that provides a residual valuation based on both the specific form of development a site can accommodate, and its development costs. While the market uses a variety of approaches to appraise sites and schemes (including comparisons between sites) in early stages of feasibility, a more detailed approach is necessary to understand how the value/cost relationship appears - as used in this study.
- 2.3.6 The simplest, most effective and widely understood way of checking site viability in most instances is via a developer-type Residual Land Value (RLV) appraisal (see Appendix IV – Glossary). We have developed our own spreadsheet model for this purpose. In doing so we have made what we feel are reasonable assumptions but it must be noted that individual developers will have their own varying approaches, and a developer might also apply a different approach from one site to another.

2.3.7 A highly simplified example which groups various cost elements together and showing only the basic structure of the RLV calculation, is shown in Figure 2. This is an illustrative example only and is not to be relied upon for calculation purposes. It demonstrates, in outline only, the key relationship between development values and costs. This is a dynamic relationship and determines the amount left over (hence ‘residual’) for land purchase from the total sales value (the ‘gross development value’) of the site. It can be seen that as values increase but costs remain similar, there is more scope to sustain adequate developer’s profit levels together with, crucially, land values which will be sufficient to promote the release of land for residential development.

Figure 2: Simplified Example of Gross Development Value Calculation (for illustration purposes only)

Starting point is total sales value (“Gross Development Value”)	
Number of Units =	10
Sales Value =	£120,000
Gross Development Value = A	£1,200,000
Development Costs (build costs, fees, etc.) = B	
	£575,000
Development Profit (@15% of Sales Value) = C	
	£180,000
Land Purchase Costs and Planning Infrastructure (not including affordable housing element) = D	
	£75,000
“Residual Land Value” (Gross Development Value - Development Costs - Profit - Land Purchase and Planning Obligations) = E	
A – (B + C + D) = E	£370,000

2.3.8 This method reflects one of the main ways of how development viability tends to be assessed. We have been able to verify our experience and thoughts on the structure of, and components within, the model and indicative output land values through our contact with developers and their advisers.

2.3.9 The model used for analysis in this instance uses a calculation that provides an approximate RLV, after taking into account assumed normal costs for site development. It does not allow for abnormal costs. Abnormal costs can only

be properly reflected with detailed site-specific knowledge. If such varying costs were to be considered within this study, it would affect our ability to accurately compare like with like, when assessing the impacts of affordable housing requirements.

- 2.3.10 Added to this is the inclusion of an affordable housing element, whereby the developer receives a payment from an RSL (or other affordable homes provider) for a number of completed affordable homes. This level of receipt is based on predetermined calculation, and it is not at a level comparable with open market values. For granted funded affordable housing, the sums paid by the RSL will have to be within HCA eligibility levels.
- 2.3.11 Assuming that a developer will require a minimum fixed profit margin on any given site to balance risk and obtain funding, beyond a certain point it is, therefore, the land value that will be affected by the introduction of affordable housing or other infrastructure requirements. In this sense (and although there can be positive cash flow effects similar to those from “off-plan” sales) affordable housing is viewed as a significant cost element to the developer’s appraisals, in much the same way as other planning infrastructure requirements (planning obligations).
- 2.3.12 The results of the model calculations show the indicative residual land value (RLV) – in monetary terms – generated, and the RLV as a percentage of the gross development value (GDV). Where possible, the results are then also compared against potential alternative use values for the site types. Those comparisons build on our acknowledgements that existing or alternative use values are often a key factor in determining viability outcomes. These comparisons help to inform our judgments and are a measure which can help in determining the viability of a site. This can only be highly indicative at this strategic overview study level, however. In practice every site will have specific characteristics and its value will be determined by its type, location, use, lifespan, marketability and development potential; and the cost of creating realising that potential use or maintaining an existing/alternative use.
- 2.3.13 Regarding existing/alternative use values, the Council should be aware that the Commercial Property Market has been suffering and seen a greater degree of downturn, even, than the residential market as a consequence of the financial markets crisis. Although a generalised statement, demand for commercial property has fallen very dramatically with severe consequences for values. This factor needs to be borne in mind. The comparisons that are relevant are likely to change over time. The relative positions, in viability terms, of alternative proposals for sites could alter.

2.4 Gross Development Value (GDV)

2.4.1 Gross Development Value (“GDV”) is the amount the developer ultimately receives on completion or sale of the scheme, whether through open market sales alone or a combination of open market sales and the receipt from a RSL for completed affordable homes. Thus the developer’s profit in each case relates to that scheme-specific sum rather than to a base level of GDV that assumes no affordable housing. It assumes that the developer has appraised the site and secured land in the knowledge of, and reflecting, policy that will apply; i.e. the developer is aware that receipts will be at a lower level than prior to any affordable housing policy taking effect. This can be regarded as a reasonable approach given established local and national policy guidance on the provision of affordable housing.

2.5 Developer’s Profit

2.5.1 The requirement to place an increased proportion of affordable housing on a site will inevitably reduce the sales income that a developer can reasonably expect to receive. As this reduction will not be accompanied by lower construction costs, the offset must be taken up in a reduced development profit, a lower land price or a combination of the two.

2.5.2 Developer’s profit and landowner’s sale price are key considerations that must be taken into account if residential development is to be undertaken.

2.5.3 If profit levels fall below a certain point then developers will not take the risk of developing a site, nor in many cases will funding organisations lend them development finance. Equally, if the price offered by a developer to a landowner for a site is too low, the landowner may not sell and instead continue with, or pursue, an existing or higher value use. There are also other issues, for instance some of the smaller sites may start out as homes, gardens or small business premises which will not be sold unless certain aspirations are met. Business and tax considerations, investment values and costs, and availability and cost of replacement facilities can all influence decisions to retain or sell sites. A mix of these factors may be relevant in some cases.

2.5.4 Continued ready access to development finance is likely to be a particular issue in the current market conditions which have flowed from the “credit crunch”.

2.5.5 Adams Integra’s experience of working with a range of developers leads us to suggest that they would need to seek a fixed profit (margin) of at least 15% (gross) of GDV. In general, only if the projections reveal this fixed profit margin (as a minimum) would a developer pursue a site.

- 2.5.6 This study therefore uses a developer's profit fixed at 15% of GDV, which is at the lower end of the acceptable profit range in normal circumstances. We felt it appropriate to appraise the scenarios at the margins from the developer's perspective. Higher profit levels than those we have assumed may well be appropriate, depending on the nature of the project and risk/reward scenario – and in this sense the market conditions. Different profit aspirations will also be held by different types of house building and development companies.
- 2.5.7 Our experience shows that particularly for smaller and lower risk schemes, and those often carried out by smaller more local developers (or contractor developers), a 15% level of developer profit may well be an appropriate assumption. In the current uncertain market conditions we are seeing a range of indicators on developer's profit levels, and these are becoming increasingly difficult to judge with respect to perception of risk levels. Whilst we are aware of increased profit expectations in some instances (up from the 15% level), we have also seen schemes where profits have been adjusted downwards marginally to help maintain viability. However, given our acknowledgement of varying profit levels, we have also carried out appraisals on the basis of 20% (of GDV) developer profit. In this context, development profit can be regarded as a development cost. The HCA's Economic Appraisal Tool guide profit level was also at 15% at the point we fixed our assumptions. During the study period, that HCA guide level has been moved up to 17.5% of GDV, so that our overall view on likely parameters for profits, at least as a starting point, remains appropriate for the purposes of this study.

2.6 Model Scenarios, Property Types, Size and Mix

- 2.6.1 Sevenoaks District Council required a range of scenarios to be appraised to assess the viability of the potential approach to thresholds and proportions of affordable housing alongside other planning obligations
- 2.6.2 In considering on-site provision of affordable homes, the scheme types modelled range in size from 5 to 80 units to allow the study to investigate a full range of potential policy options. Appraisals were also carried out on notional sites of between 1 and 14 units but based on the collection of a financial contribution in lieu of on-site affordable housing provision.
- 2.6.3 The schemes were tested using 0% (current policy on sites below 15 units across Sevenoaks District), 20%, 30%, and 40% affordable housing. These investigate the Council's currently applied policy and potential options for future increases to the proportion of affordable housing sought or potentially lower proportions on sites below the currently applied 15 unit threshold as part of a sliding scale approach to affordable housing policy.

- 2.6.4 The dwelling sizes used in the modelling are 50sq m for 1-bed and 67 sq m for 2-bed flats. For 2, 3 and 4-bed houses we have used 75sq m, 85sq m and 100sq m respectively. These are all gross internal areas. They are thought to be reasonably representative of the type of units coming forward for smaller and average family accommodation, within the scheme types likely to be most suitable for on-site integrated affordable housing. We acknowledge that these 3 and 4-bed house sizes may be small compared with some coming forward, but our research suggests that the values for larger house types would also often exceed those we have used and would, therefore, be similar on a “£ per sq m” basis. It is always necessary to consider the size of new build accommodation while looking at its price. The property sizes are also selected to be within HCA parameters for affordable housing.
- 2.6.5 This study assumes that the affordable housing mix will mirror that of the private housing and would be transferred to an RSL on a proportional basis. Clearly, in practice, the exact private and affordable housing mixes will vary from site to site, as may the consistency between them. The intention of this study assumption was to follow the principle that a mix of affordable housing dwelling types will be expected wherever that is achievable.
- 2.6.6 For details of the dwelling mix for each on site scenario modelled see Appendix I – Development Scenarios.
- 2.6.7 In practice, there would be a tendency towards developers needing to maintain the higher value units within a scheme for private sales whilst also thinking about the relationship of the private units to the affordable units in terms of location. These are all factors which in reality (and dependent on the site location and characteristics) will affect the unit and tenure mix as part of the negotiated approach.

2.7 Indicative Scheme Density

- 2.7.1 To provide broad comparisons with published land value data so as to provide an additional basis for interpretation of results only, the approximate site area (land take) required for each development scenario (site type and size) has been estimated taking into account the likely building and ancillary areas footprint. These land take indicators have been estimated assuming 2/3 storey housing; flats generally in buildings of no more than 3 stories. The purpose is, as with varying assumptions on other aspects, to enable us to consider the sensitivity of outcomes to variables. The land take assumptions for ancillary space (gardens, immediate access roads, parking, outbuildings, etc) have been approximated.
- 2.7.2 Based on the unit sizes assumed in this study, this provides us with indicative densities of between 40 and 75 dwellings per hectare (dph) depending on unit type and dwelling mix. This part of the exercise is purely for the purposes of

an additional review of results. In practice, densities will be highly variable. Site sizes are shown in the appropriate tables of the Appendices.

2.8 Affordable Housing Transfer (to RSL) – Method of Payment Calculation and Type of Property Transferred

- 2.8.1 Agreement was reached with the Council that for the purposes of this study the payments developers receive from RSLs (Registered Social Landlords) for the provision of completed affordable homes should assume a negotiated approach between the parties. These payments are in turn driven by scheme costs and what the RSL can afford to pay based on its business planning and financial assumptions. The Council has a model s106 agreement which seeks to ensure that the affordable homes are secured within reasonable cost parameters that are likely to be supported in terms of schemes being eligible for grant funding from the HCA. The model agreement also requires HCA development standards to be met, for all types of affordable housing tenure.
- 2.8.2 As PPS3 asks us to consider the availability of funding in looking at viability, the Council also wanted to test the impact of public subsidy (in the form of Social Housing Grant (SHG)). All appraisals were carried out without grant and a small sample was tested “with grant”. The “with grant” appraisals assume an approximate level of £15,000 per person housed for social rented units and £6,250 per person for intermediate units.⁵ These grant assumptions were discussed with Council staff and soundings were also taken from locally active RSLs. In practice, on specific sites this might vary considerably, dependent on property type. It is simply not possible to predict the amount of SHG that will actually be available. The Government’s drive through the Homes and Communities Agency (HCA) is for best value, and making sure that grant money achieves the “additionality” rather than supporting land value or similar. We assume that (where grant is assumed as above) a 1 bed flat accommodates 2 persons; 2 bed flat 3 persons; 2 bed house 4 persons; 3 bed house 5 persons; 4 bed house 6 persons.
- 2.8.3 The likely payment that an RSL would make for an affordable rented or unit of intermediate tenure within this modelling was determined through carrying out a series of appraisals using industry standard software (in this case - “ProVal”) making judgments on the range of input assumptions following liaison with a number of locally active RSLs. Effectively, the value that could be paid to a developer for completed affordable homes is usually related to the mortgage finance the RSL could raise based on the rental income stream (affordable rent) or capital and rental income stream (in the case of shared ownership or similar products).
- 2.8.4 In practice, the values generated could be dependent on property size and other factors including the RSLs own development strategies and thus would

⁵ Sevenoaks District Council

vary from case to case when looking at site specifics. The RSL may have access to other sources of funding, such as its own resources or recycled capital grant from stair-casing receipts, for example, but such additional funding cannot be regarded as the norm – it is highly scheme dependent and variable and thus has not been factored in here.

- 2.8.5 The figures used in the appraisals are shown in Figure 3 below for each property type, and reflect the sums received per completed affordable home by the developer in return for constructing them (usually for an RSL to which they are transferred):

Figure 3: Summary of Sums Payable by RSL to Developer for Completed Affordable Units

Rent (no Grant)					
Value Point	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House
1	£47,000	£58,000	£60,000	£69,000	£79,000
2	£50,000	£62,000	£65,000	£74,000	£85,000
3	£54,000	£67,000	£71,000	£79,000	£92,000
4	£57,000	£72,000	£76,000	£86,000	£99,000
5	£61,000	£76,000	£81,000	£92,000	£106,000
6	£65,000	£81,000	£86,000	£98,000	£106,000
7	£68,000	£85,000	£92,000	£99,000	£106,000
Rent (with Grant)					
Value Point	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House
1	£73,000	£97,000	£112,000	£134,000	£156,000
2	£76,500	£101,000	£118,000	£140,000	£163,000
3	£80,000	£106,000	£123,000	£145,000	£170,000
4	£83,000	£110,000	£128,000	£151,000	£177,000
5	£87,000	£115,000	£133,000	£157,000	£184,000
6	£91,000	£120,000	£139,000	£163,000	£184,000
7	£94,000	£124,000	£144,000	£165,000	£184,000
Intermediate (no Grant)					
Value Point	1 Bed Flat	2 Bed Flat	2 Bed House	(n/a) 3 Bed House	(n/a) 4 Bed House
1	£72,500	£97,150	£108,750	N/A	N/A
2	£86,250	£115,575	£129,375	N/A	N/A
3	£102,308	£137,092	£153,462	N/A	N/A
4	£118,750	£159,125	£178,125	N/A	N/A
5	£135,000	£180,900	£202,500	N/A	N/A
6	£150,568	£201,761	£225,852	N/A	N/A
7	£165,000	£221,100	£247,500	N/A	N/A

Intermediate (with Grant)					
Value Point	1 Bed Flat	2 Bed Flat	2 Bed House	(n/a) 3 Bed House	(n/a) 4 Bed House
1	£83,750	£112,225	£125,625	N/A	N/A
2	£99,750	£133,665	£149,625	N/A	N/A
3	£114,423	£153,327	£171,635	N/A	N/A
4	£130,000	£174,200	£195,000	N/A	N/A
5	£145,658	£195,182	£218,487	N/A	N/A
6	£161,364	£216,227	£242,045	N/A	N/A
7	£178,750	£239,525	£268,125	N/A	N/A

2.8.6 The exact nature and range of tenure models within an affordable housing mix will often need to be bespoke to a particular location and site – particularly in market conditions where these details are currently so dependent on demand as influenced by mortgage product availability, changing price levels, the Government’s constantly evolving range of initiatives, developer’s reactions and own practical marketing initiatives and models, together with other factors.

2.8.7 Although tenure mix is a site-specific consideration and dependent on local housing needs evidence plus the type of factors mentioned at 2.8.6, this study tests the impact of varying the tenure mix on development viability – based on certain assumptions as have to be fixed to drive appraisals. Current experience with scheme specifics is that in the current climate the RSL type financial appraisals for shared ownership and intermediate rent are producing similar outcomes in respect of what RSLs can afford to pay for dwellings. As with much of this, figures will, of course, vary with scheme specifics. The tenure mixes tested were as follows and as agreed with the Council:

- 65% social rent/35% intermediate
- 50% social rent/50% intermediate

2.8.8 In looking at our assumptions for intermediate tenure more generically in this way, for shared ownership accommodation our calculations were based on a 35% initial capital sale with 2.5% rent paid by the purchaser on the retained equity. We have assumed that, where possible, only houses and flats of 2 bedrooms or less would be transferred to an RSL with larger units remaining as private and/or being transferred for affordable rented tenure. This is due to the potential lack of affordability of shared ownership properties where larger units in particular may be unaffordable to the end user. Access to mortgage funds and scale of required deposits may also be an issue in the current economic conditions. Intermediate rents would normally be at up to 80% of market rent levels.

2.8.9 It should be noted that where we refer to shared ownership in this study - and that may still be a part of specific site discussions between the Council,

developers and RSLs on intermediate tenure content - other tenure options or models may well now be relevant. The focus will increasingly be on “intermediate tenure” in an adaptable mix alongside the priority needed affordable rented accommodation. Other models, including rented at rates discounted from market rental costs (“intermediate rent”) may well be applicable. Those could come into play depending on local specifics such as need, demand, funding, market factors (especially in the current climate) and affordability. In most cases, they will produce improved cash-flows and provide a better viability outcome, compared with affordable rent without grant; and be considered as more market friendly by developers as part of their overall view.

2.9 Other Assumptions

- 2.9.1 The appraisal model includes other variables such as fees, land buying costs, finance, agency costs and planning infrastructure provision that are all taken into account when calculating an approximate land residual value.
- 2.9.2 These figures in some instances are factors of other elements of the appraisal and, therefore, vary by site size and type.
- 2.9.3 The percentages and values assumed for the purposes of this exercise are listed below and are the result of Adams Integra’s experience, work with and discussions with developers, valuers, agents and others. Again, they are inevitably judgments that have to be made for this overview, and they will vary with site specifics:
- **Base Build Costs (House Schemes) – £1,100/sq m**
 - **Base Build Costs (Flatted Schemes – low rise) - £1,250/sq m**
- 2.9.4 The above are applied to the Gross Internal Area (GIA) of the accommodation. Base costs for flats are likely to be higher than for a scheme of houses particularly where sites are constrained and often difficult to work on (involving materials storage difficulties, craning, etc). Common areas have to be allowed for, as does the degree of repetition of costly elements. Cash-flows for flatted development can also be less favourable as rolling sales are more difficult to deliver. In this study the £1,250 per sq m figure assumes standard low-rise flats (typically no more than 3 storeys and allowing standard construction techniques).
- 2.9.5 Build cost figures have been taken as an indicative level, supported by our ongoing experience of scheme specifics, whilst also taking into account a range of information from BCIS data (the Building Cost Information Service of the Royal Institution of Chartered Surveyors (RICS)).

2.9.6 There will always be a range of data and opinions on, and methods of describing, build costs. In our view, we have made reasonable assumptions which lie within the range of figures we generally see for typical new build schemes (rather than high specification or particularly complex schemes which might require particular construction techniques or materials). As with many aspects there is no single appropriate figure in reality, so a judgment on some form of benchmark is necessary. There will be instances where other costs are relevant, including in overcoming abnormal site issues or characteristics.

2.9.7 We are aware that the developer's build costs can be lower than our above figures, and also that the BCIS tends to indicate lower figures. In contrast, however, there is also much said about costs being higher than this, often in the context of RSLs procuring new housing through contractors and developers. Build costs are set out in a range of guises, including in BCIS, whereby items such external works costs and fees, etc are sometimes included, sometimes excluded. It can be difficult to carry out reliable analysis. So a view needs to be taken, and then monitored, tested and updated as informed by the experience of site specifics, negotiations and (from the affordable housing perspective) in light of funding availability and affordability for occupants.

2.9.8 Typical scheme-specific additions to these are:

- **Architect's and other professional fees and contingencies:** 12% of build costs.
- **Marketing and Sales Fees:** 1.5% of Estimated Gross Sales Value (GDV). There will be instances, dependent on the location and scheme type, where some of this expense, or an additional sum will be directed to the setting up of a show home. This will, however, not be appropriate on all schemes hence we have not included for it as a standard assumption item. We would not expect it to alter the outcomes fundamentally.
- **Legal Fees on Sale:** £400 per unit.
- **Finance (build):** 7.0% - on build costs, fees etc over build period.
- **Build Period:** 6 to 24 months depending on scheme size within the range assumed.
- **Land Survey Costs:** Approximate cost of £500 per unit including basic ground conditions research (on larger schemes especially there will usually be additional cost associated with transport, environmental

/landscape, ecology etc dependent on the scheme and not covered here).

- **Legal Fees on Land Purchase:** *0.5% of land value (this will often produce a low figure when looking at very small or low value sites but only make a minimal difference to outcome).*
- **Planning Application costs:** *£335 per dwelling where the number of dwellings is 50 or fewer; where the number of dwelling houses exceeds 50 - £16,565 plus £100 per dwelling in excess of 50, subject to a maximum total of £250,000.*
- **Stamp Duty Land Tax:** *Between 0% and 4% depending on RLV.*
- **Infrastructure Payments:** *Appraisals carried out assuming £5,000 per unit and £10,000 per unit. This covers a range of potential infrastructure costs but equally could apply to other future costs. They are notional levels. We varied this assumption so that we and the Council could review the sensitivity of results to this factor – using similar thinking to the Value Points methodology rather than looking only at a relatively narrow set of assumptions. This was done with the potential nationwide Community Infrastructure Levy (CIL) policy developments in mind, but also in the context of a range of other areas which could effectively add costs to schemes from a developer's and therefore land owner's perspective.*

The figures used are not intended to be a guide to CIL levels. We have used the range of values to test the additional impact of those costs on development viability of the schemes types appraised.

- **Requirement for 10% renewables:** *All appraisals carried out on basis of all sites achieving 10% on-site renewables. Renewables cost approximately £3,500 per unit for 10% generation (estimated cost from EST CE190⁶).*
- **Code for Sustainable Homes:** *Addition of £50/m² on build costs for achieving Code Level 3 and £100/m² for achieving Code Level 4. Additional build cost based on CLG - July 2008⁷ report and assumes medium case scenario for flats and terraced houses. Costs in addition to requirement for renewables.*
- **Lifetime Homes** - is currently an area under review and debate but increasingly in the Government's thinking. While it can affect scheme viability in a wider sense - from the point of view of increasing building

⁶ Energy Saving Trust - "Meeting the 10 per cent target for renewable energy in housing - a guide for developers and planners" (September 2006)

⁷ DCLG – Cost Analysis of the Code for Sustainable Homes (July 2008)

footprints and therefore, potentially, site capacity - it does not necessarily add significant cost. Early design input minimises its impacts, and costs depend on to what degree standards are applied and what other standards are already to be met. There are overlaps, and even areas where it can compromise or not fit well with other requirements. It is an area that needs to be kept under review in terms of practicalities, costs and impacts – as part of the overall expectations from schemes.

Conversations with RSL staff and cost information provided by Habinteg Housing Association (www.lifetimehomes.org.uk) suggest that the cost of meeting lifetime homes standards is up to £545 per dwelling depending on size, layout and specification of the property. For the purposes of this study, the base build costs shown above include this allowance.

- **Finance related to land purchase:** *7.0% interest cost on land survey, planning costs, legal fees on land purchase and RLV over build time plus 26 weeks.* No finance arrangement or related fees have been included for the purposes of this exercise. They might in practice be applicable, but we would not expect them to alter the viability equation fundamentally. Scheme funding arrangements will vary greatly, dependent again on the type of developer and scheme. As with much of this exercise, this is a snapshot and there are varying views as to what future trends will hold, and so over time we would need to see how added costs balanced with changes in sales values.
- During the course of the study, the Bank of England Base Rate has been maintained at 0.5%. On fixing our assumptions in the early study stages we decided to leave our finance rate assumptions unchanged from previous studies despite the now sustained period at this historically low base rate. In light of the daily “credit crunch” reporting (on the reduced availability and associated likely terms of finance), we considered this approach to be further validated and therefore to remain appropriate. On closing the study, the impacts of the low Base Rate have not been seen in any definite way (there is some market reporting suggesting that the low interest rate climate has helped prices to level out in recent months). With further time our interest rate assumption will, we suspect, begin to look high. Nevertheless, this again fits with looking at viability cautiously rather than stripping out too many cost allowances from appraisals. Our understanding is that house-buying and development finance remains relatively difficult to access – at least on favourable terms, related to the risks perceived by the markets and to the fact that lending between institutions is still not working on terms or to the extent that had underpinned the active market in preceding years. We have had a climate recently whereby rate reductions have tended not to be passed on, certainly not to a

very significant degree, to borrowers, and where other charges (arrangement fees, etc) have weighed against any cuts. So far as we can see, similar applies in a commercial sense. In summary, at the time of writing, we have no reason to believe that the commercial lending climate has eased significantly.

2.10 Caveats and Limitations to this Study

- 2.10.1 This study requires judgments based on the development values and changes seen in land values as a result of varying potential policy positions. This is in the context of seeking to guide policy development and arrive at clear policy targets. The results cannot be a definitive guide to how specific sites will be appraised or how outcomes on a site-specific basis will look. As this is a relative exercise aimed at determining the likely effect of a range of policy options, the most important factor is consistency between assumptions used for modelling scenarios. Specific assumptions and values for our schemes may not be appropriate for any particular actual development. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and informing policy development.
- 2.10.2 This study is set in the context of setting clear and realistic targets as a basis for long term policy but bearing in mind short-term flexibility required to deal with the current housing market. Development viability will vary from site to site, and there will be no substitute for the negotiated approach to provision where necessary (e.g. sites with abnormal costs, low sales values etc).
- 2.10.3 There can be no definite viability cut off point owing to individual landowner's circumstances. It is not appropriate to assume that because a development appears to produce some land value, the land will change hands and the development proceed. This must be viewed alongside the owner's enjoyment /use of the land, existing use value and alternative uses that the site may be put to in order for a greater receipt to be achieved as discussed within this report.
- 2.10.4 In reality, scheme-specific land values have to be considered alongside existing or alternative use values and the latter, being very location and planning use or business dependent, will vary significantly too.
- 2.10.5 To attempt to make detailed comparisons with existing or alternative uses in this type of overview work for policy context would, in our view, have limited meaning. We have, however, attempted to provide examples of, and comparisons with, alternative use values. Commercial use values in particular are highly site-specific. Nonetheless this study acknowledges that the level of value created by a residential scheme after making allowance for affordable housing and other planning obligations requirements will need to be weighed up against any existing or alternative use relevant to a particular site.

- 2.10.6 The use of notional sites most effectively enables like-for-like comparisons to be made, i.e. the testing of impacts of the varying requirements on the same typical scheme in a range of value locations. The fact that individual schemes vary makes like-for-like comparison very difficult when studying those for this purpose of trying to measure policy impacts, with full reliable and readily comparable information being critical.
- 2.10.7 We have not definitively labelled specific locations, areas or settlements as higher/lower value, or similar. This is because, in practice, we found that values can vary from street to street and within very small areas. The Value Points approach used in this study means that viability outcomes can effectively be transported around and within the four local authority areas and a feel for viability gained in relation to relevant value levels. As noted, this approach of reviewing outcomes from a range of values also enables the consideration of viability impacts and trends as values change with regard to market adjustments.

3 RESULTS and related commentary

3.1 Background

3.1.1 The residual land value (RLV) modelling carried out for this study looks at a range of scenarios investigating the impact on development viability in accordance with the methodology as set out.

3.1.2 The number of appraisals required rises exponentially with the number of variables investigated. This is the case with all such studies. It is important to keep this exercise within practical limits. This said, the modelling creates a very extensive range of results once all the variables are considered through sensitivity testing of results. These are presented by means of a large number of tables and graphs. The tables and graphs are all appended to the rear of this report should the reader wish to view them. They are set out in different ways depending on the particular impact we are seeking to investigate and visualise. The following results chapter aims to lift from that large volume of information a few example results to explain the characteristics, impacts and trends of various potential policies on development viability. The purpose here is to help guide the reader in interpreting the results and to illustrate key points and trends which will lead to our conclusions.

3.1.3 The data is shown in tabular and graphical form and shows the indicative residual land value produced by each appraisal, those residual land values shown as a percentage of gross development value (GDV), and the reduction in residual land values as the proportion of affordable housing proportions increase.

3.1.4 The Appendices are set out as follows:

- Appendix II shows the results from the base appraisals carried out assuming 65%/35% affordable housing tenure split. These include infrastructure costs of £5,000 per unit. The results are shown as a summary for all Value Points and then in more detail by individual Value Point. This allows us to see the impact on residual land values of increases in property values, increases in affordable housing proportions and increases in infrastructure costs on the basis of nil grant and 15% developer's profit. These are the base appraisals carried out across the full range of scenarios, with in all cases assumptions including Code for Sustainable Homes Level 3 attainment and 10% renewable energy. Appendix II(a) shows the results of the appraisals carried out assuming a lower proportion of affordable rented accommodation and higher proportion of intermediate tenure accommodation (50% / 50%). These were carried out on a sample of site sizes (25, 50 and 80 units) to test the impact of tenure mix whilst keeping all other assumptions as per the base appraisals.

- Appendices II(b) and II(c) show the results of appraisals carried out assuming higher levels of infrastructure cost but again keeping all other assumptions static. Appendix II(b) relates to a tenure mix of 65%/35% and Appendix II(c) relates to a 50%/50% tenure mix. The higher levels of infrastructure cost reflect potential future increases to the planning infrastructure burden either through increases to existing calculations and requirements; or equally to potential growth in other costs e.g. associated with potential flood risk mitigation and other sites works etc).
- Appendix II(d) and II(e) show the results of the appraisals that assume an element of grant (at 65%/35% and 50%/50% tenure mix respectively).
- Appendix II(f) and II(g) show the results of the sample appraisals carried out assuming increased developer profit (at 65%/35% and 50%/50% tenure mix respectively).
- Appendix II(h) and II(i) show the results of the sample appraisals carried out testing the requirement for Level 4 of the Code for Sustainable Homes (at 65%/35% and 50%/50% tenure mix respectively).
- Appendix II(j) shows the results for Value Point 4 variations (for increasing cost assumptions, collectively).
- Appendix II(k) shows the results of the appraisals carried out investigating the viability of collecting financial contributions in lieu of on-site affordable housing, particularly related to the smaller sites.
- Appendix III contains a summary of our property values and market research.
- Appendix IV provides a Glossary of technical terms used throughout this study.

3.1.5 The results appendices also summarise the RLV results across all scenarios and site sizes showing the corresponding monetary value in pounds per hectare (£ per Ha) based on assumed site areas (land take) for each scenario. The associated graphs also show Valuation Office Agency (VOA) reported land values⁸ for example alternative land uses in the local context (agricultural and industrial). For this study the values the South East have been used. There were no figures thought to be sufficiently locally relevant to Sevenoaks District as an alternative. The purpose of adding this data is purely for indicative comparison with the value levels produced by our various appraisals. It builds on our acknowledgement of the role that existing/alternative land use values tend to play in viability discussions. In practice, as

⁸ VOA Property Market Report January 2009

the study notes elsewhere, the values likely to be attributed to various existing or potential uses of a particular site will be highly site specific.

- 3.1.6 As the study progressed, we sought additional information which might add to these indicative land value comparisons. Recent experience has shown that useful comparables (or even commercial agents' opinions and guide prices) have been very hard to come by and our work in Sevenoaks District has also illustrated this. Again, such information is highly site specific in practice, and commercial/land dealing agents confirm that. There is a low current level of activity in terms of land being marketed and recent sales or other information to draw usefully upon. Any additional information we found is included within Appendix III, property values report.
- 3.1.7 Our results are compared against VOA sourced range of average industrial land values (the range being shown by the vertical bars extending above and beneath the black line on the relevant graphs) and maximum agricultural land values. We have looked at similar in other studies. Again, it should be noted that both the assumed development scenario site (land take) areas and the VOA data are highly indicative. This type of data can become outdated quickly – especially in times of fast-changing markets as we have currently. Such comparisons are used within this study only to help highlight how land value varies as assumptions change, and to show very generally the type or range of other information that the indicative RLV results might be compared with when it comes to considering how likely a scheme is to proceed given other valuation factors. The inclusion of this information here seeks to help with illustrating how the value (RLV) created by residential development proposals may look and vary relative to other example uses only. The key point through these indications is to build on the emphasis that considering alternative/competing or existing use values will often be important in viability and thus delivery discussions.
- 3.1.8 At this strategic level overview for policy development, we are able only to make broad comparisons. Unfortunately it is simply not possible to provide the Council with definitive “cut-off” points where a scheme definitely would proceed, or conversely where viability would be compromised to the degree that development would not take place. Site specifics will influence viability on individual sites.
- 3.1.9 There will need to be a second stage to this overall viability process whereby site-specific discussions prevail in situations where it is necessary to have those – for example in the event of landowners or developers needing to demonstrate that affordable housing targets, or perhaps other planning obligations, cannot be met. The same might apply where a developer or landowner wished to explore enhanced (in excess of target levels) or alternative provision of affordable housing with the Council, possibly reliant on a varied extent on SHG or other subsidy. This is not specific to Sevenoaks.

There are a range of viability models (usually computer based spreadsheet calculation tools reliant on a similar residual land valuation process to ours) which could be used to assist in considering viability further in such cases. The wider discussion Chapter 6 at the end of the study picks up on this again.

3.1.10 As we have commented about existing and alternative use values (for example commercial), and how those vary greatly with site specifics, much the same will apply if the Council consider the viability of a mixed use scheme in dialogue with a landowner or developer. Our suggested starting point would be to consider the residential element of such a scheme in a similar way to a solely residential scheme, and then consider any positive or negative impact, on overall viability, from the other scheme elements. Inevitably this consideration will be highly site and scheme-specific, but there is no reason why the general target approach - the level at which that is pitched, and the overall process - would not follow that which is related to entirely residential sites.

3.2 Property Values

3.2.1 In terms of the property market generally there is a wide range of property values seen. Typical values are hard to pin down by area given the highly variable nature of housing product and local influences on price. However, on an indicative overview basis from our research, the following hierarchy of values was noted (by Postcode):

(Typically Highest)

- TN14 – Shoreham, Knockholt, Halstead, Otford, Sevenoaks Weald, Sundridge
- TN13 – Sevenoaks, Riverhead
- TN11 – Leigh, Penhurst (just in Sevenoaks' boundaries)
- TN15 – Kemsing, Seal, West Kingsdown
- TN16 – Westerham
- DA4 – Eynsford, Farningham, Horton Kirby, South Darent
- TN8 – Marlpit Hill, Edenbridge
- DA3 – Hartley, New Ash Green
- BR8 – Hextable, Swanley, Crockenhill

(Typically Lowest)

Within the above indication of general values patterns observed within the overall local market, it should be noted that the inclusion of Riverhead alongside Sevenoaks values has a tendency to pull down the Sevenoaks values – Sevenoaks itself tends to see values amongst the highest in the District. In practice, a variety of values levels is seen in all areas. At 3.2.11 to 3.2.15 below we develop this further having also considered wider information on values levels. A postcode sectors map, supplied by the Council, is included within Appendix III along with the property values research.

- 3.2.2 These are based on averages and across the area these general observations and trends are affected by prices in particular locations or areas *within* settlements and/or by volumes of particular housing types for sale at any one time (which in turn is influenced by the local stock make up). Values can be driven by specific location and scheme desirability as much as by particular area or settlement. In certain areas there can be wide variations. The property values report (Appendix III) summarising our research goes into more detail.
- 3.2.3 With regard to new build values which needed to be the focus of our attention for the appraisal assumptions, again there is a wide range of values. We have to be careful in analysing new build pricing, since often when higher values are seen, the property floor areas are larger too. That relationship needs to be borne in mind.
- 3.2.4 The general range of values, in terms of per square metre sales prices, seen and assumed for carrying out appraisals is as follows:
- Value Point 1: £2,500/m²
 - Value Point 2: £3,000/m²
 - Value Point 3: £3,500/m²
 - Value Point 4: £4,000/m²
 - Value Point 5: £4,500/m²
 - Value Point 6: £5,000/m²
 - Value Point 7: £5,500/m²
- 3.2.5 Some further analysis of the pricing information we have gathered indicated that the average new build *marketing* price point for Sevenoaks as a whole area was about £4,050/sq m. However, this does not take account of the number of properties for sale at each point that fed into this calculation and as such skews the average. Of course sales prices are lower (on a variable basis) compared to asking prices too. Nevertheless, it provides evidence of relatively high local values levels, even in a broader South East context, and thus the extreme nature of affordability issues in the District. The range of new build values seen (in £ per sq m) goes from approximately £2,800 per sq m to over £6,000 per sq m. For the purposes of this study we have capped the highest Value Point in the range at £5,500 per sq m, representing the top of the range most regularly seen. We saw only very few instances of values below £2,500 to £3,000/sq m – regardless of location. Studying viability over this range of values also enables the results to be viewed in the context of values changing as influenced by moving market conditions.
- 3.2.6 It appears that, generally, values in the range Value Point 2-5 were most commonly seen with infrequent examples of values falling below Value Point 2. As mentioned above, Value Point 6 levels are at the top of the range regularly seen although there are new build values that achieve in excess of

that. We also have to acknowledge that this looks like being a moving scenario in current market conditions, and not on any sort of predictable basis. As we have already observed, the market, and pricing within it, is very difficult to assess.

- 3.2.7 There may be occasions in certain areas where new build values achieve only low levels (at around our Value Point 1) bearing in mind sales prices will usually vary from asking prices and perhaps especially so in the current market. These differences can vary significantly. Such low values (in the Sevenoaks context) occur infrequently to date. If market conditions were to deteriorate further, however, we could see a general move downwards within our overall scale of value levels meaning lower value occurrences could increase, at least over the short term. However, even in depressed conditions, there will also be cases where values are much higher in specific instances (our Value Point 4-5 or above). The majority of the values seen in Sevenoaks District, and considered to be most relevant to this exercise, centre on Value Points 3 to 4. Values can be higher in favoured areas of the District and also for premium housing products.
- 3.2.8 It should be noted that given the current downturn in market conditions, the property market and its likely next direction is particularly difficult to assess at the moment - both in a wider sense and more locally. By looking at a range of values to drive our large number of appraisals, however, this study process is able to be used in a way which enables the review of viability outcomes in response to value levels as those vary.
- 3.2.9 A strong feature of the housing market which has developed over the past year or more (and appears to be universal) is the dramatic slow-down in the rate of sales (number of sales being agreed and proceeding). The impact of the vastly reduced level of market activity (volume of house sales) appears to be affecting the level of development activity by increasing perceptions of uncertainty and risk. It remains to be seen how this will play out fully in terms of the financial appraisal of schemes and sites and, as mentioned in Chapter 2, we see a range of reactions to it in terms of profit levels sought, and other assumptions applied.
- 3.2.10 We feel there is no doubt that current conditions add up to a negative financial viability impact when compared with how schemes are viewed and pursued in a more stable, confident market. Developments in general will be taking longer to sell (with build progress possibly slowed and costs outstanding for longer as a result) and varying packages of incentives are typically being offered. These factors were identified at 2.2 and are also recognised in Appendix III.
- 3.2.11 While we have acknowledged that values within in all areas of/settlements in the District vary, on a very broad basis we see current new build value levels at the top of the indicative hierarchy (postcodes TN13, TN14) at 3.2.1 which

align fairly consistently to our Value Points range 3 to 5(+). They tend to be regularly seen at or around least Value Point 3 and 2-3 at the lowest end of values there, allowing also for reductions from marketing price.

3.2.12 In the middle of that indicative hierarchy (taking say postcode area TN15) we found new build values at generally our Value Points 2 to 4, again allowing for adjustments, but also an example of a much higher value.

3.2.13 While we did not find new build examples that represented the bottom end of that indicative overall local market values hierarchy, taking TN8 towards the lower end of that indicated that values there again appeared to be in the Value Points 2 to 4 range, but with an example that (by the time adjustments from marketing price are made) would fall beneath Value Point 2.

3.2.14 It can be seen that this represents a scale of local values overall, but within which there is quite a bit of blurring from the information seen.

3.2.15 There appears to be more consistency (less significant area based variation) of new builds pricing across the District than seen in values in the overall (re-sales dominated) market. From our wider discussions and research, the likelihood is that BR8 new build values would still be noted to be lower (towards the lower end of our Values Points range) in the District context, if more information were available.

3.3 Results Trends

3.3.1 This study has looked at a range of affordable housing proportions and thresholds on development viability.

3.3.2 The study also looks at the possibility of seeking affordable housing on sites below the currently adopted threshold.

3.3.3 The potential introduction of a “sliding scale” of policy requirements has also been considered, purely in viability terms. Potentially this could lead to a policy position where the affordable housing proportion increased with site size at set “steps”. It would reduce the size of the steps that would otherwise occur.

3.3.4 The overall trend of results shows a decrease in residual land value (RLV) for all site sizes/types in all areas as:

- Market property values decrease.
- The proportion of affordable housing increases.
- Affordable rented tenure is increased (unless with significant grant).
- Availability of grant is reduced/removed.
- Developer’s profit is increased.

- Planning obligations/infrastructure requirements are increased, and
- other costs are added (e.g. increased Code for Sustainable Homes requirements, renewable energy, etc)

3.3.5 A reduction in RLV would be seen if any of the costs within the appraisals are increased or the affordable housing revenue to the developer reduced whilst maintaining the same private sales values. These are all normal trends encountered in any such study (or indeed site-specific appraisal). They demonstrate the dynamic nature of the development process and the fluid nature of any appraisal modelling that endeavours to understand or demonstrate the process.

3.3.6 The above will all have an impact on development viability because the sums of money remaining to purchase land after all costs are met (i.e. the RLVs) reduce as development costs increase (including increasing affordable housing requirements, in the context of this study). The importance of strong sales values to viability, particularly as development costs (again including affordable housing) increase, can clearly be seen.

3.3.7 A combination that includes all of the factors which decrease RLV (as per the examples listed above) will have the greatest impact on the viability of a scenario.

3.4 General Trends

3.4.1 Looking at our base appraisals (Appendix II) and appraisals with increased infrastructure cost (Appendix IIb) at Value Point 1, with our appraisal assumptions applied there is little or no land value generated on most of the schemes appraised except where we look at 0% affordable housing and occasionally with low proportions of affordable housing (30% or less). Essentially this means that there is insufficient value in such schemes to overcome their development costs whilst still creating sufficient development profit and a meaningful land value. As such, it would not be practical to expect such schemes to deliver affordable housing in any substantial proportions, unless they were promoted on sites where existing or alternative use values were relatively low – or where land did not have to be purchased. As mentioned in Chapter 2, Value Point 1 levels are currently only seen infrequently in Sevenoaks, however we could see more of Value Point 1 and 2 levels if market conditions remain weak or perhaps continue to worsen - where a continued lack of activity is likely to bring more downward pressure on prices.

3.4.2 At Value Point 2 (around the lower end of the new build values range typically seen across Sevenoaks in the current market), land value is generated across all scheme types, sizes, and at all proportions of affordable housing and at both infrastructure cost levels tested. Although relatively low, the land values

generated are still likely to exceed agricultural use values and lower end industrial/commercial use values even with a requirement for 40% affordable housing. We are conscious that development on this type of land may only occur infrequently in the Sevenoaks context. Nevertheless, there could be scenarios on the edge of existing housing estates and built-up areas where wider considerations such as these may be relevant. This is for indicative purposes only bearing in mind the more typical nature of development locally.

- 3.4.3 By Value Point 3 (around which many new build values appear to lie), much stronger residual land values are generated more often where the affordable housing requirement reaches 40% affordable housing. At 40% the residual land value regularly exceeds likely alternative mid to upper end commercial or industrial use values but again may struggle to compete with sites in existing residential use. At this point it is worth re-iterating that the requirement for affordable housing or any other “cost” to a scheme will have a negative impact on residual land value. The frequent occurrence of sites for residential redevelopment has a bearing on our judgments on potential policy positions and how ambitious those could be.
- 3.4.4 At Value Point 4, towards the upper end of the range of values most regularly seen locally, the indicative land values generated by our appraisals reach levels likely to be well in excess of most potential competing use values where there is a requirement for 40% affordable housing.
- 3.4.5 By Value Point 5 and above, where the frequency of these value levels reduces, indicative RLVs generated by our appraisals reach the point where they are likely to comfortably exceed any alternative/competing use value even with the highest proportions of affordable housing.
- 3.4.6 As with all study locations, there will be variations within and exceptions to these types of trends.

3.5 Indicative value comparisons

- 3.5.1 As mentioned previously, due to highly variable potential existing and alternative use values of sites, it is simply not possible to provide the Council with definitive “cut-off” points where viability will be compromised to the degree that development may not take place. However, it is possible to provide a feel for the general type of comparisons that might be made and thus outcomes that could be seen at varying levels.
- 3.5.2 By way of a basic example, a residual calculation that provides an output of zero value (i.e. RLV of 0% of GDV) after testing the policy proposal means that development on this site would not go ahead unless there was a special business case for pursuing it. Conversely, on a site where the RLV approaches 20% or more of GDV after the application of affordable housing

policy it becomes increasingly likely (although not definitive) that land values are going to be high enough to absorb the impacts of the new policies.

- 3.5.3 In addition, the indicative RLVs resulting from the application of various policy positions across the different site types can be compared very generally to land values provided by organisations such as the VOA through estimating the site area (“land take”) relevant to the notional schemes.
- 3.5.4 Again bearing in mind the notional nature of it and as an example, Adams Integra’s 15 unit housing scheme could occupy approximately 0.38 hectares (equivalent to a density of 40 dwellings per hectare). At this site size, the value of the land at Value Point 4 with 30% and 40% affordable housing is indicated to be £3,364,021 and £2,895,521 per hectare respectively (Appendix II, Table 1b). Valuation Office statistics for industrial land in the South East⁹ provide values between £270,000 and £2,500,000 and a typical value of £1,322,000 per hectare. VOA data also suggests that agricultural land value is little more than £20,000 per hectare (dependent on type).
- 3.5.5 What this indicates on a comparison basis with average data from the VOA, is that the value of our 15 unit housing scheme at Value Point 4 with 40% affordable housing, as well as producing RLVs significantly higher than agricultural values, they also exceed values produced by upper end industrial schemes and potentially higher end commercial values as well.
- 3.5.6 By Value Point 5 we would see the value of the land for our 15 unit housing scheme (based on and indicative 48 units per hectare) far exceed the range of industrial use values at 30% or 40% affordable housing compared to the VOA data for the South East.
- 3.5.7 For general information, the VOA also provides average data for residential land within the South East. Although data is not available for settlements in Sevenoaks District, as an example, South East figures of between £2,540,000 and £2,770,000 per hectare are indicated. This information can only be regarded in very general terms, since we stress again that development values and appraisals are very site-specific once actual schemes are being looked at. Given the latest VOA reporting date of January 2009 at the point of our viewing that information, it is also likely that values may have fallen back further since then. It also needs to be borne in mind that the basis of that values data may well not be consistent with particular planning obligations expectations, including on affordable housing, as well as with other current locally applicable assumptions.
- 3.5.8 It is also very important to note when comparing values with VOA data (or other historical data) that the commercial property market is currently very depressed, has lost confidence and is seeing demand levels reduced more

⁹ VOA Property Market Report July 2008

severely even than in the residential market – with very low occupier demand levels affecting values very significantly. It needs to be borne in mind that land value comparisons between residential and other existing/potential alternative (commercial) uses will vary quite significantly over time, particularly in such turbulent economic conditions. The VOA data will look increasingly historic.

- 3.5.9 We have noted that comparisons with other information such as provided by the VOA on land values for various uses, is purely indicative. The purpose is to reinforce the relevance of considering the issue of other land use values, and that those might impact on what becomes of a site - or on what a site is able to provide. The values relating to sites (whether for existing or alternative/ potential uses) will be highly specific.
- 3.5.10 The site densities assumed above are for example purposes only, as site specifics will influence viability on individual sites. The example values for alternative uses cannot be considered definitive. This section is provided as a guide only, and to emphasise that considering alternative use values will often be important in delivery discussions.

3.6 The Effect of Affordable Housing Proportions

- 3.6.1 For schemes at or above the adopted affordable housing policy thresholds within Sevenoaks District, the modelling carried out for this study tests a range of affordable housing proportions (assuming that currently applied policy already requires an element of negotiated affordable housing on sites above the existing thresholds).
- 3.6.2 The lowest residual land values occur where the property values are lowest whilst the affordable housing proportion, and affordable rented tenure content of that, is highest. The following is based on our base appraisal costs (the impact of grant, tenure, profit, higher infrastructure costs, higher Code for Sustainable Homes costs and renewable energy are discussed later).
- 3.6.3 As an example, a comparison of the reduction in RLVs for a 15 unit housing scheme across Value Points 1 to 7 resulting from a requirement for affordable housing on qualifying sites from 20% through to 40% indicates a reduction of 100% at Value Point 1 to 24% at Value Point 7.
- 3.6.4 The pattern of reduction in RLV is repeated across all scheme types and sizes. We see RLV reducing as the affordable housing proportion increases, but this effect is mitigated by increased market value levels as schemes are able to generate more significant land value whilst bearing more cost.

Figure 4: Example showing impact on RLV of increasing affordable housing proportion – 15 Unit Housing Scheme (Value Point 4)



3.6.5 The results which show very large reductions in RLV are caused by relatively low starting value schemes. Only a small increase in costs (or reduction in sales receipt) results in a large *relative* percentage drop in RLV. This impact is principally going to have an effect on sites which are asked to provide affordable housing for the first time (i.e. go from providing 0% to potentially up to 20%, 30% or 40%, and see below at 3.7 and 3.8). However, we are also seeing it here with potential low end value schemes where even 20% affordable housing deteriorates results significantly and provides very low or nil land values (as at Value Point 1).

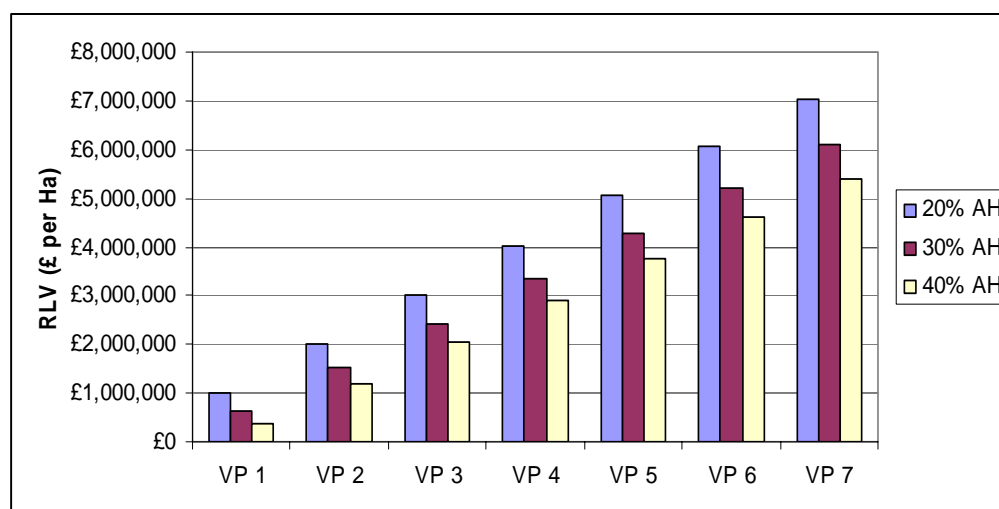
3.6.6 The results suggest that there may be difficulties experienced in applying up to 40% proportions of affordable housing in areas or instances at Value Point 1 to 2 levels alongside other scheme costs. In those instances the RLVs produced by residential schemes may be marginal or even low compared to existing use values. Affordable housing requirements at the higher proportions under review (40%) are likely to mean that the Council will need to negotiate in some such instances, particularly in current market conditions – with even more emphasis on negotiation if the market weakens further. This would also apply to schemes with high abnormal costs, highlighting the importance of regarding the policy positions as targets, wherever they are set.

3.6.7 By Value Point 3 the RLV for our notional 15 unit housing scheme achieves £1,143,441 (or £3,009,054 per Ha) at 20% affordable housing and has improved to the point where there is a reasonable prospect of achieving 40% (residual land values of £770,645 or £2,028,013 per Ha) affordable housing alongside the lower level of infrastructure cost requirements, and assuming Code for Sustainable Homes Level 3 and 10% renewable energy (but, depending on other site specifics, most likely without other potential higher

cost burdens including higher infrastructure, increased renewable energy, increased developer's profit, etc).

3.6.8 By Value Point 4, the RLV of this same scheme has increased to £1,531,049 (£4,029,077 per Ha) at 20% affordable housing and drops to £1,100,298 (£2,895,521 per Ha), with the effect of a 40% affordable housing policy. This could well exceed a range of alternative use values in the Sevenoaks District context. Figure 5 shows the detail of Value Points 1 to 7 on this 15 unit housing scheme.

Figure 5: Residual Land Value (£ per Ha) - 15 Unit Housing Scheme



3.6.9 So, schemes around Value Point 3 to 4 the approximate RLVs appear to be able to support affordable housing at a proportion of 40% but in conjunction with the lower level base assumptions on other cost areas. This will obviously be dependent on the existing or alternative use value and owner expectation of any site value and as such there is no definitive cut off point where it is possible to say that land values can or cannot support affordable housing. However, it indicates that Value Point 3 residual values are more likely to support a 40% affordable housing requirement than Value Point 2 or 1 linked to the discussion later on possible alternative use values.

3.6.10 Value Point 2 values generally remain positive at all tested proportions of affordable housing but it is likely that negotiation is more frequently going to be required on the percentage of affordable housing to be sought, especially alongside other planning requirements. Value Point 1 residual values are in the main nominal or zero with reference to our calculations (although the occurrence of developments with this level of value were not seen at the time of conducting the research for this study). A different view of the cost (particularly build cost)/value relationships may kick-start certain schemes and mitigate lower value development (Value Point 1 and lower Value Point 2) barriers and issues.

3.6.11 A practical approach will need to apply in all cases especially while we have depressed conditions with such a low level of market activity. In lower value cases (as above) we think there will need to be a particular emphasis on the affordable housing requirements being looked at sensitively on a site-by-site basis. In our view this does not suggest abandoning a challenging target which clearly sets expectations for the long-term strategy, it is about how that is implemented, particularly in the short-term. Longer term market conditions may see this viewed in a different light.

3.7 The Effect of Affordable Housing Thresholds and Potential Sliding Scale

3.7.1 The overall impact of a range of potential affordable housing policies also needs to be judged with reference to the scheme size (principally number of dwellings) at which policy requirements could take effect. These scheme sizes, or trigger points for policy, are known as thresholds.

3.7.2 The Council's existing affordable housing approach sets a requirement for the provision of affordable housing from sites of 15 units or more. To reflect sites below this current threshold, i.e. falling outside the scope of the current approach, the range of modelling carried out for this study includes a starting proportion of 0% affordable housing on those smaller sites and looks at the impact of 20%, 30% and 40% affordable housing on the residual land values produced.

3.7.3 Analysis of the results indicates that, as expected, lowering the on-site affordable housing threshold to 5 units (effectively increasing the proportion of affordable housing from 0% to 20%, 30% or 40%) on any of the scenarios modelled leads to significant reductions in RLV across the entire range of Value Points and scheme types. As an example, a comparison on a 5 unit housing scheme across Value Points 1 to 7 resulting from an increase in the affordable housing requirement on qualifying sites from 0% to 20% affordable housing, indicates a reduction in RLV of between 42.6% at Value Point 1 to 21.9% at Value Point 7.

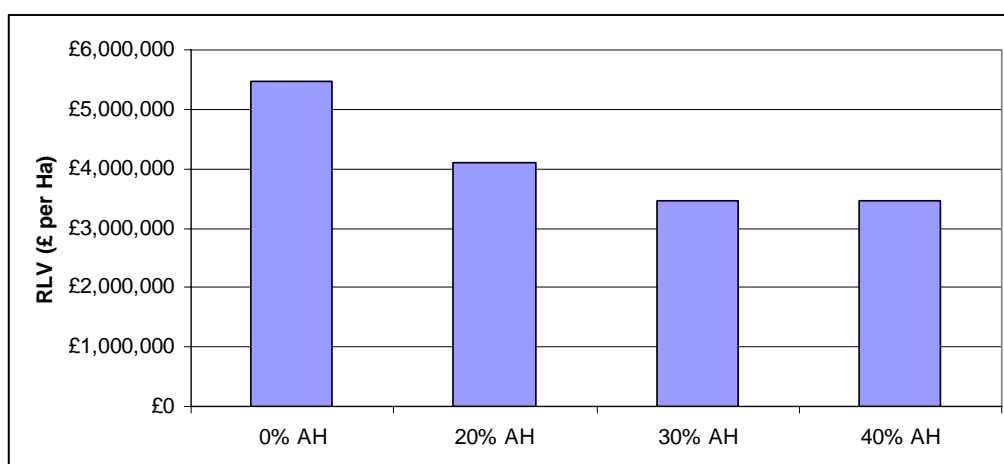
3.7.4 Based on the lower planning infrastructure costs, at Value Points 3 and 4, (around the middle of the most relevant part of the value range considered - where it might be said that the mid range of the most common new build values lies), we see a reduction of 27.0% and 25.1% respectively for a 5 unit housing scheme (based on moving from 0% to 20% affordable housing requirement). At 40% affordable housing the reductions seen range from 66.9% at Value Point 1 to 31.5% at Value Point 7.

3.7.5 In terms of the notional RLV produced by the 5 unit housing scheme in the example referred to above, at Value Point 3, this lowers from £549,559 at 0% affordable housing to £400,939 at 20% and £323,885 at 40% (Appendix II, Table 1). Alternatively, this can be expressed in value per hectare (Appendix

II, Table 1b). So, for this 5 unit housing scheme, we see a reduction in RLV (£ per Ha) from £4,227,380 per Ha at 0% affordable housing to £3,084,144 per Ha at 20% and £2,491,424 at 40% affordable housing from an original starting position where affordable housing was not required.

- 3.7.6 Similar trends are seen on all other schemes below the existing 15 unit on-site affordable housing threshold with a similar reduction in land values.
- 3.7.7 The trend of results shows increases in RLV for each of the affordable housing proportions (keeping those constant) as we move through Value Points 1 to 7, i.e. as values increase. These trends again are seen across all scheme types and all potential affordable housing proportions. The results show that market property values are the main determinant of site viability.
- 3.7.8 They also show that scheme size is not a determinant of viability in itself. This is a consistent finding across all of our studies. There is nothing within the appraisal maths which suggests that smaller or larger sites tend to be any more or less viable. It really does come down to site specifics – the nature of sites and the proposals for them relative to existing use, specific costs etc.
- 3.7.9 We see the same basic trend of RLV deteriorating with affordable housing proportion increasing, regardless of scheme size. This is essentially a proportional effect too.
- 3.7.10 Appraisals have been carried out at 0% to 40% affordable housing on all sites below 15 units. By way of an example (Figure 6 below) a comparison of the RLV generated at 0% affordable housing with those generated at increasing affordable housing proportions shows the size of the step down in (deterioration of) land value increasing from the landowner's current position (i.e. impact increasing) as we move from left to right. The same is seen on other similar graphs as scheme type varies. On this particular example it should be noted that conventional numbers rounding of the affordable housing proportion gives the same affordable housing content at 30 and 40% (2 units).

Figure 6: Example Results 5 Unit Housing Scheme – Value Point 4 Only



3.7.11 Consideration of the effect of the first time policy impact (i.e. moving from 0% rather than an existing proportion) helps to demonstrate why we consider a sliding scale of affordable housing requirements to have potential as a useful and effective tool for reducing viability impacts on these smaller sites which could trigger affordable housing requirements for the first time should the affordable housing thresholds be lowered.

3.7.12 Assuming that the wider evidence beyond this study points to lowered thresholds being necessary and justified to optimise affordable housing delivery, and given that there is no particular reason for smaller sites not making a carefully judged contribution on a target basis, then in our view the sliding scale would be preferable to a straight requirement for say 40% on significantly smaller sites than those captured currently.

3.7.13 On a scheme that would already be “captured” by the policy scope (i.e. of more than 15 dwellings) it must be assumed that there has been and is already a land value expectation adjustment in process. In other words, there is a growing acceptance more generally of affordable housing requirements as affect those sites and need to be factored in to site discussions.

3.7.14 However, for sites falling beneath current policy scope, this is not the case. Those will need to be brought within that adjustment process owing to the first time impact that we refer to. This means that the benchmarks that currently apply to such sites in our view need to be considered differently to those for the larger sites – and treated sensitively, particularly at this stage of policy development. Whereas for a larger site the no affordable housing (0%) land value expectation should be a thing of the past, that is not the case for smaller sites when viewed at present.

3.7.15 While on the sites of 15 or more dwellings we have explored varying affordable housing proportions to test the validity of a 40% target from a

viability viewpoint, strategically, we would not envisage a 0% affordable housing outcome on those sites. In practice, the comparisons likely to be made with the outcomes from a 40% level of provision would be at 30% or some other lower proportion, but still assume a level of provision which gives us a very different comparison to that from 0% and 40%. So, when we look at RLV information such as set out in Table 1 of Appendix II, for example, as well as the reducing actual sums available for land purchase we must bear in mind the effective 0% starting point on smaller sites and how that influences our reading of the information.

3.7.16 As an example (from Table 1) our 5 unit housing scheme is indicated to produce an approximate RLV of £549,559 at Value Point 3 assuming 0% affordable housing (current policy position). That, rather than any lower RLV figure, is the relevant benchmark in terms of driving land value expectations in that example. If 30% - 40% affordable housing is assumed then the indicative RLV figure falls to £323,885; a considerable reduction. As a proportion of the starting value expectation, this represents a large drop and is likely to bring the RLV closer to that of any exiting use. If however a 20% affordable housing proportion is assumed then the impact is mitigated to a useful degree in viability terms. While the impact is still very significant, the RLV is boosted back to an indicative £400,939. With a site of more than 15 dwellings, the starting/expectation point would be to the right of Table 1, so that we do not see this very significant first time impact – we see much smaller relative reductions, and we are making different judgments about the suitability of a 40% target – against other, closer, alternatives.

3.7.17 On some of the very smallest sites, numbers rounding of the affordable housing component means that varying affordable housing %s produce the same RLV outcome. That means the target %s are actually being distorted by the calculation – an anomaly which again points to careful consideration of how best to treat the smaller sites.

3.7.18 In addition, on the smallest sites the on-site provision of affordable housing may not be a suitable and practical response to seeking to meet affordable housing needs. This has less to do with development viability alone than the practicalities of delivery on small sites including integration of affordable units, scheme design, marketing issues, perceptions, management sustainability and potentially a feeling of isolation from tenants. In Sevenoaks, such smaller schemes can be very high value and comprise very large dwellings, with consequential affordability issues around suitability and affordability for affordable housing tenure, as well as around meeting wider planning objectives.

3.7.19 The potential to collect financial contributions in lieu of on-site affordable housing (potentially below 5 or 6 units) is discussed in 3.8 below.

3.8 Potential Approach to Seeking Affordable Housing Contributions

- 3.8.1 As above, the Council required the study to include consideration of the smallest development sites, below the existing affordable housing threshold. The thinking behind this is the need to optimise overall contributions towards meeting affordable housing needs by seeking some level of provision from the numerous smaller sites which typically make up a significant proportion of the authority's housing delivery pattern. The number of sites of 15 or fewer dwellings, and the number of dwellings produced by those was high-lighted at 1.1.4 in the Introduction to this study. The figures suggest a clear justification for exploring and pursuing policy options for bringing a wider range of sites, and potentially all sites, with the affordable housing policy scope in some way.
- 3.8.2 This study does not seek to cover any wider justification or evidence that may be necessary in the background to pursuing an approach to include the smallest sites through seeking financial contributions in lieu of on-site provision of affordable housing. The purpose of this element of the study is not to comment on the planning policy scope or wider merits of this type of approach, but to inform only on the development viability aspects.
- 3.8.3 In all of our calculations for such studies we find no reason for stating that smaller sites are more or less financially viable than larger ones. Hence there is no viability reason why smaller sites should not make an appropriate, carefully judged, level of contribution towards meeting affordable housing needs as an expanded policy approach. If implemented, it might be viewed as an extension of the sliding scale principle. The approach could reduce the inevitable abrupt step in requirements once the on-site affordable housing threshold takes effect. While specific thresholds are arbitrary, we consider that this approach would respect the practicalities that will often be experienced in seeking to provide successful developments of fewer than 5 dwellings that incorporate on-site affordable housing.
- 3.8.4 This approach, if implemented, would effectively mean a lowering of thresholds but with financial payments being made (in lieu of on-site requirements) from schemes within the relevant size range.
- 3.8.5 Therefore, Adams Integra carried out some modelling relating to the potential viability of requesting financial contribution payments for affordable housing from schemes of fewer than 15 dwellings. The notional sites appraised in this way were of 1 to 14 dwellings in size. At each point we appraised a range of affordable housing equivalent proportions of 10%, 20%, 30% and 40% so that we could see how results varied over this scale, and consider the potential to align this thinking to a sliding scale approach. We also appraised these sites assuming 0% equivalent (i.e. no affordable housing contribution) to reflect the current situation whereby no affordable housing policy applies to this group of sites. This set of results, as shown at Appendix IIk, overlaps with those

generated for the smaller on-site affordable housing scenarios. We will not describe these results in detail here.

- 3.8.6 Adams Integra's approach to financial contributions (commuted sums) for affordable housing (regardless of scheme size) is set out in detail below. Having set out a formulaic approach to schemes below the on-site provision threshold, we suggest that the same basis would be applied for larger sites where (exceptionally) it is agreed that the most appropriate solution for sustainable communities is through a financial contributions route. This would promote consistency with in the overall approach. In all cases the relevant per unit (dwelling) sums would be apportioned depending on the scheme details and relevant affordable housing equivalent proportion.
- 3.8.7 Distorting anomalies that result from numbers rounding and how that affects on-site provision could be set aside through this route; sums could be calculated exactly, to include part dwellings equivalents where those arise. This detail may be important for specific viability outcomes on the smallest sites where on-site provision involving rounding can significantly affect the actual proportion sought or provided. We have carried out appraisals on an exact sum basis – no rounding needed.
- 3.8.8 The results for this set of appraisals show that, as in all other instances of increasing affordable housing proportion, the indicative RLV decreases as the calculation assumes a financial contribution based on a potential policy positions where the equivalent proportion increases - from 0% to 10%, 20% 30%, and again assuming 40%.
- 3.8.9 As identified throughout the results and discussed above, stronger RLVs after affordable policy impacts are maintained in higher value development scenarios. There is a significant improvement to results as the scenarios move from Value Point 1 to Value Point 7.
- 3.8.10 Bearing in mind the deterioration of results with increasing affordable housing proportion on these first time impacted sites, it is likely to be appropriate for the Council to consider a lower proportion to be applied to the calculation in these instances. This would respect the viability trends and fit in with the sliding scale principle which we consider to be appropriate for schemes of fewer than 15 dwellings in Sevenoaks District.
- 3.8.11 At the time of writing, Adams Integra is aware that many authorities are looking at, or pursuing, the idea of all sites making some form of contribution. Other local authorities, particularly in the South, are exploring the scope for, and issues with, lower thresholds and/or financial contributions linked to smaller sites in a similar way. We are asked to review these areas, in terms of viability, in many of our studies. Adams Integra produced the viability study for South Hams District Council to support its Affordable Housing DPD at examination . We understand that approach and study, with which this and

our other studies share common principles and methodology, has been received as good practice. Since then, nearby Mole Valley District in Surrey has also had its policy stance (to include a similar type of financial contributions and sliding scale approach) examined (2009), with our similar study supporting that and meeting the examination requirements.

- 3.8.12 Compared with previous national advice under Circular 6/98 and PPG3 (now rescinded), PPS3 gives more scope for the consideration of thresholds lower than the “national indicative minimum” of 15 it sets out, related to local circumstances “where viable and practicable”. Furthermore, South East Plan Policy LF4 points to the consideration of wider circumstances that should provide affordable housing, where justified by local needs.
- 3.8.13 Policy development should include this financial contributions aspect if it is to be pursued, so as to make clear to landowners and developers how the Council would apply its approach, and on what basis calculations would be made. It is an area of the Council’s potential approach that may need to be developed in detail through a SPD – depending on what is stated at Core Strategy DPD level.
- 3.8.14 Ours is by no means the definitive or only approach that could or should be taken in the collection of financial contributions. There are alternative methods of calculation, which we will not explore here. Our suggested route is purely a mechanism to allow us to calculate a reasonable contribution and test the impact on development viability of collecting those sums of money in-lieu of on site affordable housing provision. It has been applied usefully and successfully in negotiations in practice, outside Sevenoaks. We have selected it because it relates to land value, and so shares thinking with the study basis. In our experience this also usually makes it better understood by landowners and developers compared with potentially complex and highly variable affordable housing funding related mechanisms. A commuted sums methodology based on land value links well to market reality and processes, and should be simpler to take account of in the early stages of site feasibility.
- 3.8.15 In essence the thinking involves calculating how much it would cost, approximately, to go off-site and replace the land on which the affordable housing would have been provided on-site. This is the basis we have assumed, and we allow for indicative costs associated with land purchase and getting the site ready for development (aspects which would usually be provided or assumed within the arrangements and calculations for on-site affordable housing).
- 3.8.16 We are assuming here a straightforward payment being made by the landowner (who may be the developer) under the terms of a Section 106 agreement in much the same way as occurs with planning obligations for aspects such as highways/transport, open space, education etc.

3.8.17 So the methodology assumes an additional planning obligations payment being made by the developer, albeit from the increased GDV which results from having no affordable housing on-site. So far as we can see, the calculation should not (and this way it does not) look at the benefit to the developer of moving the affordable housing contribution off-site. PPS3 requires the contribution secured to be “of broadly equivalent value” to that which would have been secured through on-site provision.

3.8.18 Adams Integra’s suggested route involves a formulaic approach to approximating the land value that needs to be replaced elsewhere, and then allowing also for the cost of acquiring and servicing that land – as above. In practice, the Council might not look to buy another site, but should have a strategy for monitoring, managing and spending these contributions. That strategy could include providing a variety of more creative affordable housing funding assistance to other local schemes, addressing priority needs and contributing to sustainable communities aims - again as required by PPS3. Council staff mentioned schemes such as incentives for existing tenants to downsize and free up larger and family homes. We will now work through our calculation methodology.

3.8.19 We would start by taking a pre-affordable housing land value, calculated as a percentage of the market sale value of a property. This percentage would reflect the pre-affordable housing (0%) residual land value results, as taken from this study. We take the view that an allowance should be added bearing in mind that as well as land value there would be acquisition plus (potentially) site preparation and servicing costs to bear (remembering that we are envisaging being able to replace the land elsewhere as the broadly equivalent benefit being secured).

3.8.20 The Table at Figure 7 below, which sets out indicative per dwelling equivalent payment figures (financial contributions) is generated through the following steps:

- 1. Open market value (OMV) of relevant or comparative property (depending on to what degree the formulaic approach is to be site-specific and linked to actual values or District-wide guide figure, etc).
- 2. Multiply by the residual land value percentage. We have used 38.8%, derived as per 3.8.19 above. Note that it would be possible to look at this in a variety of ways, including on a more scheme specific RLV basis.
- 3. Add 15% of the result of [1 x 2] to reflect site acquisition and preparation/servicing costs. This produces the (per dwelling) equivalent sum.

- 4. Apply to the relevant dwelling numbers and types, and to the equivalent affordable housing policy proportion (in this case we reviewed potential positions for this at 10%, 20%, 30% or 40%).

3.8.21 Figure 7 sets out the per unit indicative financial contributions which we have arrived at on this basis for Sevenoaks District, using our dwelling size and wider assumptions. These figures are as applied in our additional Appendix IIk appraisals of notional sites of 1 to 14 units assuming potential 10%, 20%, 30% and 40% equivalent proportions of affordable housing contributed.

Figure 7:
Indicative per (whole) dwelling Financial Contributions as Basis for Appraisals
 (source: extracted from Appendix IIk)

Value Point	1 Bed Flat		2 Bed Flat			
	OMV £	Commuted Payment	OMV £	Indicative £ payment		
1	£125,000	£55,775	£167,500	£74,739		
2	£150,000	£66,930	£201,000	£89,686		
3	£175,000	£78,085	£234,500	£104,634		
4	£200,000	£89,240	£268,000	£119,582		
5	£225,000	£100,395	£301,500	£134,529		
6	£250,000	£111,550	£335,000	£149,477		
7	£275,000	£122,705	£368,500	£164,425		
Value Point	2 Bed House		3 Bed House		4 Bed House	
	OMV £	Indicative £ payment	OMV £	Indicative £ payment	OMV £	Indicative £ payment
1	£187,500	£83,663	£212,500	£94,818	£250,000	£111,550
2	£225,000	£100,395	£255,000	£113,781	£300,000	£133,860
3	£262,500	£117,128	£297,500	£132,745	£350,000	£156,170
4	£300,000	£133,860	£340,000	£151,708	£400,000	£178,480
5	£337,500	£150,593	£382,500	£170,672	£450,000	£200,790
6	£375,000	£167,325	£425,000	£189,635	£500,000	£223,100
7	£412,500	£184,058	£467,500	£208,599	£550,000	£245,410

3.8.22 In our experience figures at around these levels are likely to be appropriate in the high value context of Sevenoaks District. They are similar to figures that we have produced and also applied in negotiations in nearby Surrey.

3.8.23 Seeking to collect sums such as these in areas or instances that fall within Value Point 1 will have a significant impact on viability. At Value Point 2-3 value levels and above, residual land values improve to the point where, with

the normal caveats applying (with regard to site specifics, being allied to a target approach as with on-site provision, etc), viability should be workable. So we see a similar pattern, as would be expected, to the on-site affordable housing results. The range of results highlighted in the following two paragraphs - 3.8.31 and 3.8.32 – is shown at Appendix IIk.

- 3.8.24 Overall, excluding the 0% affordable housing equivalent results, RLVs ranging between 3.8% and 47.5% of GDV (between Value Points 1 and 7) can be seen on sites of between 1 and 14 units. Approximate RLVs in the range just 3.8% to 5% of GDV (the low end of these results) were seen from all schemes of 1 to 14 units at Value Point 1 with 40% affordable housing equivalent. On the other hand, indicative RLV results all in excess of about 45% of GDV were generated by all schemes of 1 to 14 units at Value Point 7 with 10% affordable equivalent – the two extremes of the range of outcomes seen here.
- 3.8.25 By Value Point 3, the RLV outcomes all exceeded 30% of GDV assuming 10% affordable housing equivalent contribution.
- 3.8.26 In all cases of moving from one level of affordable housing equivalent to the next (e.g. 10% to 20%, and so on) the RLV results deteriorate notably. On these small sites this could become critical in relation to existing or alternative use values of sites, perhaps especially where residential development is concerned.
- 3.8.27 Another notable feature of this set of results is the relationship between the RLV and the scale of the affordable housing contribution envisaged. This would certainly seem to rule out a contribution based on a 40% equivalent, because the payment sum becomes almost as large as or similar to the remaining RLV in some cases (e.g. VP3). In the low value ranges this balance deteriorates further and in fact the potential payment exceeds the RLV at VPs 1 and 2 assuming 40% equivalent. That relationship remains at VP1 assuming 30% equivalent and still looks out of balance through the higher value points at that proportion.
- 3.8.28 Whilst, as with other areas of the outcomes relating to potential policy positions, there can be no single right answer in reality, we consider that the results indicate likely viability difficulties at the lower end of the values range if a 30% or 40% equivalent proportion were sought. As the Values (VPs) increase, the potential levels of payments from these assumptions still appear disproportionate. These findings point to an equivalent contribution certainly of now more than 20% on the very smallest bracket of sites providing fewer than 5 dwellings.
- 3.8.29 This also has to be viewed in the context of site specifics. What one landowner finds acceptable as a payment for their land will be different from

another – this is especially true on small sites where we could be considering garden plots, etc. In real monetary terms, the residual value of land may reduce to the point whereby landowners of small plots do not feel there is sufficient recompense. Equally, where existing residential units are bought up and demolished to make way for a larger number of units, viability issues may occur. This is due to the high value of the existing residential properties that usually needs to be overcome before the new development can become viable. The approach needs to respect the market driven basis that it would be reliant upon, not be too rigid, and be sensitive to these factors.

3.8.30 The simplest interpretation of this approach to financial contributions would be setting out a District-wide single contribution figure per property type. If this route were preferred then a mid-range figure from the above could be selected for each unit type. This would mean taking an average approach, with the outcome from some sites more favourable in terms of monies secured than others (from both the Council's and developer's/landowner's points of view). In the case of Sevenoaks local property price levels, as discussed, the point selected could be the Figure 7 indicative contribution figures relating to Value Point 3 or 4.

3.8.31 The same formulaic approach could be used to develop an equitable approach to seeking financial contributions from schemes which produce much larger and more valuable properties than those envisaged through our current appraisals. The use of increased values and/or floor areas (or multiples of the more typical floor areas) could be picked up through the formula to generate appropriate contributions.

3.8.32 Similarly, the formulaic approach could be used to calculate top-up financial contributions if the Council decided to seek whole numbers of affordable homes on-site and accept payments for the part units produced by the proportion calculation.

3.9 Impact of increased Developer's Profit

3.9.1 As mentioned at 2.5 of this report, viability has also been investigated on a small sample of scenarios using 20% (of GDV) developers profit in place of 15%. This been carried out on schemes of 25 and 50 units at all Value Points and infrastructure cost levels at all proportions of affordable housing. A summary of the 25 unit mixed scheme results at Value Point 4 is provided here with a comparison to the results using a 15% developer's profit. The full results can be found in Appendix II(f) and II(g).

3.9.2 This comparison allows us to investigate the additional impact of increased profit requirements that may be more likely on schemes as a result, for example, of increased risk in bringing more complex sites forward for development. As expected, the same trends discussed previously are seen,

whereby the lower the development values, the greater the additional impact on scheme viability.

3.9.3 Figure 8 below shows the additional impact on schemes appraised of increasing this assumption to 20%.

Figure 8: Comparison of Appraisal Results at 15% and 20% Developer’s Profit (Value Point 4 only) – 65 / 35 Tenure Mix; £5,000 per Unit Infrastructure

Appraisal Type	25 Unit Mixed Scheme – Without Grant			
	RLV – 15% Profit	RLV – 20% Profit	RLV (£/Ha) – 15% Profit	RLV (£/Ha) – 20% Profit
20% Affordable	£2,081,822	£1,834,388	£725,861	£4,626,272
30% Affordable	£1,699,680	£1,491,035	£378,931	£3,777,066
40% Affordable	£1,395,537	£1,209,962	£105,908	£3,101,194

3.9.4 In all cases an increased developer’s profit leads to further reductions in the financial sums available for land purchase and, therefore, impacts further on site viability. The impact is also more marked with lower starting values. The additional impact of the higher developer’s profit does not materially affect our recommendations or conclusions from this study. There may be the need for site-specific consideration and awareness of the risk/reward balance needed, leading ultimately to a negotiated approach between the Council and developers – particularly in lower value situations where viability outcomes will be more sensitive to increasing costs.

3.9.5 We have to consider that there will be a wide range of scheme types brought forward by an equally wide range of parties. Once again, there are no firm rules when it comes to scheme-specifics. In our view, however, the 15% level we use would still form a reasonable general default or starting position for the Council when first considering site specific viability appraisals, as used for example - at the time of fixing assumptions - within the Housing Corporation’s (since 1 December 2008 the Homes and Communities Agency (HCA)) Economic Appraisal Tool guide assumptions.

3.9.6 As the study has progressed we have seen some reporting on developers having to accept reduced profit levels in some instances in what have been weakening market conditions. However, there is also an argument to be made about increased risk in such circumstances. In the current uncertain market conditions we are seeing a range of indicators on developer’s profit levels, and these are becoming increasingly difficult to judge with respect to perception of risk levels. So, on balance, our range of assumptions is considered to be appropriate with regard to market conditions. These will need to be kept under review as part of the Council’s monitoring processes, negotiations and delivery experiences. What is appropriate for one scheme

may well not be for another, and the collective costs burden on schemes will always need to be borne in mind.

3.10 The Impact of Social Housing Grant and Tenure Mix

3.10.1 Sample appraisals have also been carried out to show what happens to our notional sites as we further improve the viability picture through the addition of grant to the scheme or alter the tenure mix. All appraisals have been run at a 65/35 tenure mix but also on a sample of sites at 50/50 mix (25, 50 and 80 unit schemes) see Appendices II(d) and (e) for the results showing the impact of grant input into schemes. Figure 9 below compares the results of appraisals run with and without grant on a 25 unit mixed scheme. In this instance grant was added to the base appraisals.

Figure 9: Comparison of Appraisal Results With and Without Grant (in this case for illustration only - Value Point 4 only; lower infrastructure cost, 65/35 tenure mix)

Appraisal Type	25 Unit Mixed Scheme			
	Without Grant (£)	With Grant (£)	Without Grant (£/Ha)	With Grant (£/Ha)
20% Affordable (RLV)	£2,081,822	£2,246,466	£4,626,272	£4,992,146
30% Affordable (RLV)	£1,699,680	£1,959,063	£3,777,066	£4,353,473
40% Affordable (RLV)	£1,395,537	£1,742,942	£3,101,194	£3,873,205

3.10.2 Figure 9, with data taken from Appendix II and IId indicates that adding grant to the scheme improves the residual land value by between 7%, 13%, and 20% (at 20%, 30% and 40% affordable housing respectively). Grant ultimately improves the viability of a scheme, but the availability of grant is an element that must be considered on a site-specific basis. Related to these points, the use of Cascade type mechanisms may well be valuable for consideration within the Council’s overall approach. This envisages the Council working with developing partners – where necessary - to adjust, but still optimise, affordable housing delivery in all the circumstances relevant to a particular site, including the funding levels ultimately available. The Council would expect to take a lead role in such discussions, aimed at maintaining appropriate affordable housing delivery within the s106 framework agreed - avoiding going back to the start with that process, and thus avoiding significant delivery delays. Cascade principles are discussed further below – at 3.10.20 to 3.10.25.

3.10.3 The findings indicate a range of values are likely to be seen across the study area - from relatively low values in the local context (where development viability is compromised bearing in mind the range of costs and obligations to

be met) to very strong values (where development viability is greatly improved and schemes will usually be able bear greater costs).

3.10.4 Grant may well have an important role to play on many sites - where affordable housing numbers or deliverability of a favourable tenure mix can be improved compared with a nil grant route.

3.10.5 Given the viability constraints discussed so far at Value Point 1 and to some degree Value Point 2 with even low levels of affordable housing, plus the possibility of higher infrastructure costs or other cost burdens (see later), it is likely that social housing grant or other public subsidy will need to be brought in to the District as support. At the higher value points especially, there is scope for the Council to adopt a relatively robust position on the use of grant, and in negotiations with landowners and developers on what any grant input will be adding to a scheme.

3.10.6 Figure 10 shows a comparison between the use of grant on a scheme with a 65/35 tenure mix and no grant on the same scheme with a 50/50 tenure mix.

Figure 10: Comparison of Appraisal Results With and Without Grant with variations to tenure mix

Appraisal Type	25 Unit Mixed Scheme			
	65/35 Mix Without Grant (£)	65/35 Mix With Grant (£)	50/50 Mix Without Grant (£)	50/50 Mix With Grant (£)
30% Affordable (RLV)	£1,699,680	£1,959,063	£1,768,536	£2,009,801
40% Affordable (RLV)	£1,395,537	£1,742,942	£1,545,105	£1,846,632

3.10.7 From the figure 10 examples and the wider results, it is possible to see comparable outcomes (in RLV terms) with different combinations of affordable housing proportion, tenure mix and grant assumptions applied. For example, the results of the appraisals carried out assuming a 65/35 tenure mix with grant provide similar results to those carried out with a 50/50 tenure mix without grant.

3.10.8 These results indicate:

- The significant impact (viability boost) that grant can have, though this should really be seen through improved affordable housing provision (additionality) not by way of increased land value.

- How much RLVs can deteriorate by the time we allow for the higher proportions of affordable housing, particularly with no grant and even with a more balanced tenure mix.
- That only on the larger schemes will a 65/35 tenure mix impact on viability very much more significantly than a 50/50 mix.

3.10.9 There is also scope for the Council to consider mechanisms for securing local level subsidy in working up its more detailed approach – for example, through a nil-cost land for affordable housing basis or through guiding affordable housing payment levels to developers in some way.

3.10.10 Whilst (in line with the HCA’s “additionality” approach), the Council’s starting point may well be to consider what affordable housing can be achieved without grant, as discussed above, our view is that grant may have an important role to play in balanced housing delivery locally, and in particular in supporting varied and appropriate tenure provision, perhaps especially on lower value schemes or in instances of competing alternative land use values where viability may be more marginal. We understand that the Council’s general approach will be to seek 65% affordable rented tenure and 35% intermediate tenure, although site specifics will prevail. Whether or not grant is available, and if so at what level, will be one of the key determinants of whether this tone of tenure mix can be supported on a regular basis over the longer term. Unfortunately, it is not possible to rely on, or predict, grant availability. The HCA have been contacted previously and Adams Integra were provided with the following information, which reflects our understanding:

“The Homes and Communities Agency works on a basis of additionality on s.106 sites whereby any social housing grant going into a scheme is to purchase outcomes above and beyond those that can be delivered through the s.106 agreement itself. The starting position is to assume no grant goes into an s.106 site as the s.106 itself should be securing affordable housing outcomes. Grant input would then be required to improve the affordable housing outputs (e.g. secure a greater percentage of social rented homes).”

3.10.11 Our recent experience of schemes is that HCA social housing grant funding has been quite opportunity-led for a period (coinciding with the difficult market conditions and HCA incentives aimed at maintaining affordable housing development). Many schemes have been providing increased proportions of affordable rent compared with previous experience. This is because of a mixture of factors including:

- The HCA’s recent relatively opportunity-led funding approach (although we understand that a reversion to a more planned funding approach is underway).

- Wider housing market trends (crucially the limited availability, still, of suitable mortgage finance) mean that low cost home ownership tenure such as shared ownership may be either unattractive or unworkable in many instances in the near future.
- Linked to this, affordable rent with grant can now look equally, or more attractive to RSLs in terms of their financial appraisals (and thus can mean better relative offers to developers for that form of tenure).

3.10.12 Overall, this can only be regarded as a fluid set of circumstances, which together with the levels of local needs and Regional Policy, point towards a significant bias to affordable rented tenure as a target position.

3.10.13 Appraisals were undertaken where the only change to the assumptions was the mix of affordable housing tenure. For these notional schemes (of 25, 50 and 80 units across all value points) the tenure mix was changed from 65%/35% affordable rent to intermediate - to 50% affordable rent/50% intermediate. The results of the 25 unit scheme are summarised in Figure 10 above.

3.10.14 Figure 10 shows the minimal impact on scheme viability of altering the tenure mix on relatively small schemes. This is because such a scheme does not provide the physical scope to significantly vary the tenure mix. For example with an overall proportion of 40% affordable housing the RLV reduces by £149,568 (or by 10%) when the mix is changed to 50% affordable rent from 65%/35% affordable rented to intermediate balance. Again, the decrease in RLV is made worse (percentage reduction grows) with low starting values. Similarly, the impacts of changes to tenure are lessened by higher market values.

3.10.15 The Council could make some comparisons between these various results – in terms of the RLVs that the various combinations of assumptions produce, as part of exploring alternatives for delivery and in the background to optimising that on particular sites. Although we see a reduction in RLV as the proportion of affordable rent increases, this has much less of an impact than increasing the overall affordable housing percentage.

3.10.16 These figures are based purely on the appraisals carried out and assume that the intermediate product is feasible for RSLs and their customers. Aside from the well-established difficulties that can arise with the overall affordability (total costs) of shared ownership for its purchasers, there are increased experiences of difficulties with shared ownership saleability in the current market. This is largely due to mortgage availability. Some RSLs have responded by developing intermediate rented housing products. As we understand it, experiences are very mixed, however, and tend to echo the open market in that the most popular, well located and attractively priced low

cost ownership (e.g. shared ownership) schemes can still sell relatively well while others are attracting little or no interest. We are aware of well located, small, high quality shared ownership developments that have still performed well.

- 3.10.17 We have looked generically at the intermediate tenure content, since what counts for financial viability is the level of revenue it produces for the developer. This reflects the increased likelihood that it will be seen in varied forms and combinations within schemes from now on. This is purely for the purposes of financial viability and fixing assumptions, where we are looking at increased payments to the developer compared with affordable rented tenure (particularly with no grant). It does not prevent the Council and its range of partners from considering and perhaps trialling a range of tenure models, or from varying the assumptions we have applied. Indeed such an approach is to be encouraged – we expect that there will be a role for a wider menu of tenure options.
- 3.10.18 In our experience, approximately balanced tenure can be achieved with little or no grant, providing the affordable housing proportions sought (and other planning requirements) are not too high. However, as above, we consider that there is likely to be a role for grant to support a bias towards the priority needed affordable rented tenure in particular, especially where the proportion of that tenure rises. As an example of the possible positive impact of grant, with regard to the current mortgage access issues that can be experienced with home ownership products, it may be that through increased grant input more affordable rent could produce more viable schemes which are also more acceptable financially to RSLs in the current conditions. Although there is much uncertainty surrounding grant funding availability, the Council and their development partners will need to consider such factors in relation to site specifics.
- 3.10.19 In the current funding climate, we stress the importance of guiding tenure and seeking to influence the affordable housing procurement costs locally, (potentially including through landowner/developer subsidy mechanisms as discussed in this study – like nil cost serviced land, payment table guides, etc). A good level of clarity will be needed by all those involved in the development process. Linked to this, it appears that the HCA is going to be looking for increased evidence of grant achieving its “additionality” requirements i.e. adding to what would be achieved without it.
- 3.10.20 The use of Cascade type mechanisms may well be valuable for consideration within the Council’s overall approach. This envisages the Council working with developing partners – where necessary - to adjust, but still optimise, affordable housing delivery in all the circumstances relevant to a particular site, including the funding levels ultimately available.

- 3.10.21 A cascade principle or mechanism allows the affordable housing element of a scheme to adapt to funding circumstances at the point of the delivery details being fixed (i.e. most likely post planning, but prior to contracts being entered in to by the developer and RSL for the affordable housing construction and purchase).
- 3.10.22 A cascade arrangement would normally be built in to the Section 106 agreement. It has the potential to help delivery when the availability of funding is uncertain, or perhaps when other planning or site issues mean that the exact details of the affordable housing delivery need to be agreed. This can help avoid or reduce delays where Section 106 agreements would otherwise be renegotiated instead. An agreement including a cascade principle provides scope for the affordable housing content of a scheme to be reshaped and usually optimised given the available funding and perhaps other financial circumstances.
- 3.10.23 Usually a Local Authority would expect to lead the process which redefines the affordable housing, working closely with the other parties such as the developer, HCA and any involved RSL. As an example of a potential cascade outcome, the Council may take a view that it is best to consider fewer affordable homes, but of the priority needs tenure type (i.e. usually affordable rent). Alternatively it may decide to maintain affordable homes numbers delivery by allowing the tenure mix to skew towards more financially viable home ownership or intermediate housing tenure; or to commute the affordable housing delivery into fewer family homes. Ultimately, discussions and outcomes would be very site-specific.
- 3.10.24 In recent and current market conditions there have also been many discussions around what should happen if a reduced affordable housing proportion is agreed on current viability grounds, and the market does pick up meaning that more could be provided. These discussions have been linked to the idea of overage (or “clawback”) arrangements where provision can be re-assessed and if appropriate topped-up at some future point. We are not aware of any working examples of this approach. It would seem most practical to link it to a top-up financial contribution. An alternative being discussed, and that it seems may be emerging as more workable and controllable, is to have a framework type approach to affordable housing and possibly other obligations for schemes that are not going ahead short term, or are phased over long periods. This would involve maintaining the targets and making a later stage assessment of what could be provided once much more is known about the market conditions, funding availability and other delivery circumstances.
- 3.10.25 The same principle as outlined above (the need to inform judgments on the affordable housing target proportions in conjunction with wider criteria including likely funding availability) is also relevant in the context of any wider consideration the Council may be giving to overall planning obligations

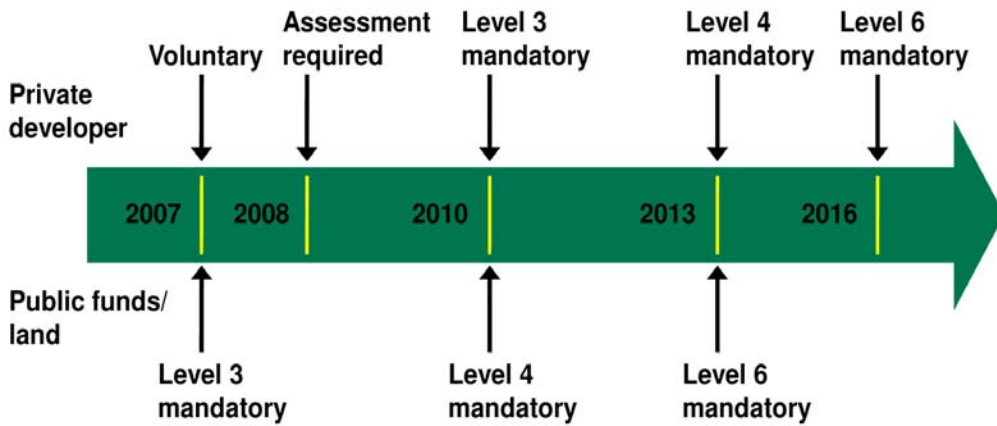
requirements and other burdens on schemes. The wider costs and obligations also affecting viability always need to be taken account of.

3.11 Code for Sustainable Homes

3.11.1 Further sensitivity analysis has been carried out on the impact of applying likely additional development costs to schemes as the requirement for the level of the Code for Sustainable Homes attainment increases to Level 4, as agreed with the Council.

3.11.2 Currently the legislative timetable for all residential development to meet increasing level of the Code is set out by the Government as follows¹⁰:

Figure 11: Legislative Timeline for Code for Sustainable Homes Compliance



3.11.3 The sensitivity analysis has been carried out on schemes of 25 and 50 units only. On an example scheme of 25 units, the comparison of the residual land values created after the addition of each level of cost is shown in Figure 12 below (all other assumptions as per the base appraisals).

Figure 12: Comparison of Appraisal Results – Increasing Code for Sustainable Homes Requirements – Value Point 4 Only

Appraisal Type	25 Unit Mixed Scheme (VP4)			
	RLV (£) CfSH Level 3 (Base)	RLV (£) CfSH Level 4	RLV (£ per Ha) CfSH Level 3 (Base)	RLV (£ per Ha) CfSH Level 4
20% Affordable	£2,081,822	£1,992,149	£4,626,272	£4,426,997
30% Affordable	£1,699,680	£1,610,006	£3,777,066	£3,577,791
40% Affordable	£1,395,537	£1,305,864	£3,101,194	£2,901,919

¹⁰ From: www.tarmachomesproject.co.uk/what_is_the_code/2016_legislative_timeline.

3.11.4 The results clearly show the impact a requirement to meet Code for Sustainable Homes Level 4 has on residual land values when taking into account the other base assumptions in this study. The additional approximate costs included to achieve Code Level 4 deteriorate the residual land values generated and this is before the addition of potentially higher infrastructure costs. While there can never be any defined cut-off points for scheme viability (unless looking at a specific site with known parameters on existing use value, etc), the impact of the Code 4 attainment alone is not felt to be a make or break scenario for scheme viability. It can be seen that the key deterioration of the Figure 12 RLV results comes from the affordable housing proportion, and not the Code increase appraised. There are potentially cost savings to be made over time as the likelihood of meeting the CfSH requirements becomes cheaper (potentially as technologies and their supply improve and cost savings are made through future innovations in this area). We cannot assume those and so do not build in any such savings from developments in this area. These results assume approximate costs as known today and as set out in DCLG report.¹¹

3.11.5 As with tenure mix and grant again we can again see the trade off that may be required in some instances order to meet these requirements and still provide profitable residential development. It is worth reiterating here that the collective burden of all the costs analysed within this study are unlikely to be met through development alone without subsidy from elsewhere. We talk about the collective impact from all of the items investigated through the sensitivity analysis at the end of this chapter. However, when compared with indicative information such as South East land values guides or alternative use values per hectare provided by the VOA (see section 3.5), it appears likely that the Figure 12 scenarios would all achieve land values per hectare in excess of those from most commercial uses and in line with or in excess of that range of residential development land value indications.

3.12 Impact of Increased Planning Infrastructure Costs

3.12.1 One of the biggest individual impacts on development viability (other than the proportion and type of affordable housing) comes from the level of other (i.e. non affordable housing) planning obligations relating to various infrastructure requirements. Those usually include mean contributions or works towards meeting deficiencies in existing infrastructure. The obligations relate to key areas such as Education, Highways/Transport, Open Space/Amenity, and are increasingly covering areas such as other community facilities, recycling, emergency services, public art, and so on. Appraisals were carried out assuming varying infrastructure (planning obligations) contribution levels of £5,000 (base appraisals) and £10,000 (representing an increased level of burden) per dwelling. These costs were applied to all dwellings, including

¹¹ DCLG – Cost Analysis of the Code for Sustainable Homes (July 2008)

affordable although some Councils vary their approach between market and affordable housing, and/or between affordable tenures. This part of the work also has a wider potential relevance in that it enables the Council to see how viability results deteriorate when costs are added – from whatever source. An increase in costs could come from a wide variety of sources – related to planning requirements, site conditions, scheme specification or as combination of those.

3.12.2 Increased planning infrastructure burdens, as with any costs, have a negative impact on development viability. We have discussed the effect of additional costs, profit, affordable housing, etc above. Figure 13 below shows a brief example of the additional impact that higher planning infrastructure costs may have on schemes when combined with the “cost” of affordable housing provision. The tenure mix in both cases here is 65%/35% affordable rent/intermediate.

Figure 13: Comparison of Appraisal Results from varying Infrastructure Cost/ (Planning obligations/other costs) - (Value Point 4 only)

Appraisal Type	25 Unit Mixed Scheme – 70/30 tenure mix			
	RLV (£) – £5,000 / unit Planning Infrastructure	RLV (£) – £10,000 / unit Planning Infrastructure	RLV (£ / Ha) – £5,000 / unit Planning Infrastructure	RLV (£ / Ha) – £10,000 / unit Planning Infrastructure
20% Affordable	£2,081,822	£1,975,022	£4,626,272	£4,388,939
30% Affordable	£1,699,680	£1,592,880	£3,777,066	£3,539,733
40% Affordable	£1,395,537	£1,288,737	£3,101,194	£2,863,861

3.12.3 These results (taken from Appendices II and IIb) show the reduction in RLV that occurs as the planning infrastructure (or other equivalent) cost assumptions are increased. We refer to ‘other costs’ as an alternative here, because any equivalent increase in the appraisal cost assumptions would have the same effect. In practice, scheme costs could increase over time for a variety of reasons, not only planning obligations. Effectively, therefore, these appraisals reviews added collective cost (whether related to planning obligations in full, a mix of those and other items, or other items in full).

3.12.4 The trends shown in the example results above are again repeated for all scheme types. This further emphasises the potential viability issues that could flow from seeking the highest levels of affordable housing whilst at the same time increasing the infrastructure burden on sites coming forward, especially in the event of nil or limited social housing grant.

3.13 Cumulative Impact on Development Viability

3.13.1 The results discussed within this chapter have shown the individual impact of one cost variance on the residual land value generated by the base results. By looking at one scheme type (in this case a 25 unit mixed scheme) we can begin to see the cumulative impact of each of those “costs” (be it tenure variation, grant input, Code for Sustainable Homes Level, increased planning infrastructure etc). Figure 14 below shows the impact on the RLV of our 25 unit scheme as each of the “costs” is added.

Figure 14: Cumulative impact of applying cost assumptions over and above base RLV results (Value Point 4); 25 Unit Mixed Scheme

Value Point 4 Variations	Residual Land Value - 20% Affordable (£)	Residual Land Value - 30% Affordable (£)	Residual Land Value - 40% Affordable (£)
With Grant, 50/50 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	£2,246,466	£2,009,801	£1,846,632
No Grant, 50/50 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	£2,081,822	£1,768,536	£1,545,105
No Grant, 20% Developer's Profit, 50/50 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	£1,834,388	£1,559,892	£1,359,530
No Grant, 20% Developer's Profit, 65/35 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	£1,834,388	£1,491,035	£1,209,962
No Grant, 20% Developer's Profit, 65/35 Tenure Split, CfSH Level 4, 10% Renewables, £5,000 Infrastructure	£1,744,715	£1,401,362	£1,120,288
No Grant, 20% Developer's Profit, 65/35 Tenure Split, CfSH Level 4, 10% Renewables, £10,000 Infrastructure	£1,637,915	£1,294,562	£1,013,488

3.13.2 The results shown in Figure 14 are just one set of possible combinations of “cost” areas, but one chosen to show the maximum impact on residual land value of combined potential requirements. This area of the results clearly

shows the type of “trade-off” that can or might exist between affordable housing requirements and other added cost burdens. On this point, what we would be looking at is results which give similar RLV outcomes through different potential assumption combinations. Just by way of illustration, the 30% affordable housing requirement with all the additional costs added indicates an RLV of £1,294,562, similar to that produced by the appraisal with 40% affordable housing but with Code Level 3 costs applied (£1,359,530).

3.13.3 Based on our indicative site area of 0.45 Ha for this scheme, the low end result within Figure 14 (RLV of £1,013,488) suggests an RLV of around £2.25m/Ha. Looking at a similar comparison to that made at 3.11.5 (and from there back to section 3.5) this suggests an outcome which may be getting to low end of residential land value expectations, but could still compete with a range of alternative use values. Exactly where the cut-offs lie would need to be explored on a site-specific basis. However, this does begin to suggest that on current information there is unlikely to be scope to support planning obligations (outside those for affordable housing) beyond the £10,000 per dwelling upper trial level when combined with other costs appraised at this point.

4 CONCLUSIONS

- 4.1.1 Looking at Sevenoaks District overall, quite a wide range of property values are seen. This applies both to the overall (re-sales dominated) market and to the pricing of new build schemes. The range is, however, less wide than we have seen in some other Local Authority areas - including some in nearby Surrey. We have not seen quite such extremes in terms of very high end values and also lower values as those that have been evident in some Surrey and London fringe locations we have reviewed. This may be in part to do with the timing of the study, in terms of the low levels of market activity. The key point is that there is variation between and within areas. This needs to be borne in mind in terms of not being too ambitious with policy targets bearing in mind the need for quality and mix within affordable housing (not just numbers) and the range of other obligations and requirements – and particularly how those come together to impact viability in lower value locations and instances.
- 4.1.2 Viewed overall, property prices here can really only be described as high. They are typically (fairly consistently) high even in the wider context of the variety seen in the South East. Although values have been knocked back in the current market, and sometimes significantly, this does not affect this overall picture, with consequent very severe local affordability issues. In very few cases locally can values be described as low (i.e. the bottom of the local values range is not seen frequently).
- 4.1.3 Our research suggested that new build development pricing in the District falls in the range from approximately £2,800 to £6,500/m² (the marketing price expressed in a per square metre rate). This equates to around £260 to £604 per square foot.
- 4.1.4 The average new build pricing points for most locations within the District were grouped centrally within this range - between approximately £3,000 and £5,000/m². Whilst high end value properties (which were excluded to avoid skewing the averages but are shown within the wider Appendix III information) occur in almost all postcode locations within the District, it is fair to say that those occur most in postcode areas TN14 and TN13, including the key settlement of Sevenoaks. The postcodes map included at Appendix III may help with interpretation here.
- 4.1.5 The pricing of new build schemes seemed to broadly follow the values patterns (hierarchy) seen in the overall resale market values. Although it was based on a relatively small range of new build schemes in progress (owing to market conditions), the higher new build prices within our more typical range were seen in areas such as Sevenoaks, Otford, Knockholt, Brasted and Ide Hill (approximately £3,200 to £5,000/m² - value points 2/3 to 5/6). There was a single occurrence of new build pricing at almost £6,500/m² (beyond value

point 7) in Sevenoaks. Together, this indicates that the highest new build values in the District tend to be seen in the central to northern areas – broadly following the M25 southern section, M26 and A21. Values in the northernmost areas of the District tend to be typically the lowest – in areas such as Swanley, Hextable and Crockenhill (BR8 postcodes) – value points 1 to 3, most typically around point 2. Moving south, values away from the main road communications broadly seem to fall away (for example TN8 postcode areas, including Edenbridge). It appears that Edenbridge values would typically have more in common with say Swanley than Sevenoaks, although they would appear to be typical above the Swanley levels. Horton Kirby appears to attract values similar to those seen in Swanley and Edenbridge areas; so again value points 1 to 3 broadly apply to those at present, (focused around point 2 most commonly).

- 4.1.6 Westerham is an example of an area which provided us with new build values both higher up and lower down within our typical range. Edenbridge was also seen to have some pricing above its more typical level (closer to £4,000 than to £3,000/m²).
- 4.1.7 Overall, it is important to emphasise that these are broad statements. There will always be variation on a local basis.
- 4.1.8 Looking at this information, and allowing for marketing to sales price adjustments and current market trends as best we could at the time of fixing assumptions, we concluded that the range £3,000 to £4,500/m² most appropriately reflected the typical range likely to be seen. This means we consider that new build values are generally in the range of our Value Points 2 to 5. In practice, they dip to Value Point 1 infrequently at present, but do exceed Value Point 5 particularly in certain very high value areas or locations.
- 4.1.9 This is a dynamic picture. We acknowledge that values will sometimes fall outside this range. Given the current weak and uncertain state of the market, from a viability perspective the Council will need to monitor value levels particularly with regard to the frequency of lower end values occurring.
- 4.1.10 As per our Value Points approach, the most important theme to recognise is that, as in all areas, a range of values is seen, ultimately dependent on site-specific factors. Value patterns are not distinct such that they could be readily mapped. There is a scale of values, within which it could be said that certain locations have their usual position or range, but they will also move up and down that scale.
- 4.1.11 This range of values, variation and overlapping between areas is not unusual. Whilst the higher value levels are usually related to certain areas locations, it appears that values locally depend almost as much as much on specifics as they do on general location. They depend on the specific location and

scheme type. As normal there are street by street variations. Therefore, we do not seek to provide a definitive listing outlining values by area or particular locations. Our research informed our judgements on the range of value levels used to drive our appraisals. It showed these to be reasonable at the time of fixing them, and a reflection of the tone of the information we gathered. Full details of Adams Integra's property values research are found at Appendix III.

4.1.12 These value levels fed in to a range of residual land values and, therefore, a wide range of results. However, relative to the results generated from typically lower values seen in many other locations we have studied (including in other parts of southern and central England), the results are strong. While there is a range across settlements, overall values are high in the District. The principal issue with the current market scenario is the lack of activity in the market, rather than with development value levels as such. Historically speaking, values are still high, beyond levels which have supported viable schemes in the past. Within Appendix III we include further market commentary.

4.1.13 Owing to the values variations that we have described, it is not possible to state that one area or settlement is consistently higher or lower than another (in terms of sales and thus residual land values) on a reliable basis. Therefore it is not possible to specifically evidence or thus thought justified to recommend variations to policy with reference to specific settlements or differing areas across the District.

4.1.14 A single overall (District-wide) policy position will therefore be most appropriate in viability terms. This would provide clarity and simplicity to inform landowners' and developers' expectations. More complex/area distinctive policies usually require more resourcing, more involved monitoring and updating and more complex additional guidance through SPD. We would therefore recommend that a 'blanket' approach to proportions sought is implemented based on site size only (not geography or value). This inevitably means that more negotiation and adjustment may be required in some instances and locations than in others – but in our experience there is nothing unusual about that.

4.1.15 There will always be certain cases where abnormal site costs, planning obligations burdens, existing/alternative use values (or a combination of these) mean that affordable housing targets cannot be met. Those will more often be lower value schemes but may also include wider range schemes where the combination of assumptions goes against viability and means compromises being considered. Those issues are relevant in any area and we advise all Local Authority clients accordingly.

4.1.16 Land values are in many ways a function of property values – the high property values in essence feed in to high land values. Therefore it should also be noted that where property values are so high, land value expectations

are also high. So while land value results look strong, to a degree they need to measure up appropriately to owners' expectations in ensuring the release of sites. Land value expectations will need to be adjusted over time, not just because of affordable housing requirements, but also through the growing climate for higher specifications related to sustainability, wider scoped planning obligations, renewable energy and the like. It is possible that current property market trends could help with this overall adjustment process in the longer term. In that sense we consider that this is a good point at which to be clarifying the various policy expectations.

- 4.1.17 At the time of preparing this study, Adams Integra has had to acknowledge the very weak and uncertain market conditions which were apparent in the Summer of 2008 through to Spring 2009 - as the study was getting underway.
- 4.1.18 In sections 2.2 and at 3.2 in particular we discussed the type of market features being seen. However, there are difficulties in fully reflecting the potential range of market conditions, and certainly in looking at all potential site-specific level reactions, in this type of study.
- 4.1.19 We consider it important in these circumstances to monitor and review policies (wherever they are pitched) and develop contingency plans that can respond to the delivery experiences.
- 4.1.20 There will need to be a practical and flexible view in implementing and operating policies, especially in the shorter term, to help secure affordable housing delivery alongside other planning obligations as far as possible given the still very challenging market conditions.
- 4.1.21 It is unlikely to be practical or helpful in the longer run to seek to vary policy targets downwards in response to uncertain market conditions that are evolving, and the longevity or degree of which cannot be predicted. This type of approach would also not serve to provide the crucial level of guidance and clarity that developers and landowners need over the plan period.
- 4.1.22 As stressed previously, in the short term the practical negotiated approach (but still based on clear targets) will be vital. We consider it much more realistic to seek to react to current and future short term market features through that mode (flexibility) than to expect to almost continually review target positions information and indeed the wider evidence base behind those. Periodic reviews are more likely to be realistic, economic and useful in our view; possibly in conjunction with other planning obligation reviews being considered or in response to delivery experiences over a sufficient period.
- 4.1.23 An alternative approach which attempted to regularly follow market movements through policy adjustments could in theory mean frequent target adjustments, which would not serve to provide the crucial level of guidance

and clarity that developers and landowners need when first considering opportunities in relation to the Council's strategic approach. In our view this would be unhelpful. It would put policy headlines out of step with others nearby. It could result in confusion and inequities, and could well lead to difficulties and complications, as well as possible challenges.

4.1.24 The greatest reductions in residual land values are seen where affordable housing is required for the first time, which in the case of Sevenoaks District Council's existing approach and potential range of policy options would be on sites of fewer than 15 dwellings.

4.1.25 The impact of increasing affordable housing proportions from the current levels sought is significant. This is always the case. In Sevenoaks' case this means increasing from 0% on sites of fewer than 15. The Council does not propose to seek in excess of 40% affordable housing (the target which been in operation) on the sites of 15 or more dwellings where that target has already been applied. So the current policy direction on affordable housing would not adversely affect those already captured sites in terms of the proportion sought. That has had to be considered alongside a range of other obligations and scenarios though.

4.1.26 The degree of impact is then dependent on the sales values for the private market element which drives the scheme (expressed as a range of value points in this study), grant availability, planning obligations/infrastructure cost levels and other assumptions. As values increase, broadly there is more scope to bear affordable housing and other costs.

4.1.27 On the first time captured sites the introduction of a modest (reduced) proportion certainly of less than 40% has a positive viability impact when compared with that from seeking 40% (again, with specific outcomes dependent on value point and other accompanying assumptions).

4.1.28 We consider that this strongly points to the potential value of a sliding scale type approach to affordable housing targets in Sevenoaks District. Bearing in mind the nature of housing supply in the District, largely being made up of many small sites (see 1.1.4), we think it appropriate in the Sevenoaks context to aim to seek suitably judged contributions from a wider range of sites; rather than be over ambitious with proportion requirements aimed at narrower bands of sites or on particular site sizes. This seems particularly relevant at this stage of policy development, where many smaller sites would be captured for the first time under the policy proposals, and given the market conditions which we may well have at the potential inception of the policies.

4.1.29 As will be set out in Chapter 5, the sliding scale could take various forms as far as the final target combinations of thresholds (site sizes) and proportions (affordable housing %s) are concerned. It could be set with reference to

various threshold (step) point and proportion combinations. It would be best kept fairly simple.

- 4.1.30 Numbers rounding as well as dwelling mix, tenure type, grant input, etc, will all affect viability. They need to be viewed together in practice. Numbers rounding can distort the proportion requirements. For example with conventional rounding a 30% proportion at 5 units would mean the same outcome as 40% (i.e. 2 units). This needs to be borne in mind, for there is little point introducing a position which in fact means the same outcome as a higher, less viability sensitive target. Positions need to be considered in terms of viability outcomes combined with market perceptions and the actual calculations that will result. It can be seen that the selection of a proportion target for such small sites should also be dependent on the threshold point.
- 4.1.31 We have discussed the level of, first time, impact that comes from 40% affordable housing on schemes as small as 5 dwellings. Bearing in mind the ruling out of 40% and same effective outcome at 30% we consider that a suitable starting point (as a target position) for the provision of on-site affordable housing would be a 20%. Depending on the approach to detail and numbers rounding, a 30% target could prove more workable in the event of setting a 6 unit or higher starting point threshold for the on-site policy (as would affect sites of fewer than 15 dwellings). So a 30% proportion could play a role in a sliding scale, but not suggested for application on sites of fewer than 6 dwellings in any event.
- 4.1.32 So in between 5 or 6 and 14 dwellings there could be a single, or more, policy position(s). A graduated approach from 20% through 30% to 40% (at 15 dwellings) would reduce the size of the steps and respect the viability sensitivities we have discussed. The fact that such an approach may be viewed as more complex and involve more discussion on implementation could well be justified. Once set out and in operation, such an approach could still provide a high level of clarity.
- 4.1.33 In the case of Sevenoaks we would not recommend lowering the threshold at which 40% is sought – to say 10 units, owing to the effect of first time impact when at such a level. However, an option for consideration could be a threshold of 10 combined with a target of say 30% - either as a lower end threshold or as an intermediate point within a sliding scale, as above.
- 4.1.34 In any event, compared with a flat introduction of a policy target of say 40% at 5 units (and thus very significantly impacting sites of 5 to 14 dwellings), a sliding scale provides a more sensitive outcome viability wise for those first time captured sites. It reduces the scale of adjustment needed to land price expectations. We have consistently made these points. We consider that this type of approach would bring wider delivery advantages compared with the straight introduction of, say, a 40% target applied for the first time to small

sites which are currently not expected to provide any affordable housing contribution. Even though it could be said such an approach would be more ambitious for much needed affordable homes supply, we prefer to support a more market friendly approach since there is otherwise a risk of stifling activity. This stage of policy development, considering the first time capture of small sites, is a particularly sensitive one. The more market friendly approach of a sliding scale would also fit with the current and likely short term future market characteristics.

- 4.1.35 In addition, we have commented on the practicalities of delivery on the very small sites may be more of an issue than viability alone. Issues can be experienced for example with scheme design/integration of affordable homes with the market housing, sustainable management, dealings with RSLs, marketing issues and perceptions, isolation of tenants, affordability etc.
- 4.1.36 There may be lower risks, reduced promotion costs and smaller planning obligations burdens on smaller sites, but conversely, there might not be the same opportunities for economies of scale. There are a range of factors which could well balance out or alter outcomes either way dependent on the circumstances. The outcomes relate to site specifics, crucially including value levels; it is simply not possible to say that a smaller site will be more or less viable than a larger one. Viability is principally value rather than site size driven.
- 4.1.37 So, whilst we consistently find in all such viability overview studies that it is not possible to say that smaller or larger sites are more or less viable than each other, we have pointed out two key features of smaller sites which again point towards a sliding scale approach. Firstly, there is the first time impact issue we have discussed. Secondly, the values generated by the smallest schemes (sums available for land purchase) are likely to be increasingly marginal when compared with existing/alternative uses and with owners' aspirations.
- 4.1.38 We will now summarise what the study points to in terms of the larger sites.
- 4.1.39 While key threshold points are to some extent always arbitrary (that is the nature of this threshold based system), the Council will no doubt have regard both PPS3's minimum indicative threshold of 15 units as a benchmark, and to the tone of targets being set and achieved through DPD preparation and Examinations in other local authority areas. We think it fair to say that there is now an established and growing base of policies pointing to lower thresholds. This is particularly the case across wide areas of the South of England, where lack of affordability and therefore need is so acute whilst overall housing supply relies on the contribution of smaller sites. These ingredients apply in Sevenoaks District.

- 4.1.40 Bearing in mind the tone of our results and the Sevenoaks District characteristics – crucially meaning generally strong values and high need levels - we consider that an appropriate response at a site size of 15 dwellings would be a target of 40% affordable housing rather than any lower or higher proportion. This would involve a suitable level of ambition and challenge, balanced with the need to avoid unduly hampering viability – particularly in the short-term and while we have these weak and uncertain market conditions. Although, in accordance with the brief and parameters discussed with the Council, we did not model higher proportions than 40%, we can see that the collective burdens on schemes would grow to an unworkable extent given the likely direction of travel on other costs and obligations areas.
- 4.1.41 Whilst not a part of the project brief as such, it is also worth stating, as we have in other cases, that Greenfield release sites can offer more potential for affordable housing alongside other planning requirements and works. The thinking behind this is not that Greenfield schemes always have lower development costs (in fact, how that comparison looks will be highly site-specific) but that they are often associated with very much lower existing/alternative land use values. It will not always apply, but from this flows the potential for there to be more scope to meet wider/more significant planning obligations whilst still providing significant land value uplift. This means that targets might be more readily met alongside greater collective burdens on such sites, typically, and there might even be instances where enhanced affordable housing delivery (on a mixed tenure basis) could be promoted in partnership with site owners and others.
- 4.1.42 A theme of seeking to maximise delivery from such sites could fit with the opportunities presented through the planning and consultation processes, plus preparation of Guidance (including in the form of DPDs, SPD, master plans or development briefs, etc), for early engagement with landowners and developers as part of establishing delivery expectations. Those processes feed in to land value expectations and can mean the consideration of such sites provides differing opportunities – depending on the circumstances.
- 4.1.43 In our view, whilst locally some of the highest existing/alternative use values and most viability issues are likely to relate to sites that have already been in residential use, it would not be appropriate to seek a higher proportion of affordable housing from sites that have been in employment generating/commercial use instead. This is because some of those will be sites that require additional clearance/demolition, remediation associated with contamination or other issues, etc. It would, in our view, be inappropriate to disincentivise the bringing forward of such redevelopment opportunities. Development economics need to be considered in the round, and again a single set of targets should be appropriate. The policies are not intended to replace negotiation processes and be so detailed as to cover all eventualities.

The usual negotiation processes can deal with these specifics, which we must acknowledge.

- 4.1.44 Our recommendations in terms of options for the Council to consider further for both the sliding scale and position on larger sites will be confirmed in Chapter 5. The Council's consideration of these should be made alongside the review of its wider evidence base, own local knowledge and experiences.
- 4.1.45 On the very smallest sites (including those of fewer than 5 dwellings), the Council asked us to consider the suitability of a potential financial contributions in lieu approach, in the event that might form an extension of the sliding scale principle.
- 4.1.46 To supplement the approach, and extend the sliding scale principle, purely from a viability viewpoint we are also able to support the potential to secure carefully judged financial contributions from sites falling beneath the threshold for on-site provision. The specific levels of potential contributions are not key recommendations carried forward in to Chapter 5. The detailed work on that formulaic approach has been set out to show the type of thinking we consider would be appropriate, for the Council's further consideration. Given the Council's thinking on potential on-site provision options to date, we have assumed that this might apply to sites of 1 to 4 dwellings. Appraisals were carried out to allow the review of indicative RLV results on this basis with respect to sites of 1 to 14 dwellings (see Appendix IIk).
- 4.1.47 In the event of the Council pursuing an approach to seek affordable housing financial contributions on sites of fewer than 5 or 6 dwellings (but depending on the on-site threshold approach), we suggest a target set not higher than a of 20% equivalent proportion.
- 4.1.48 As examples of the possibilities, if the on-site threshold of 5 or 6 (or more, in each case) dwellings is linked to a proportion of 20%, then this equivalent proportion on the smallest sites could be set at 10%; if the on-site starting point were set at 30% then arguably it might fit better to set this bottom end of the sliding scale at 20%.
- 4.1.49 So, a final decision on this element, if pursued, may depend on the wider format of the sliding scale – how it works as a whole. Weighing everything up, our recommendation would be to consider a 10% equivalent proportion for sites of fewer than 5 dwellings.
- 4.1.50 There is a potential alternative way of looking at the sites of fewer than say 10 dwellings. 10 could be the threshold point at which on-site affordable housing were required; with a financial contributions approach sitting beneath that and applying to sites of up to and including 9 dwellings. Since financial contributions do not secure direct provision, the Council may regard this as a

secondary approach for potential use where on-site affordable housing provision on sites of that size could not be made to work. This alternative could therefore be part of a negotiated approach.

- 4.1.51 In all cases the proportions (or equivalent proportions) would need to be regarded as targets, with the relevance of development viability to site specifics acknowledged. This does not mean the word ‘target’ having to be used necessarily – it is more about stating the requirement that will be sought but also making it clear that flexibility will be applied as becomes necessary.
- 4.1.52 The proportions need to be considered alongside the other key factors we have outlined, such as dwelling and tenure mix, grant availability, numbers rounding, expectations on dwelling size and specification, etc. These all influence the extent to which the affordable housing impacts viability and will be deliverable in any given circumstances.
- 4.1.53 In all cases and results seen, we assume no major abnormal costs. These would need to be considered as part of the overall burden on sites and could affect viability outcomes.
- 4.1.54 The study base modelling assumed a tenure mix target of 65% affordable rent /35% intermediate tenure. Shared ownership has been assumed for this purpose in terms of building the revenue assumptions. The potential market implications for that have been noted, however, and it is not to the exclusion of the Council considering or trialling other intermediate forms of tenure, or variations to the assumptions applied. The aspiration to seek a predominance of affordable rented tenure is in line with local needs profiles, consistent with that of other Councils locally and also with the Regional thrust and investment priorities.
- 4.1.55 An emphasis is, and will be, placed on affordable rented accommodation given that the severest needs are for that. A 65%/35% tenure mix target and starting point would be in line with the thrust of regional policy and go as far as reasonably possible to respect the balance of local needs. We can support this approach - providing that it is considered as a strategic target rather than expected to be rigidly applied from site to site; with site specific consideration linked also needing to be to include the dwelling types, mix, grant availability and numbers rounding, etc (i.e. the affordable housing should be viewed in the sense of an appropriate overall package, optimised in the actual circumstances).
- 4.1.56 As would be expected, the 65/35 tenure mix sample appraisals produced lower land value results – reduced viability outcomes – than the comparative 50/50 appraisals. While detailed actual scheme comparisons vary and we have commented on the current market and funding trends, skewing the mix further towards affordable rented homes generally reduces viability (unless

appropriate grant input is available to counter balance that effect). It should also be noted that on the smaller schemes, especially, a practical view will be needed depending on site specifics. It can be seen that some of the results for those do not vary with tenure mix, since the affordable housing content (very small or even single unit numbers) does not give scope to appraise the target tenure mix.

- 4.1.57 The sample with grant appraisals showed the extent to which grant can improve viability, although in practice that would be through protecting viability while achieving an appropriate affordable dwelling and tenure mix – which in any event will always need to be in accordance with HCA value for money principles and investment priorities - rather than through boosting land value unduly.
- 4.1.58 While the Council's starting point might be to see what can be achieved without social housing grant (and that would fit with the HCA's general starting position as we understand it), we anticipate that grant input may well be necessary to help underpin local delivery - if substantial proportions of affordable rented homes are to be provided along with a growing range of other obligations and costs.
- 4.1.59 It will be vitally important for the Council and its partners to keep in contact with the HCA's regional investment managers so that funding priorities and allocations processes can be understood. Like others, at the time of this study we have observed HCA funding being available on quite a responsive basis recently – opportunity-led, where schemes can be delivered (bearing in mind the dramatic slowing up of the planning-led (via section 106) affordable housing delivery programme. We understand from the HCA that the approach to funding is likely to move away from this opportunity led approach and return to a more planned approach even in the short term though. The effect of the HCA lead on the “Single Conversation” about local investment is unknown as yet.
- 4.1.60 The Council will need to consider the wider issues of need, site supply and the like alongside our viability findings.
- 4.1.61 The key viability findings discussed are based on relevant current typical planning infrastructure burdens in the District, which we understand are more in line with our base level £5,000 per unit overall average rather than a higher level. We cannot speculate on how that area may develop, but it will be need to be kept under review in relation to viability. The Council's consideration of wider issues and collective burdens made it appropriate to consider at this stage how these viability results might be affected by potential increased planning obligations levels. In the foreseeable future we think it unlikely that there would scope to take the typical per dwelling wider obligations figure to

more than the higher level of £10,000 investigated. Any significant increase from current levels will need to be considered alongside the other obligations.

4.1.62 Similarly, the key findings are discussed in relation to requirements for 10% CO2 reduction through renewable energy requirements and for base level 3 Code for Sustainable Homes attainment for all dwellings. In weighing up our findings and recommendations we have borne in mind the future direction of travel on such areas, which underpins our thoughts in terms of not being over ambitious with affordable housing targets alongside all these other areas.

4.1.63 From our results it is possible to start considering the potential trade-offs which may occur should the Council move to increase planning infrastructure burdens (for example through an increased renewable energy requirements target; or if other burdens were expanded in a similar way). An example of this can be seen in the results.

Emerging conclusions here are:

- Taken singly, the cost uplift assumptions tested in respect of increased Planning Infrastructure (to £10,000 per unit), increased Code for Sustainable Homes attainment (to Level 4) and increased developer's profit, we do not consider that the RLV results and therefore viability outcomes decline unduly. So it is unlikely in our view that, as single added factors, such areas would normally tip the balance between a site being viable and it not being.
- Looking at these factors individually, those which are likely to have the most significant viability impact are the potentially increased planning obligations and the increased developer's profit level.
- On the positive side for viability, the largest influence in terms of the variables considered is likely to come from social housing grant input, particularly where a 65/35 tenure mix (in favour of affordable rent) is concerned.
- This suggests that the base collection of assumptions should be achievable looking at this strategically as the LDF Core Strategy is required to do, but bearing in mind always that a practical view will be needed – with flexibility especially in the short term. This need not erode the suitability or effectiveness of the targets. Monitoring of attainment together with the other cost factors and obligations will be needed before increased obligations might be sought. In our view, policies should be related to challenging targets, but this is not an appropriate point for positions which could be viewed as overly ambitious.

- With respect to renewable energy, the Council will also need to consider how such a requirement interfaces/overlaps with the relevant requirement (target level) for Code for Sustainable Homes achievement. We have seen some approaches which unintentionally result in an effective double counting or at least an overlap of requirements, owing to what is already needed to comply with certain Code for Sustainable Homes benchmarks.

4.1.64 Given current value values and market conditions in particular, it is possible that the Council may in some situations need to consider priority planning obligations. Based on current viability tones, this will certainly be the case if overall planning obligations costs are to be significantly increased. Future values trends, or higher value instances, could of course help this balance.

4.1.65 This same principle of trade-off and potential prioritising might apply to the area of property specification, for example related to Code for Sustainable Homes, renewable energy requirements or other standards. Cost burdens will need to be monitored and considered collectively.

5 KEY RECOMMENDATIONS

- 5.1.1 We are able to present options for the Council to consider, in terms of exact positioning of policies. From a residential site viability viewpoint, we propose that the Council considers the following for key aspects of affordable housing policy development; thresholds and proportions – alongside its wider evidence base, local knowledge and delivery experiences. **A summary of the headlines, for affordable housing thresholds and proportions, is set out in the boxed text at 5.1.17.**
- 5.1.2 **In all cases these are set out as clear targets, to help inform land value expectations and form the basis for a practical, negotiated approach.**
- 5.1.3 **Policy wording will need to acknowledge the relevance of considering development viability on case specifics.**
- 5.1.4 **A headline affordable housing target of 40%, applicable on sites of 15 or more dwellings in all areas of the District.**
- 5.1.5 Beneath this, **we recommend a reduced proportion of affordable housing is sought on sites of between 5 and 14 dwellings. We suggest that this could be based on a target of no more than 30% in any event, but no more than 20% if applicable at 5 dwellings.** By this we mean a clear target placed not higher than 30%, rather than a target which in itself states a range.
- 5.1.6 The exact format of a sliding scale could be dependent on the overall approach to negotiation, including for example other subtleties (which can be very significant) such as affordable units numbers rounding. This could apply through to the 15 unit site size in a single band or, potentially, **there could be scope to consider another step between the 2 points – e.g. 20% from 5 to 9 units; 30% from say 10 to 14 units.** Other variations are possible, including those allied to different threshold points/steps. We have acknowledged that the process cannot be scientific enough to pinpoint particular thresholds as the only correct ones; and that in any case the threshold system means particular points are to some degree arbitrary.
- 5.1.7 We refer to this reduced proportion on newly captured sites as a **sliding scale type approach.** We consider it to be a relevant and positive measure, particularly at this stage of policy development (smaller sites potentially brought within the affordable housing policy remit for the first time) and when market conditions are considered.
- 5.1.8 From a clarity and simplicity point of view a target pitched in the range 20 - 30% (i.e. at not more than 30%) affecting the 5 to 14 dwellings bracket could work well. Adding another step within that band would reduce the simplicity,

but on the other hand would also offer the positive of marginally reducing the size of the steps whilst increasing the affordable homes sought as site size increases.

- 5.1.9 The Council will need to consider its approach to the mathematical subtleties of its selected approach – for example how numbers rounding affects it, and at what points the threshold and proportion combinations work logically together. For example 20% of 5 produces a round number of 1 for on-site provision; 30% as a target would be better allied to a threshold of 6 or more dwellings from this point of view. However, what works best mathematically at other points (dwelling numbers) will vary.
- 5.1.10 A factor in the Council considering simplicity and ambition levels associated with various policy positions will also be the resourcing and negotiation time involved. The more complex and/or demanding, the more resourcing the policies are likely to need – also in terms of monitoring and updating, etc.
- 5.1.11 In considering the setting and application of targets, the Council will also need to be aware of the added viability impact which flows from other costs areas increasing within development appraisals, and that these mean increasingly smaller sums left available (RLVs) for land purchase. The study has considered the impact of potentially increasing planning infrastructure burdens by £5,000 from base levels and varying Code for Sustainable Homes attainment (increase to level 4). Although not a Council-led factor, alongside these the impact of increased developer's profit on indicative RLVs has also been looked at and needs to be borne in mind as part of this equation especially in a market with current perceptions of risk. .
- 5.1.12 Adams Integra considers that there may be some scope for these other burdens to increase alongside affordable housing, and has been mindful of this direction in requirements in making its recommendations. However, particularly in the current and likely short-term market conditions it is not likely that those will all be achieved collectively on all occasions. Values and costs, and their interaction, will need to be monitored. Increased targets could be set, and the approach would need to be phrased or explained in that way, but it is likely that priorities would need to be weighed up according to local and site specific issues – with a significant level of negotiations and limited certainty of delivery involved.
- 5.1.13 The findings on these potential added cost factors add weight to our view that it would not be appropriate to be inflexible or over-ambitious about affordable housing targets; adding to thinking behind the parameters set out above. In this context, the type, mix and quality of the affordable housing development (an indeed of development in general) needs to be optimised – it is not just a question of numbers. Similarly, the likely degree of reliance on grant needs to be borne and mind, and that can be an issue if targets are too ambitious.

5.1.14 Thus as a **strategic target position allied to these proportions, the Council could aim for an affordable housing tenure mix of 65% affordable rent/35% intermediate** – providing the affordable housing element of a scheme is seen as a package which has a **range of key elements and inputs that need to be considered together**. As well as tenure mix, these include dwelling mix, sizes, specifications, grant availability, numbers rounding and the like. It is how these things come together to determine optimal provision on a specific site that will be important.

5.1.15 Within these parameters the Council will need to consider the most appropriate balance between optimising affordable housing delivery and its type, together with the continued overall delivery of an appropriate range of housing by the market in the District. This will need to be weighed up alongside other information the Council is gathering.

5.1.16 **Delivery experiences from all positions will need to be monitored**, regardless of where they are pitched. The Council should have **contingency plans** in place for reacting to those experiences. Just as examples, these plans might involve considering factors such as:

- Whether/how to most appropriately deal with prioritising certain obligations?
- Funding availability for affordable housing – how is that impacting delivery and does anything need to be changed in response?
- Any overlaps and clashes between Code for Sustainable Homes, Renewable Energy requirements, Lifetimes Homes and other standards – does anything need to be done or clarified to help delivery?
- Is an appropriate degree of flexibility being exercised in operating policy?
- Are the methods for dealing with viability discussions effective?
- Are new types of relationships or delivery vehicles needed?
- Should the timing of obligations be reconsidered, or the point at which affordable housing provision and other aspects are agreed?
- Is there more of a role for Council or other publicly own land?

- Is there additional scope for redevelopment and reuse of existing land resources and estates – other affordable housing sources?
- Are possibilities such as exceptions sites, site allocations processes etc being considered and used if/where appropriate?
- How can any financial contributions be more efficiently or creatively used?

5.1.17 Summary of Adams Integra’s preferred policy recommendations for Sevenoaks District Council – headlines:

- **Seek 40% affordable housing on sites of 15 or more dwellings.**
- **Seek 30% affordable housing on sites of 10 to 14 dwellings.**
- **Seek 20% affordable housing on sites of 5 to 9.**
- **Consider a financial contributions approach for sites of 1 to 4 dwellings, preferably based on an equivalent proportion of 10%.**
- **In all cases as targets and as a clear basis for a practical, negotiated approach, taking account of proven viability issues where necessary.**

6 WIDER DISCUSSION

- 6.1.1 The “National indicative minimum” (site size) threshold for affordable housing is regarded as 15 dwellings, as set out by the Government’s PPS3 Housing (November 2006). The PPS3 goes on to say, however, that Local Authorities can set lower thresholds “where viable and practicable”. The results discussed in this study show that a lower threshold could be considered, linked to a sliding scale approach to the proportion of affordable housing sought. There is also no evidence from the results, in financial viability terms, to suggest a variable threshold policy (with area/location) is required. It is possible that wider influences (for example such as existing tenure in certain localities, housing need patterns, site supply patterns or other wider evidence) may suggest otherwise.
- 6.1.2 Where we have mentioned negotiation, that does not necessarily mean an overall reduction in affordable housing – it could mean negotiations over grant input or changes to the tenure mix to provide an element of cross-subsidy into a scheme. Cascade principles could be used – but where the Council is involved actively in the re-shaping of affordable housing elements of schemes where necessary. Similarly, there may need to be a compromise position achievable rather than moving straight to an assumption that leaves a site contributing nothing to affordable housing needs, but that allows the affordable housing delivery on particular sites to react to changing viability and funding circumstances as more certainty is created with scheme progression. This may also interact with the consideration of other planning obligation – weighing up of the collective burden on market led schemes and potential prioritising of planning obligations.
- 6.1.3 If the policy targets cannot be met, then landowners and developers will need to clearly demonstrate why. The final judgment on exactly where this element of the policy proposals will settle should be, in our view, based on all the factors viewed together, i.e. alongside the viability outcomes. Included in these will be the key elements of forecasting of increased affordable housing units delivery based on the size and number of sites coming forward (site capture), local housing needs and practical thinking on the consequences of having small numbers of affordable homes distributed more widely across a higher number of schemes.
- 6.1.4 The Council could consider detail for potential use alongside affordable housing thresholds and proportions linked solely to dwelling numbers. It would be possible to align the thinking to habitable rooms or size of floor space added by a development scheme. There may be instances where it would be appropriate to commute the affordable housing provision in such a way. In our experience this type of approach can still result in (or even increase) difficulties in achieving a mix of dwelling types for affordable housing. This type of parallel thinking could be part of the negotiated

approach where it fitted particular circumstances. In overview, policy need not be overcomplicated for it.

- 6.1.5 We discussed with the Council whether it could be appropriate to consider distinct affordable housing targets for with and without grant situations. We decided not to pursue this as a key thought, because the logical conclusion of such an approach could be to vary targets in response to other matters that affect viability. These factors can all be dealt with through the practical approach in response to the targets. We also agreed that dual targets in response to grant availability might in some cases deter the seeking of grant which could have improved the affordable housing provision.
- 6.1.6 Crucially, and regardless of detail, the policy should be worded in clear terms and take account of Government guidance to ensure that it is considered to be sound and robust. It should not be expressed as a minimum level of provision or be capable of interpretation in an ambiguous way. We have suggested that the Council could consider the idea of a range of proportions, depending on site size. Supporting text and/or accompanying guidance/SPD or similar could amplify the selected approach. New policy proposals should be viewed in the context of raising the bar on expectations, with the Council seeking to secure improved delivery overall from current levels through contributions from a wider range of sites – on arguably a more equitable basis. The Council should consider phrasing the requirements in terms of targets – i.e. “seeks x% affordable housing” or “requires x% affordable housing” but goes on to cover the negotiated approach in supporting text.
- 6.1.7 It is important that a flexible and negotiated approach to policy application is adopted to ensure the continued supply of residential development land, notwithstanding the very high priority that will be given to addressing affordable housing need. The policy or supporting text would need to make this flexible approach clear. The aim is to provide clear and robust targets for guidance to developers and landowners in appraising and bringing forward sites.
- 6.1.8 As part of providing clarity of expectations and to aid the smooth working of the approach, the Council will need to be clear about whether any new policy positions will be applied to the gross (total, irrespective of any dwellings existing prior to the scheme) number or net (i.e. deducting for any such dwellings) number of dwellings being provided by a development scheme. This aspect of detail will be more sensitive in light of the general tone of policy direction proposals to include the smallest schemes within affordable housing policy scope. Typically the difference between gross and net numbers is greatest on the smallest sites. It follows that we would recommend considering the use of net numbers (net new dwellings) in the case of the very smallest sites and a financial contributions approach. It may be

particularly relevant to clarify the approach in respect of replacement dwellings, conversions, etc.

- 6.1.9 Policy and the practical application of it should be kept under review in view of key drivers including housing needs, site, supply and viability. Our recommendations are considered to be sound for the current stage of policy development, but their impact and the delivery resulting from them will need to be monitored with a view to future direction.
- 6.1.10 The Council will also need to consider monitoring property prices regularly and consider updates of the viability picture periodically. This could be linked to changes to planning policy or work on SPD, or (better still) at regular intervals as part of the Council maintaining its knowledge of local markets. The monitoring of property prices will help the Council to understand the property market and how it reacts to changing financial circumstances over time. This could be carried out by reviewing Land Registry figures, RICS and CLG survey data, Home Track information, internet estate agents' websites or a mixture of such sources. We find it very useful to speak to estate agents and staff in developers' sales offices.
- 6.1.11 The Council will expect developers and landowners to come to the table and be prepared to explain and justify why, in any relevant cases, the affordable housing targets and/or other planning obligations requirements cannot be met given other demands on a scheme. The onus will be on developers to clearly and fully demonstrate the issues, with evidence to back up abnormal site complexities and the like. Some Councils seek payments from planning applicants to assist with the cost of independent viability assessments. Arrangements for commissioning such assessments would need to be made clear.
- 6.1.12 A methodology similar to one we have used will be appropriate for this process, to explore the relationship between development costs and values. The assumptions we have used might guide the Council on starting/indicative parameters, but there will be no substitute for site-specific appraisal work of this type. Such work would take into account appropriate specific assumptions.
- 6.1.13 Where necessary, we expect that in such site-specific viability discussions, the use of a toolkit (including, but not limited to, the HCA's "Economic Appraisal Tool", or developer's own workings) will be encouraged. Developers will be encouraged to work closely with their RSL partners, who will increasingly be using that type of appraisal work to support their investment decisions and approaches for social housing grant.
- 6.1.14 Issues may arise on those sites which have already changed hands or are committed through option or similar arrangements, where figures may simply

not work when set against new policy requirements. In the same way, there will be some previous planning consents capable of implementation.

- 6.1.15 Similarly, a degree of difficulty with increasing planning-led affordable housing supply may be experienced during the adjustment process where there will be problems whilst developers/landowners get accustomed to the new policies and expectations are modified. The modelling in this study has been carried out on the assumption that knowledge of policies exists and that the landowner/developer information and adjustment process has been undertaken.
- 6.1.16 This type of negotiated approach, as advocated by Government Guidance, then needs to be brought to life through appropriate Supplementary Planning Documents and/or Development Plan Documents. Those might usefully include guidance for developers, RSLs and others on the local approach – including on any move towards guiding developer expectations on affordable housing revenue (e.g. through a “payment table” or free serviced land approach). Such documents and approaches should be regularly updated. The documents could be set up so that updating can be done through changing appendices only – rather than regularly reviewing wholesale. The HCA should be consulted as the Council develops its approach to building up the detail of its affordable housing approach more generally.
- 6.1.17 This study has considered planning-led affordable housing in the context of integrated provision within market-led schemes, secured through planning obligations usually embodied in a Section 106 agreement. The Council, along with its partners, should also continue to consider the wider routes to affordable housing provision. Housing Association or contractor/developer-led schemes can be successful in significantly bolstering local provision – sometimes on lower value, more difficult sites, for example as a part of removing non-conforming uses from older residential areas or recycling unviable former commercial land. There will always be a balance with retaining sufficient land for employment use, but the various supply sources of affordable housing need to be considered and encouraged. The use and role of Council or other publicly owned land might also be very valuable in this sense.
- 6.1.18 In tandem with planning-led policies to secure affordable housing, all other efforts to secure affordable housing should be optimised. Within those wider initiatives, the Council and other public sector organisations are in a position to consider the appropriateness of providing more than the standard policy elements of affordable housing on their own land holdings. This can be through sale contracts for development by others, or through developments they lead or enter into partnerships/joint ventures on. In our experience of dealing with land-owning authorities previously, while there are implications around capital receipt levels, it is possible to invite dual or varying bids for sites or partnership proposals. For example, these could be based on

standard and enhanced affordable housing content levels. In that way, the impact of the additional affordable housing can be seen and the benefits of its provision measured against budget factors and other criteria. In the current market conditions, where developer interest may well be limited or suppressed, alternative marketing routes, schemes ideas and types of partnerships may well be attractive financially and risk-wise as well.

- 6.1.19 The appraisals for RSL-led schemes can sometimes be aided by taking a reduced view on the return (profit) needed and through risk sharing. Housing Associations and others should be encouraged to be proactive in these areas, and supported by the Council where possible.

**End of main study text
Appendices follow**

Appendices

Appendix I	Development scenarios (on-site affordable housing)
Appendix II	Base Appraisals Residual Land Value Results (£5,000 per unit Infrastructure Cost; 65%/35% Tenure Mix)
Appendix IIa	Base Appraisals Residual Land Value Results (£5,000 per unit Infrastructure Cost; 50%/50% Tenure Mix)
Appendix IIb	Residual Land Value Results (£10,000 per unit infrastructure cost; 65%/35% Tenure Mix)
Appendix IIc	Residual Land Value Results (£10,000 per unit infrastructure cost; 50%/50% Tenure Mix)
Appendix IId	Residual Land Value Results (Sample Results Varying Grant Requirements – 65%/35% Tenure Mix)
Appendix IIe	Residual Land Value Results (Sample Results Varying Grant Requirements – 50%/50% Tenure Mix)
Appendix IIf	Residual Land Value Results (Sample Results Varying Developer’s Profit – 65%/35% Tenure Mix)
Appendix IIg	Residual Land Value Results (Sample Results Varying Developer’s Profit – 50%/50% Tenure Mix)
Appendix IIh	Residual Land Value Results (Sample Results CfSH Level 4 – 65%/35% Tenure Mix)
Appendix Iii	Residual Land Value Results (Sample Results CfSH Level 4 – 50%/50% Tenure Mix)
Appendix IIj	Residual Land Value Results (Value Point 4 variations – increasing costs)
Appendix IIk	Residual Land Value Results (Financial Contributions)
Appendix III	Sevenoaks District Council – Property Values Report (including post code map)
Appendix IV	Glossary of Terms

Appendix I

Development scenarios (on-site affordable housing)

Appendix I - Development Scenarios and Key Assumptions required for Sevenoaks District Council Affordable Housing Viability Assessment - On-Site Affordable Housing

Scheme Size Appraised	Indicative Site Size (Ha)	Indicative Density (dph)	Dwelling Mix (BF = Bed Flat; BH = Bed House)	Percentage Affordable Housing & Tenure Mix									Survey Costs (per site)	Build Period (Months)	Site Preparation allowance.
				20% Affordable Housing			30% Affordable Housing			40% Affordable Housing					
				Private Mix	Affordable Tenure Split 65% GN Rent; 35% Intermediate	Affordable Tenure Split 50% GN Rent; 50% Intermediate	Private Mix	Affordable Tenure Split 65% GNR; 35% Intermediate	Affordable Tenure Split 50% GNR; 50% Intermediate	Private Mix	Affordable Tenure Split 65% GNR; 35% Intermediate	Affordable Tenure Split 50% GNR; 50% Intermediate			
5 Houses	0.13	40	4 x 3BH; 1 x 4BH	3x3BH; 1x4BH	1x3 BH GN	N/A	2x3BH; 1x 4BH	1x3BH GN; 1x3BH Int	N/A	As 30%	As 30%	N/A	£2,500	6	£20,000
5 Flats	0.07	75	5 x 2BF	4x2BF	1x2BF GN	N/A	3x2BF	1x2BF GN; 1x2BF Int	N/A	As 30%	As 30%	N/A	£2,500	6	£20,000
10 Flats	0.13	75	5 x 2BF; 5 x 1BF	4 x 1BF; 4 x 2BF	1 x 2BF GN; 1 x 1BF Int	N/A	3 x 1BF; 4 x 2BF	1 x 1BF, 1 x 2BF GN; 1 x 1BF Int	N/A	3 x 1BF; 3 x 2BF	1 x 1BF, 2 x 2BF GN; 1 x 1BF Int	N/A	£5,000	9	£40,000
10 Houses	0.25	40	5 x 3BH; 5 x 2BH	4 x 2BH; 4 x 3BH	1 x 3BH GN; 1 x 2BH Int	N/A	3 x 2BH; 4 x 3BH	1 x 2BH, 1 x 3BH GN; 1 x 2BH Int	N/A	3 x 2BH; 3 x 3BH	1 x 2BH, 2 x 3BH GN; 1 x 2BH Int	N/A	£5,000	9	£40,000
10 Houses	0.25	40	2 x 2BH; 5 x 3BH; 3 x 4BH	1 x 2BH; 4 x 3BH; 3 x 4BH	1 x 3BH GN; 1 x 2BH Int	N/A	1 x 2BH; 4 x 3BH; 2 x 4BH	1 x 3BH, 1 x 4BH GN; 1 x 2BH Int	N/A	1 x 2BH; 3 x 3BH; 2 x 4BH	2 x 3BH, 1 x 4BH GN; 1 x 2BH Int	N/A	£5,000	10	£40,000
15 Flats	0.20	75	10 x 2BF; 5 x 1BF	8 x 2BF; 4 x 1BF	2 x 2BF GN; 1 x 1BF Int	N/A	7 x 2BF; 3 x 1BF	1 x 1BF 2 x 2BF GN; 1 x 1BF, 1 x 2BF Int	N/A	6 x 2BF; 3 x 1BF	1 x 1BF 3 x 2BF GN; 1 x 1BF, 1 x 2BF Int	N/A	£7,500	9	£60,000
15 Houses	0.38	40	10 x 3BH; 5 x 2BH	8 x 3BH; 4 x 2BH	2 x 3BH GN; 1 x 2BH Int	N/A	7 x 3BH; 3 x 2BH	3 x 3BH GN; 2 x 2BH Int	N/A	6 x 3BH; 3 x 2BH	4 x 3BH GN; 2 x 2BH Int	N/A	£7,500	9	£60,000
25 Mixed	0.45	55	5 x 1BF; 5 x 2BF; 5 x 2BH; 10 x 3BH	4 x 1BF; 4 x 2BF; 4 x 2BH, 8 x 3BH	1 x 2BH, 2 x 3BH GN; 1 x 1BF, 1 x 2BF Int	1 x 2BH, 2 x 3BH GN; 1 x 1BF, 1 x 2BF Int	4 x 1BF; 3 x 2BF; 3 x 2BH, 7 x 3BH	1 x 2BF, 1 x 2BH, 3 x 3BH GN; 1 x 1BF, 2 x 2BF, 1 x 2BH Int	1 x 2BH, 3 x 3BH GN; 1 x 1BF, 2 x 2BF, 1 x 2BH Int	3 x 1BF; 3 x 2BF; 3 x 2BH, 6 x 3BH	1 x 2BF, 2 x 2BH, 4 x 3BH GN; 2 x 1BF, 2 x 2BF, 1 x 2BH Int	1 x 2BH, 4 x 3BH GN; 2 x 1BF, 2 x 2BF, 1 x 2BH Int	£12,500	12	£100,000
25 Flats	0.33	75	8 x 1BF; 17 x 2BF	6 x 1BF; 14 x 2BF	1 x 1BF, 2 x 2BF GN; 1 x 1BF, 1 x 2BF Int	1 x 1BF, 2 x 2BF GN; 1 x 1BF, 1 x 2BF Int	5 x 1BF; 12 x 2BF	2 x 1BF, 3 x 2BF GN; 1 x 1BF, 2 x 2BF Int	1 x 1BF, 3 x 2BF GN; 2 x 1BF, 2 x 2BF Int	5 x 1BF; 10 x 2BF	2 x 1BF, 5 x 2BF GN; 1 x 1BF, 2 x 2BF Int	1 x 1BF, 4 x 2BF GN; 2 x 1BF, 3 x 2BF Int	£12,500	12	£100,000
50 Flats	0.67	75	15 x 1BF; 35 x 2BF	12 x 1BF; 28 x 2BF	2 x 1BF, 5 x 2BF GN; 1 x 1BF, 2 x 2BF Int	1 x 1BF, 4 x 2BF GN; 2 x 1BF, 3 x 2BF Int	11 x 1BF; 24 x 2BF	3 x 1BF, 7 x 2BF GN; 1 x 1BF, 4 x 2BF Int	2 x 1BF, 6 x 2BF GN; 2 x 1BF, 4 x 2BF Int	9 x 1BF; 21 x 2BF	4 x 1BF, 9 x 2BF GN; 2 x 1BF, 5 x 2BF Int	3 x 1BF, 7 x 2BF GN; 3 x 1BF, 7 x 2BF Int	£25,000	18	£200,000
50 Mixed	0.91	55	8 x 1BF; 17 x 2BF; 6 x 2BH; 12 x 3BH; 7 x 4BH	6 x 1BF; 14 x 2BF; 4 x 2BH; 10 x 3BH; 6 x 4BH	1 x 1BF, 2 x 2BF, 1 x 2BH, 2 x 3BH GN; 1 x 4BH GN; 1 x 1BF, 1 x 2BF, 1 x 2BH Int	1 x 2BF, 1 x 2BH, 2 x 3BH, 1 x 4BH GN; 2 x 1BF, 2 x 2BF, 1 x 2BH Int	6 x 1BF; 12 x 2BF; 4 x 2BH; 8 x 3BH; 5 x 4BH	1 x 1BF, 2 x 2BF, 1 x 2BH, 4 x 3BH, 2 x 4BH GN; 1 x 1BF, 3 x 2BF, 1 x 2BH Int	1 x 2BF, 1 x 2BH, 4 x 3BH, 2 x 4BH GN; 2 x 1BF, 4 x 2BF, 1 x 2BH Int	5 x 1BF; 10 x 2BF; 4 x 2BH; 7 x 3BH; 4 x 4BH	1 x 1BF, 3 x 2BF, 1 x 2BH, 5 x 3BH, 3 x 4BH GN; 2 x 1BF, 4 x 2BF, 1 x 2BH Int	2 x 2BF, 1 x 2BH, 5 x 3BH, 3 x 4BH GN; 3 x 1BF, 5 x 2BF, 1 x 2BH Int	£25,000	18	£200,000
80 Flats	1.07	75	30 x 1BF; 50 x 2BF	24 x 1BF; 40 x 2BF	3 x 1BF, 7 x 2BF GN; 3 x 1BF, 3 x 2BF Int	3 x 1BF, 5 x 2BF GN; 3 x 1BF, 5 x 2BF Int	21 x 1BF; 35 x 2BF	6 x 1BF, 10 x 2BF GN; 3 x 1BF, 5 x 2BF Int	4 x 1BF, 8 x 2BF GN; 5 x 1BF, 7 x 2BF Int	18 x 1BF; 30 x 2BF	8 x 1BF, 13 x 2BF GN; 4 x 1BF, 7 x 2BF Int	6 x 1BF, 10 x 2BF GN; 6 x 1BF, 10 x 2BF Int	£40,000	24	£320,000

Values Ranges - Based on assumed dwelling sizes						
Value Point	1-Bed Flats	2-Bed Flats	2-Bed Houses	3-Bed Houses	4-Bed Houses	£ / sq m
1	£125,000	£167,500	£187,500	£212,500	£250,000	£2,500
2	£150,000	£201,000	£225,000	£255,000	£300,000	£3,000
3	£175,000	£234,500	£262,500	£297,500	£350,000	£3,500
4	£200,000	£268,000	£300,000	£340,000	£400,000	£4,000
5	£225,000	£301,500	£337,500	£382,500	£450,000	£4,500
6	£250,000	£335,000	£375,000	£425,000	£500,000	£5,000
7	£275,000	£368,500	£412,500	£467,500	£550,000	£5,500

Dwelling Sizes (sq m) - Gross Internal Area (GIA)			
1-Bed Flats	2-Bed Flats	2-Bed Houses	4-Bed Houses
50	67	75	100

Other Assumptions: Notional schemes are typically / predominantly 2-3 storeys unless stated. Notional schemes types and indicative densities are representative of range of urban and rural characteristics in Sevenoaks.

Infrastructure Costs planning obligations per unit: Carry out appraisals assuming £5,000 and £10,000 per unit for infrastructure provision.

Finance (%): 7.0%

Base Build Costs (Flats): £1,250 per sq m

Base Build Costs (Houses): £1,100 per sq m

Build Period Lead-in: 6 months

Developer Profit: 15% of Gross Development Value - Sample of appraisals at 20% developer's profit on sample of appraisals. Profit on affordable - 6%

Grant Subsidy: Carry out appraisals without grant and sample with grant. Council sourced information indicates typical grant inputs of £50-70,000 per unit; say £15,000 per person for affordable rent. For Intermediate (usually shared ownership to date £20-25,000 per unit: say £6,250 per person.

Affordable Unit Mix: As per table above. Transferred on a proportional basis.

Developer Receipt for Affordable Units (on-site provision): Currently based on negotiation through developers and RSLs. Draft S106 as being considered by Sevenoaks sets out requirement for build cost reimbursement plus on-costs for affordable units but makes no mention of tenure or grant. For purposes of this study, AI model more conservative mortgage funded by rental stream and capital value approach with grant added at rates shown above on a sample basis.

Code for Sustainable Homes: Assume all units (private and affordable) to attain Level 3 of CISH. Additional costs are approximately £50/sq m for flats and houses based on Cyril Sweet Cost Analysis of the Code for Sustainable Homes July 2008 (assumes medium case scenario for flats and terraced houses). Sample to be carried out assuming higher Code for Sustainable Homes Level attainment - Level 4 -higher costs (+£100/sq m over base build costs above).

Lifetime Homes: No particular cost allowance to achieve Lifetime Homes Standards but acknowledged within report as potential additional cost issue (depending on design etc).

Renewables: 10% reduction in CO₂ through renewables cost allowed for on all appraisals.

Density: Densities as set out above. All densities are indicative and in practice will vary from scheme to scheme.

Rounding: Conventional numerical approach to rounding numbers of affordable housing units provided (<0.5 = rounded down; >0.5 = rounded up)

Commuted Sums / Financial Contributions: AI to model the potential collection of financial contributions in-lieu of on-site affordable housing - on sites of 1 - 14 units. To use its own proposed methodology (land value based, flowing from and consistent with the main on-site appraisals).

Other: No universal "abnormals". Open Space contributions for Swanley would be dealt with on case by case basis so not included for purposes of this study.

Abbreviations: BF = Bed Flat; BH = Bed House
GNR = General Needs (Affordable) Rent; Int = Intermediate Intermediate tenure - generic - could be shared ownership/equity, intermediate rent, other, or a mix

Appendix II

**Base Appraisals Residual Land Value Results
(£5,000 per unit Infrastructure Cost;
65%/35% Tenure Mix)**

**Table 1: Summary of Residual Land Value (£) Appraisals for
All Value Points -
65% General Needs Rent/35% Intermediate Tenure Mix**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
5 Unit Housing Scheme	1	£236,652	£135,939	£78,375	£78,375
	2	£393,577	£266,400	£202,447	£202,447
	3	£549,559	£400,939	£323,885	£323,885
	4	£709,599	£531,569	£451,574	£451,574
	5	£869,638	£665,527	£572,222	£572,222
	6	£1,029,678	£799,485	£696,591	£696,591
	7	£1,189,717	£929,414	£815,373	£815,373
5 Unit Flatted Scheme	1	£113,692	£35,454	£0	£0
	2	£238,211	£140,352	£85,060	£85,060
	3	£356,516	£243,628	£181,640	£181,640
	4	£479,634	£341,272	£273,852	£273,852
	5	£596,537	£443,023	£368,710	£368,710
	6	£718,385	£539,964	£463,638	£463,638
	7	£840,234	£640,666	£550,775	£550,775
10 Unit Flatted Scheme	1	£179,843	£69,560	£14,294	£0
	2	£391,206	£253,923	£188,183	£89,819
	3	£599,952	£443,067	£358,406	£245,558
	4	£812,732	£626,002	£526,446	£393,568
	5	£1,025,512	£812,545	£698,025	£539,944
	6	£1,238,291	£999,344	£869,861	£691,440
	7	£1,451,071	£1,184,421	£1,039,170	£839,602
10 Unit Housing Scheme	1	£409,852	£260,574	£175,150	£73,816
	2	£696,608	£511,323	£404,194	£277,016
	3	£987,589	£767,547	£633,807	£481,053
	4	£1,278,570	£1,025,848	£868,858	£690,828
	5	£1,569,550	£1,283,111	£1,102,870	£898,759
	6	£1,860,531	£1,539,549	£1,336,059	£1,105,866
	7	£2,151,512	£1,790,585	£1,564,650	£1,304,346
10 Unit 2, 3 & 4-bed Housing Scheme	1	£460,374	£311,096	£195,616	£94,489
	2	£773,888	£588,603	£443,437	£316,259
	3	£1,092,148	£872,107	£691,637	£538,883
	4	£1,410,408	£1,157,687	£946,486	£768,457
	5	£1,728,669	£1,442,229	£1,200,297	£996,186
	6	£2,046,929	£1,725,947	£1,447,642	£1,217,449
	7	£2,365,189	£2,004,262	£1,689,585	£1,429,281
15 Unit Flatted Scheme	1	£286,491	£105,014	£4,374	£0
	2	£618,165	£390,065	£266,890	£174,879
	3	£952,793	£674,745	£530,847	£418,567
	4	£1,287,421	£963,756	£797,475	£660,540
	5	£1,622,049	£1,251,000	£1,062,934	£904,853
	6	£1,956,677	£1,539,307	£1,328,720	£1,150,298
	7	£2,291,305	£1,825,086	£1,589,945	£1,390,377
15 Unit Housing Scheme	1	£625,108	£382,331	£237,858	£137,157
	2	£1,070,672	£759,520	£574,235	£453,039
	3	£1,516,236	£1,143,441	£923,399	£770,645
	4	£1,961,801	£1,531,049	£1,278,328	£1,100,298
	5	£2,407,365	£1,916,814	£1,630,374	£1,426,263
	6	£2,852,929	£2,301,754	£1,980,772	£1,750,580
	7	£3,298,494	£2,677,263	£2,316,335	£2,056,032
25 Unit Mixed Scheme	1	£762,305	£411,459	£194,563	£22,071
	2	£1,407,953	£961,019	£684,909	£476,658
	3	£2,053,602	£1,519,880	£1,189,735	£930,762
	4	£2,699,251	£2,081,822	£1,699,680	£1,395,537
	5	£3,344,900	£2,641,829	£2,205,880	£1,855,853
	6	£3,990,548	£3,200,574	£2,710,801	£2,315,160
	7	£4,636,197	£3,750,105	£3,200,418	£2,756,451
25 Unit Flatted Scheme	1	£450,616	£177,395	£3,758	£0
	2	£994,951	£647,751	£438,317	£247,553
	3	£1,543,930	£1,130,121	£874,651	£645,959
	4	£2,092,910	£1,612,412	£1,315,043	£1,046,454
	5	£2,641,890	£2,093,557	£1,754,085	£1,444,019
	6	£3,190,870	£2,575,022	£2,193,515	£1,843,553
	7	£3,739,850	£3,052,015	£2,625,688	£2,234,249
50 Unit Flatted Scheme	1	£786,313	£226,689	£0	£0
	2	£1,846,920	£1,126,463	£780,228	£451,335
	3	£2,907,527	£2,044,869	£1,632,963	£1,235,427
	4	£3,968,134	£2,962,831	£2,485,278	£2,023,676
	5	£5,028,741	£3,877,978	£3,333,627	£2,806,858
	6	£6,089,348	£4,795,016	£4,183,999	£3,592,370
	7	£7,149,955	£5,703,564	£5,021,290	£4,360,505
50 Unit Mixed Scheme	1	£1,380,682	£690,745	£314,036	£0
	2	£2,651,697	£1,779,068	£1,300,803	£863,126
	3	£3,922,712	£2,877,916	£2,306,787	£1,784,096
	4	£5,193,727	£3,979,403	£3,319,230	£2,713,726
	5	£6,464,742	£5,078,052	£4,326,926	£3,636,748
	6	£7,735,757	£6,170,917	£5,322,135	£4,541,517
	7	£9,006,772	£7,251,358	£6,295,015	£5,417,383
80 Unit Flatted Scheme	1	£1,050,248	£232,203	£0	£0
	2	£2,644,230	£1,597,580	£1,054,167	£537,150
	3	£4,238,211	£2,989,070	£2,337,256	£1,720,617
	4	£5,832,193	£4,380,343	£3,618,692	£2,902,006
	5	£7,426,174	£5,767,719	£4,895,858	£4,077,880
	6	£9,020,156	£7,156,708	£6,175,489	£5,256,578
	7	£10,614,138	£8,532,606	£7,435,444	£6,408,913

Graph 1: Summary of Residual Land Values at 0%, 20%, 30% & 40% Affordable Housing Across All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix

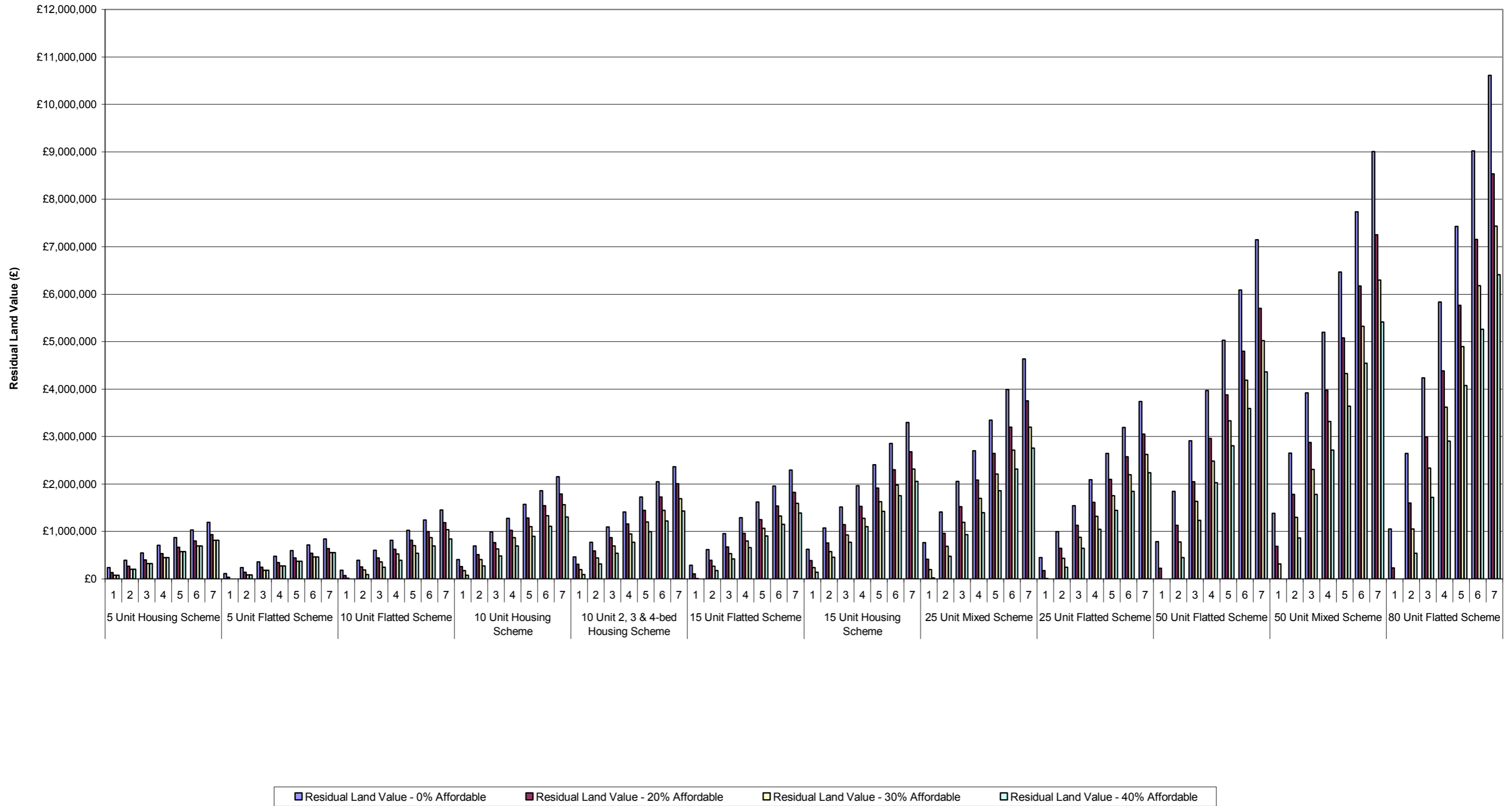
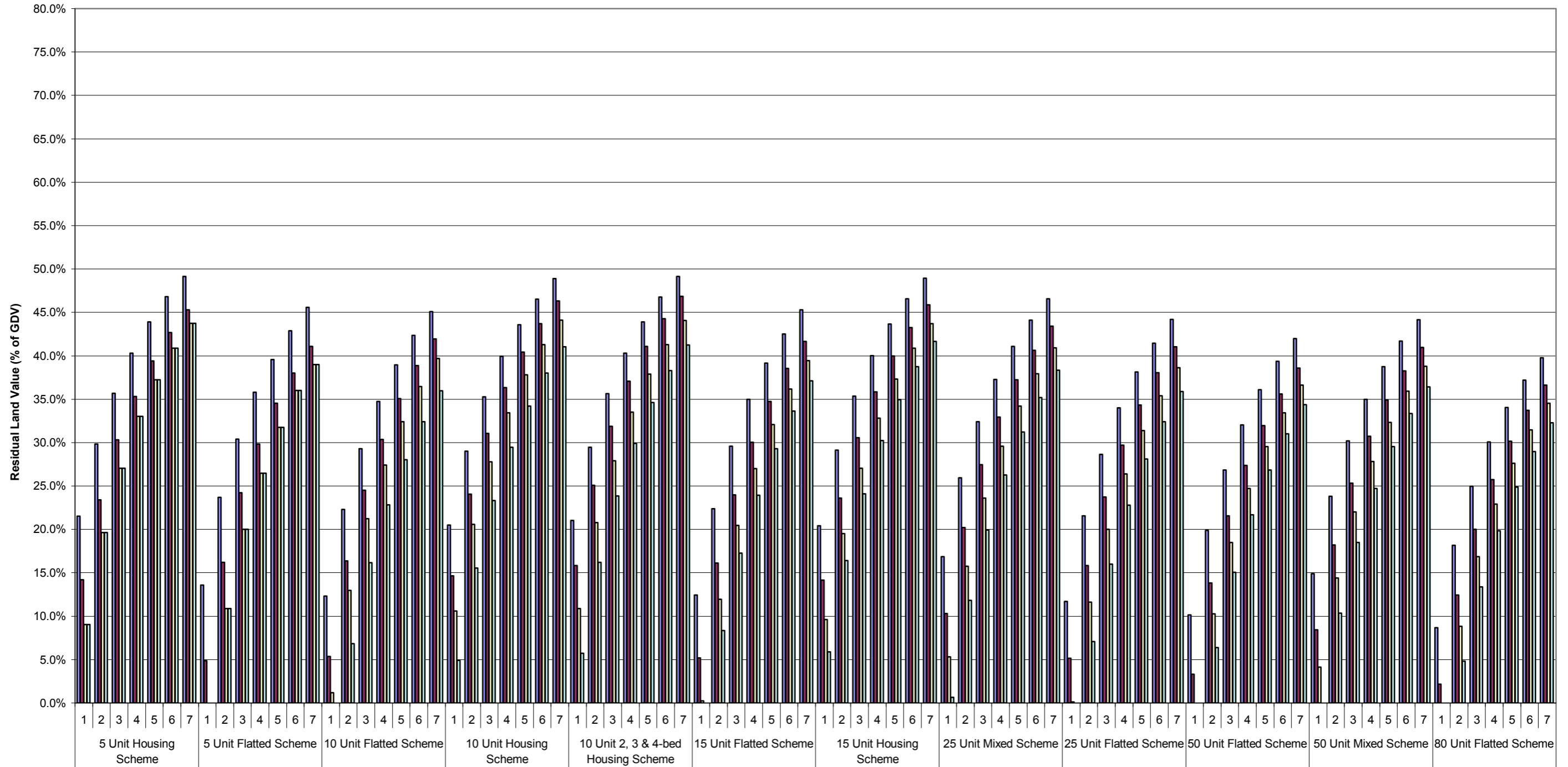


Table 1a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
5 Unit Housing Scheme	1	21.5%	14.2%	9.0%	9.0%
	2	29.8%	23.4%	19.6%	19.6%
	3	35.7%	30.3%	27.0%	27.0%
	4	40.3%	35.3%	33.0%	33.0%
	5	43.9%	39.4%	37.2%	37.2%
	6	46.8%	42.7%	40.9%	40.9%
	7	49.2%	45.3%	43.7%	43.7%
5 Unit Flatted Scheme	1	13.6%	4.9%	0.0%	0.0%
	2	23.7%	16.2%	10.9%	10.9%
	3	30.4%	24.2%	20.0%	20.0%
	4	35.8%	29.8%	26.5%	26.5%
	5	39.6%	34.6%	31.7%	31.7%
	6	42.9%	38.0%	36.0%	36.0%
	7	45.6%	41.1%	39.0%	39.0%
10 Unit Flatted Scheme	1	12.3%	5.3%	1.2%	0.0%
	2	22.3%	16.4%	13.0%	6.8%
	3	29.3%	24.5%	21.3%	16.2%
	4	34.7%	30.3%	27.4%	22.8%
	5	39.0%	35.1%	32.4%	28.0%
	6	42.3%	38.9%	36.4%	32.4%
	7	45.1%	41.9%	39.7%	36.0%
10 Unit Housing Scheme	1	20.5%	14.7%	10.6%	4.9%
	2	29.0%	24.1%	20.6%	15.5%
	3	35.3%	31.0%	27.8%	23.3%
	4	40.0%	36.3%	33.4%	29.4%
	5	43.6%	40.4%	37.8%	34.2%
	6	46.5%	43.7%	41.3%	38.0%
	7	48.9%	46.3%	44.1%	41.0%
10 Unit 2, 3 & 4-bed Housing Scheme	1	21.0%	15.8%	10.9%	5.7%
	2	29.5%	25.1%	20.8%	16.2%
	3	35.7%	31.9%	27.9%	23.9%
	4	40.3%	37.1%	33.5%	29.9%
	5	43.9%	41.1%	37.9%	34.6%
	6	46.8%	44.3%	41.3%	38.3%
	7	49.1%	46.8%	44.1%	41.2%
15 Unit Flatted Scheme	1	12.5%	5.2%	0.2%	0.0%
	2	22.4%	16.1%	12.0%	8.4%
	3	29.6%	24.0%	20.5%	17.3%
	4	35.0%	30.1%	27.0%	23.9%
	5	39.2%	34.8%	32.1%	29.3%
	6	42.5%	38.6%	36.2%	33.6%
	7	45.3%	41.6%	39.5%	37.1%
15 Unit Housing Scheme	1	20.4%	14.2%	9.6%	5.9%
	2	29.1%	23.6%	19.5%	16.4%
	3	35.4%	30.6%	27.0%	24.1%
	4	40.0%	35.9%	32.8%	30.2%
	5	43.7%	40.0%	37.3%	35.0%
	6	46.6%	43.3%	40.9%	38.7%
	7	49.0%	45.9%	43.7%	41.7%
25 Unit Mixed Scheme	1	16.8%	10.3%	5.3%	0.6%
	2	25.9%	20.2%	15.8%	11.8%
	3	32.4%	27.5%	23.6%	19.9%
	4	37.3%	33.0%	29.6%	26.3%
	5	41.1%	37.2%	34.2%	31.2%
	6	44.1%	40.6%	37.9%	35.2%
	7	46.6%	43.4%	40.9%	38.3%
25 Unit Flatted Scheme	1	11.7%	5.2%	0.1%	0.0%
	2	21.5%	15.8%	11.6%	7.1%
	3	28.7%	23.7%	20.0%	16.0%
	4	34.0%	29.7%	26.4%	22.8%
	5	38.1%	34.3%	31.4%	28.1%
	6	41.5%	38.0%	35.4%	32.4%
	7	44.2%	41.1%	38.6%	35.9%
50 Unit Flatted Scheme	1	10.2%	3.3%	0.0%	0.0%
	2	19.9%	13.8%	10.3%	6.4%
	3	26.8%	21.6%	18.5%	15.1%
	4	32.1%	27.4%	24.7%	21.7%
	5	36.1%	31.9%	29.5%	26.8%
	6	39.3%	35.6%	33.4%	31.0%
	7	42.0%	38.6%	36.6%	34.4%
50 Unit Mixed Scheme	1	14.9%	8.4%	4.1%	0.0%
	2	23.8%	18.2%	14.4%	10.4%
	3	30.2%	25.3%	22.0%	18.5%
	4	35.0%	30.7%	27.8%	24.7%
	5	38.7%	34.9%	32.3%	29.5%
	6	41.7%	38.2%	35.9%	33.4%
	7	44.2%	41.0%	38.8%	36.4%
80 Unit Flatted Scheme	1	8.7%	2.2%	0.0%	0.0%
	2	18.2%	12.5%	8.8%	4.8%
	3	25.0%	20.0%	16.9%	13.4%
	4	30.1%	25.7%	22.9%	19.8%
	5	34.0%	30.2%	27.6%	24.9%
	6	37.2%	33.7%	31.5%	29.0%
	7	39.8%	36.6%	34.5%	32.3%

**Graph 1a: Summary of Residual Land Values (as % of GDV) at 0%, 20%, 30% & 40% Affordable Housing
Across all Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix**



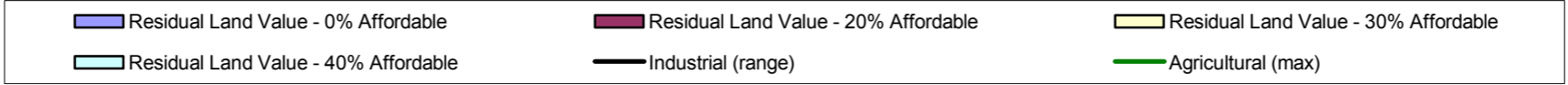
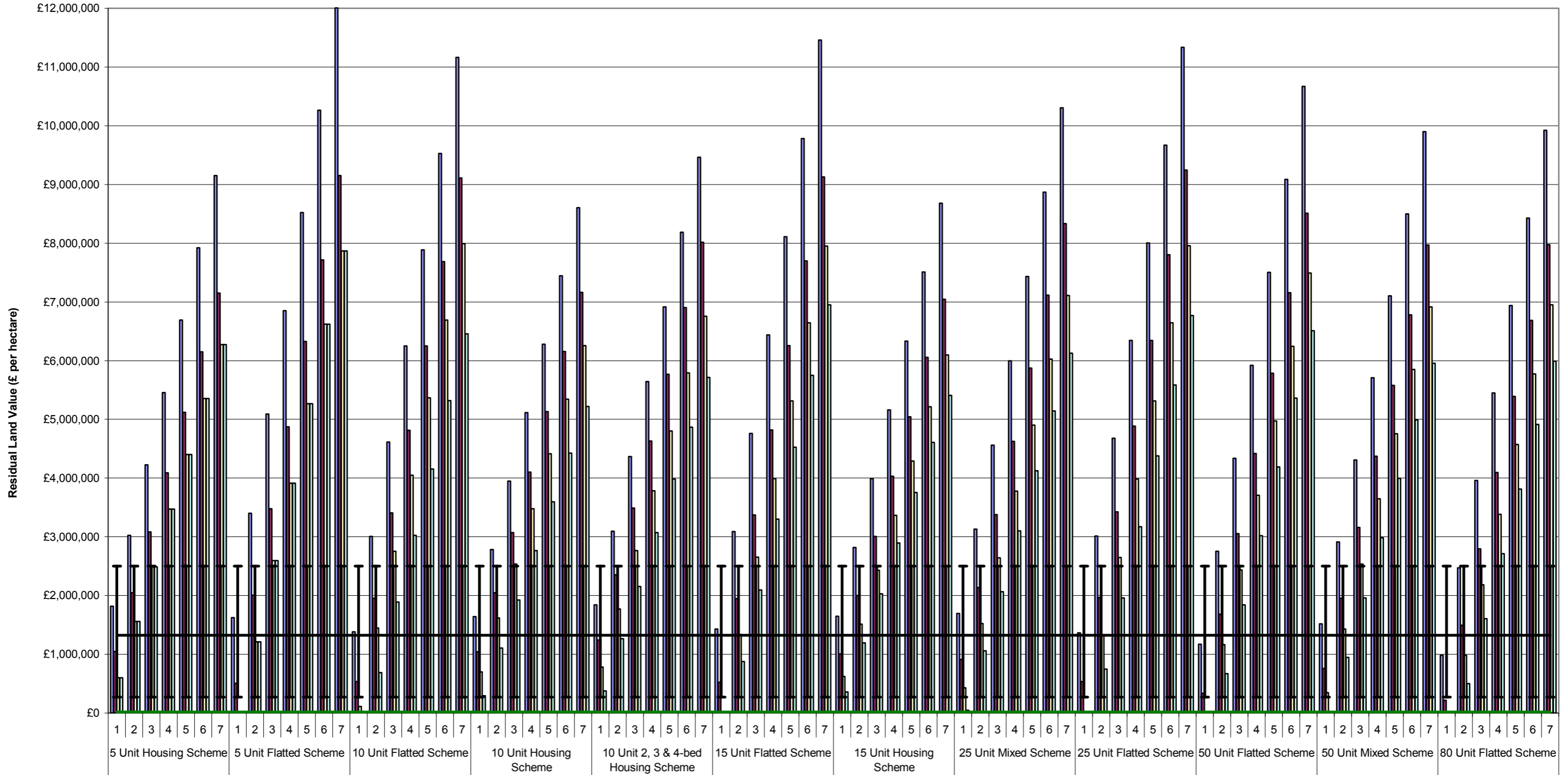
■ Residual Land Value - 0% Affordable
 ■ Residual Land Value - 20% Affordable
 ■ Residual Land Value - 30% Affordable
 ■ Residual Land Value - 40% Affordable

Table 1b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
5 Unit Housing Scheme	1	0.13	£1,820,399	£1,045,684	£602,885	£602,885
	2	0.13	£3,027,519	£2,049,229	£1,557,285	£1,557,285
	3	0.13	£4,227,380	£3,084,144	£2,491,424	£2,491,424
	4	0.13	£5,458,453	£4,088,993	£3,473,645	£3,473,645
	5	0.13	£6,689,525	£5,119,439	£4,401,704	£4,401,704
	6	0.13	£7,920,598	£6,149,884	£5,358,389	£5,358,389
	7	0.13	£9,151,671	£7,149,335	£6,272,103	£6,272,103
5 Unit Flatted Scheme	1	0.07	£1,624,171	£506,487	£0	£0
	2	0.07	£3,403,014	£2,005,029	£1,215,139	£1,215,139
	3	0.07	£5,093,087	£3,460,407	£2,594,854	£2,594,854
	4	0.07	£6,851,908	£4,875,314	£3,912,175	£3,912,175
	5	0.07	£8,521,959	£6,328,899	£5,267,287	£5,267,287
	6	0.07	£10,262,647	£7,713,765	£6,623,405	£6,623,405
	7	0.07	£12,003,336	£9,152,365	£7,868,216	£7,868,216
10 Unit Flatted Scheme	1	0.13	£1,383,405	£535,079	£109,950	£0
	2	0.13	£3,009,274	£1,953,257	£1,447,565	£690,916
	3	0.13	£4,615,018	£3,408,205	£2,756,971	£1,888,905
	4	0.13	£6,251,785	£4,815,402	£4,049,584	£3,027,447
	5	0.13	£7,888,552	£6,250,344	£5,369,427	£4,153,416
	6	0.13	£9,525,319	£7,687,258	£6,691,242	£5,318,767
	7	0.13	£11,162,086	£9,110,929	£7,993,615	£6,458,477
10 Unit Housing Scheme	1	0.25	£1,639,410	£1,042,297	£700,599	£295,263
	2	0.25	£2,786,432	£2,045,291	£1,616,776	£1,108,065
	3	0.25	£3,950,355	£3,070,188	£2,535,228	£1,924,212
	4	0.25	£5,114,278	£4,103,392	£3,475,431	£2,763,312
	5	0.25	£6,278,201	£5,132,443	£4,411,481	£3,595,036
	6	0.25	£7,442,124	£6,158,196	£5,344,234	£4,423,463
	7	0.25	£8,606,048	£7,162,339	£6,258,599	£5,217,385
10 Unit 2, 3 & 4-bed Housing Scheme	1	0.25	£1,841,495	£1,244,383	£782,465	£377,955
	2	0.25	£3,095,552	£2,354,411	£1,773,747	£1,265,036
	3	0.25	£4,368,593	£3,488,426	£2,766,550	£2,155,534
	4	0.25	£5,641,634	£4,630,748	£3,785,945	£3,073,826
	5	0.25	£6,914,675	£5,768,916	£4,801,187	£3,984,742
	6	0.25	£8,187,716	£6,903,788	£5,790,568	£4,869,797
	7	0.25	£9,460,757	£8,017,048	£6,758,338	£5,717,123
15 Unit Flatted Scheme	1	0.20	£1,432,453	£525,072	£21,869	£0
	2	0.20	£3,090,825	£1,950,325	£1,334,448	£874,394
	3	0.20	£4,763,965	£3,373,724	£2,654,234	£2,092,836
	4	0.20	£6,437,104	£4,818,780	£3,987,374	£3,302,698
	5	0.20	£8,110,244	£6,255,002	£5,314,672	£4,524,265
	6	0.20	£9,783,384	£7,696,535	£6,643,600	£5,751,491
	7	0.20	£11,456,523	£9,125,432	£7,949,725	£6,951,886
15 Unit Housing Scheme	1	0.38	£1,645,020	£1,006,133	£625,942	£360,940
	2	0.38	£2,817,558	£1,998,737	£1,511,144	£1,192,207
	3	0.38	£3,990,095	£3,009,054	£2,429,997	£2,028,013
	4	0.38	£5,162,633	£4,029,077	£3,364,021	£2,895,521
	5	0.38	£6,335,171	£5,044,247	£4,290,459	£3,753,324
	6	0.38	£7,507,709	£6,057,249	£5,212,559	£4,606,789
	7	0.38	£8,680,246	£7,045,428	£6,095,620	£5,410,610
25 Unit Mixed Scheme	1	0.45	£1,694,010	£914,353	£432,362	£49,048
	2	0.45	£3,128,785	£2,135,599	£1,522,020	£1,059,240
	3	0.45	£4,563,560	£3,377,511	£2,643,855	£2,068,360
	4	0.45	£5,998,335	£4,626,272	£3,777,066	£3,101,194
	5	0.45	£7,433,110	£5,870,731	£4,901,955	£4,124,119
	6	0.45	£8,867,885	£7,112,387	£6,024,002	£5,144,800
	7	0.45	£10,302,660	£8,333,567	£7,112,041	£6,125,446
25 Unit Flatted Scheme	1	0.33	£1,365,504	£537,560	£11,387	£0
	2	0.33	£3,015,002	£1,962,881	£1,328,232	£750,161
	3	0.33	£4,678,577	£3,424,609	£2,650,459	£1,957,450
	4	0.33	£6,342,152	£4,886,098	£3,984,979	£3,171,072
	5	0.33	£8,005,727	£6,344,113	£5,315,409	£4,375,815
	6	0.33	£9,669,302	£7,803,098	£6,647,015	£5,586,524
	7	0.33	£11,332,877	£9,248,530	£7,956,632	£6,770,453
50 Unit Flatted Scheme	1	0.67	£1,173,602	£338,342	£0	£0
	2	0.67	£2,756,597	£1,681,288	£1,164,519	£673,634
	3	0.67	£4,339,593	£3,052,043	£2,437,259	£1,843,921
	4	0.67	£5,922,588	£4,422,135	£3,709,370	£3,020,412
	5	0.67	£7,505,584	£5,788,026	£4,975,563	£4,189,341
	6	0.67	£9,088,579	£7,156,740	£6,244,774	£5,361,746
	7	0.67	£10,671,575	£8,512,782	£7,494,463	£6,508,217
50 Unit Mixed Scheme	1	0.91	£1,517,233	£759,060	£345,094	£0
	2	0.91	£2,913,953	£1,955,020	£1,429,454	£948,491
	3	0.91	£4,310,673	£3,162,545	£2,534,931	£1,960,545
	4	0.91	£5,707,393	£4,372,970	£3,647,506	£2,982,116
	5	0.91	£7,104,112	£5,580,277	£4,754,863	£3,996,426
	6	0.91	£8,500,832	£6,781,227	£5,848,500	£4,990,678
	7	0.91	£9,897,552	£7,968,525	£6,917,599	£5,953,168
80 Unit Flatted Scheme	1	1.07	£981,540	£217,013	£0	£0
	2	1.07	£2,471,243	£1,493,065	£985,203	£502,009
	3	1.07	£3,960,945	£2,793,524	£2,184,351	£1,608,053
	4	1.07	£5,450,647	£4,093,778	£3,381,955	£2,712,155
	5	1.07	£6,940,350	£5,390,392	£4,575,568	£3,811,103
	6	1.07	£8,430,052	£6,688,512	£5,771,485	£4,912,690
	7	1.07	£9,919,755	£7,974,398	£6,949,013	£5,989,639

Source: Adams Integra, July 2009

Graph 1b: Summary of Residual Land Values (£ per Ha) at 0%, 20%, 30% & 40% Affordable Housing Across All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix

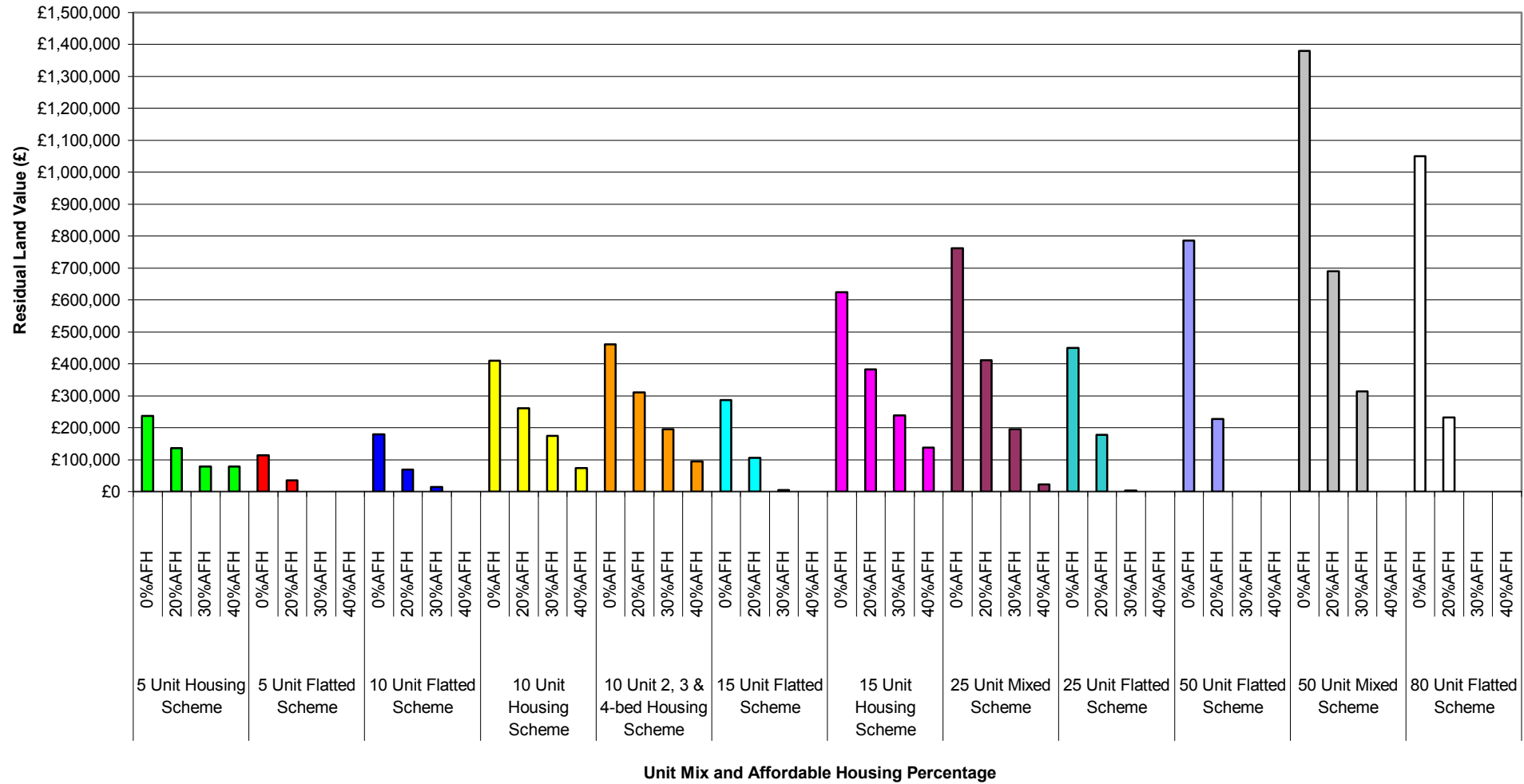


**Table 2: Summary Table Showing Results of Residual Land Value Appraisals and Reduction in Land Residual - Value Point 1
65% General Needs Rent/35% Intermediate Tenure Mix**

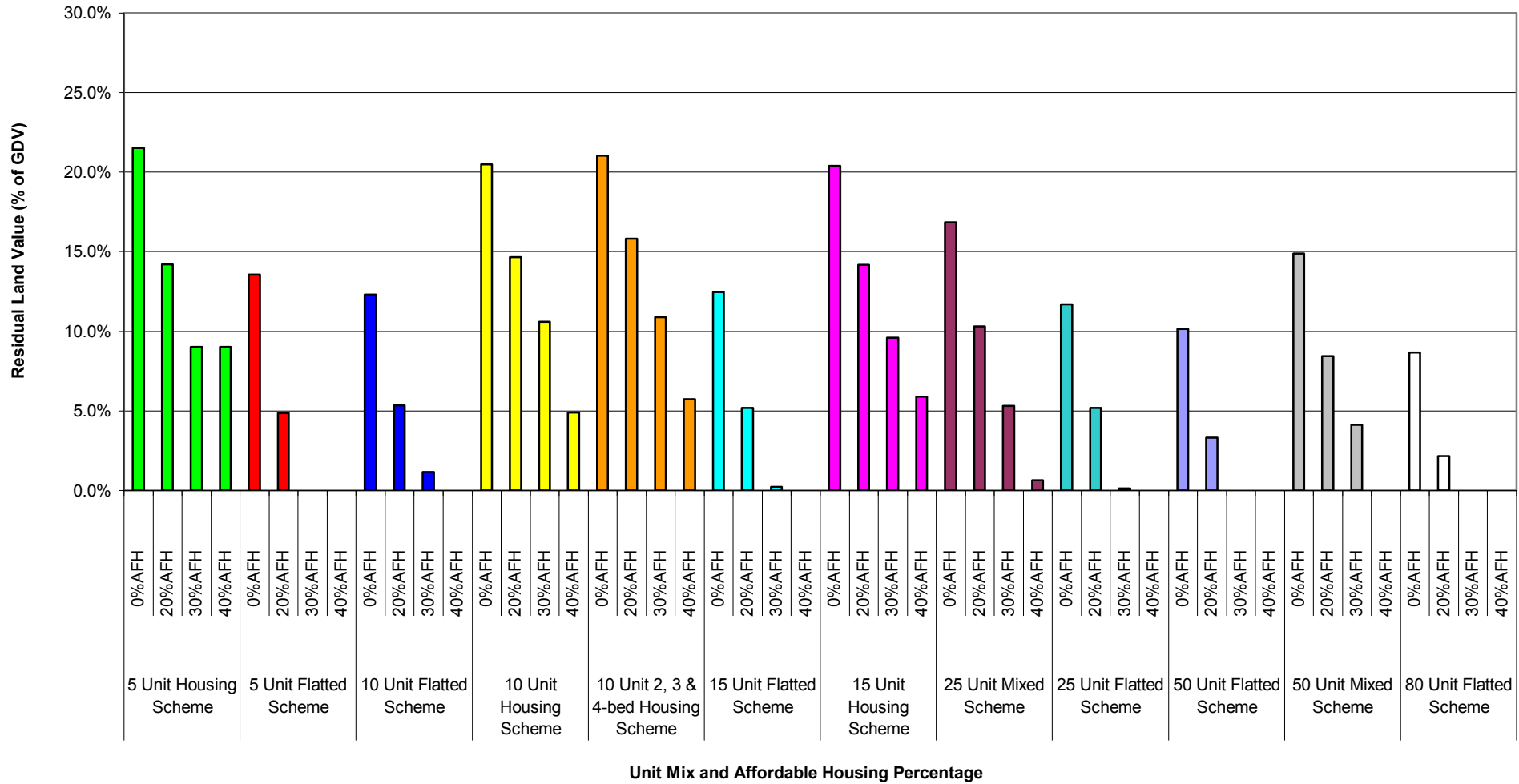
1	2	3	4	5	6	7	8	
Value Point	Number of Units	Scenario	GDV	Development Cost	Developer Profit (@15%)	Finance & Land Costs	Residual Land Price	% Land Residual (of GDV)
Value Point 1	5 Unit Housing Scheme	0% Affordable Housing	£1,100,000	£590,615	£165,000	£105,343	£236,652	21.5%
		20% Affordable Housing	£956,500	£590,615	£137,265	£92,681	£135,939	14.2%
		30% Affordable Housing	£867,250	£590,615	£112,785	£85,475	£78,375	9.0%
		40% Affordable Housing	£867,250	£590,615	£112,785	£85,475	£78,375	9.0%
	5 Unit Flatted Scheme	0% Affordable Housing	£837,500	£513,770	£125,625	£84,413	£113,692	13.6%
		20% Affordable Housing	£728,000	£513,770	£103,980	£74,796	£35,454	4.9%
		30% Affordable Housing	£657,650	£513,770	£84,684	£65,526	£0	0.0%
		40% Affordable Housing	£657,650	£513,770	£84,684	£65,526	£0	0.0%
	10 Unit Flatted Scheme	0% Affordable Housing	£1,462,500	£907,095	£219,375	£154,371	£179,843	12.3%
		20% Affordable Housing	£1,300,500	£907,095	£183,330	£140,515	£69,560	5.3%
		30% Affordable Housing	£1,222,500	£907,095	£167,400	£133,711	£14,294	1.2%
		40% Affordable Housing	£1,113,000	£907,095	£145,755	£121,411	£0	0.0%
	10 Unit Housing Scheme	0% Affordable Housing	£2,000,000	£1,080,950	£300,000	£196,522	£409,852	20.5%
		20% Affordable Housing	£1,777,750	£1,080,950	£250,665	£177,502	£260,574	14.7%
		30% Affordable Housing	£1,650,250	£1,080,950	£226,140	£166,241	£175,150	10.6%
		40% Affordable Housing	£1,506,750	£1,080,950	£198,405	£153,579	£73,816	4.9%
	10 Unit 2, 3 & 4-bed Housing Scheme	0% Affordable Housing	£2,187,500	£1,174,963	£328,125	£209,800	£460,374	21.0%
		20% Affordable Housing	£1,965,250	£1,174,963	£278,790	£190,780	£311,096	15.8%
		30% Affordable Housing	£1,794,250	£1,174,963	£246,030	£175,665	£195,616	10.9%
		40% Affordable Housing	£1,650,750	£1,174,963	£218,295	£163,004	£94,489	5.7%
	15 Unit Flatted Scheme	0% Affordable Housing	£2,300,000	£1,420,865	£345,000	£238,784	£286,491	12.5%
		20% Affordable Housing	£2,028,500	£1,420,865	£287,310	£215,311	£105,014	5.2%
		30% Affordable Housing	£1,880,150	£1,420,865	£252,084	£202,827	£4,374	0.2%
		40% Affordable Housing	£1,770,850	£1,420,865	£230,439	£186,937	£0	0.0%
	15 Unit Housing Scheme	0% Affordable Housing	£3,062,500	£1,652,763	£459,375	£299,209	£625,108	20.4%
		20% Affordable Housing	£2,696,750	£1,652,763	£382,305	£267,527	£382,331	14.2%
		30% Affordable Housing	£2,474,500	£1,652,763	£332,970	£248,507	£237,858	9.6%
		40% Affordable Housing	£2,331,000	£1,652,763	£305,235	£235,845	£137,157	5.9%
	25 Unit Mixed Scheme	0% Affordable Housing	£4,525,000	£2,559,858	£678,750	£492,325	£762,305	16.8%
		20% Affordable Housing	£3,987,850	£2,559,858	£565,059	£438,549	£411,459	10.3%
		30% Affordable Housing	£3,655,900	£2,559,858	£494,079	£405,435	£194,563	5.3%
		40% Affordable Housing	£3,411,150	£2,559,858	£449,019	£380,202	£22,071	0.6%
25 Unit Flatted Scheme	0% Affordable Housing	£3,847,500	£2,376,138	£577,125	£429,684	£450,616	11.7%	
	20% Affordable Housing	£3,427,650	£2,376,138	£484,209	£388,116	£177,395	5.2%	
	30% Affordable Housing	£3,169,800	£2,376,138	£427,338	£362,566	£3,758	0.1%	
	40% Affordable Housing	£2,950,800	£2,376,138	£384,048	£335,362	£0	0.0%	
50 Unit Flatted Scheme	0% Affordable Housing	£7,737,500	£4,776,365	£1,160,625	£981,434	£786,313	10.2%	
	20% Affordable Housing	£6,840,800	£4,776,365	£967,548	£867,908	£226,889	3.3%	
	30% Affordable Housing	£6,403,100	£4,776,365	£869,736	£773,680	£0	0.0%	
	40% Affordable Housing	£5,983,250	£4,776,365	£776,820	£767,382	£0	0.0%	
50 Unit Mixed Scheme	0% Affordable Housing	£9,272,500	£5,291,608	£1,390,875	£1,151,806	£1,380,682	14.9%	
	20% Affordable Housing	£8,188,400	£5,291,608	£1,163,604	£1,013,662	£690,745	8.4%	
	30% Affordable Housing	£7,589,700	£5,291,608	£1,036,782	£937,562	£314,036	4.1%	
	40% Affordable Housing	£7,042,850	£5,291,608	£920,946	£868,051	£0	0.0%	
80 Unit Flatted Scheme	0% Affordable Housing	£12,125,000	£7,497,650	£1,818,750	£1,714,592	£1,050,248	8.7%	
	20% Affordable Housing	£10,755,950	£7,497,650	£1,518,357	£1,505,394	£232,203	2.2%	
	30% Affordable Housing	£10,052,750	£7,497,650	£1,367,040	£1,370,720	£0	0.0%	
	40% Affordable Housing	£9,375,050	£7,497,650	£1,217,253	£1,360,554	£0	0.0%	

Source: Adams Integra, July 2009

Graph 2 - Residual Land Value (£) - Value Point 1
65% General Needs Rent/35% Intermediate Tenure Mix



**Graph 3 - Residual Land Value (% of GDV) - Value Point 1
65% General Needs Rent/35% Intermediate Tenure Mix**

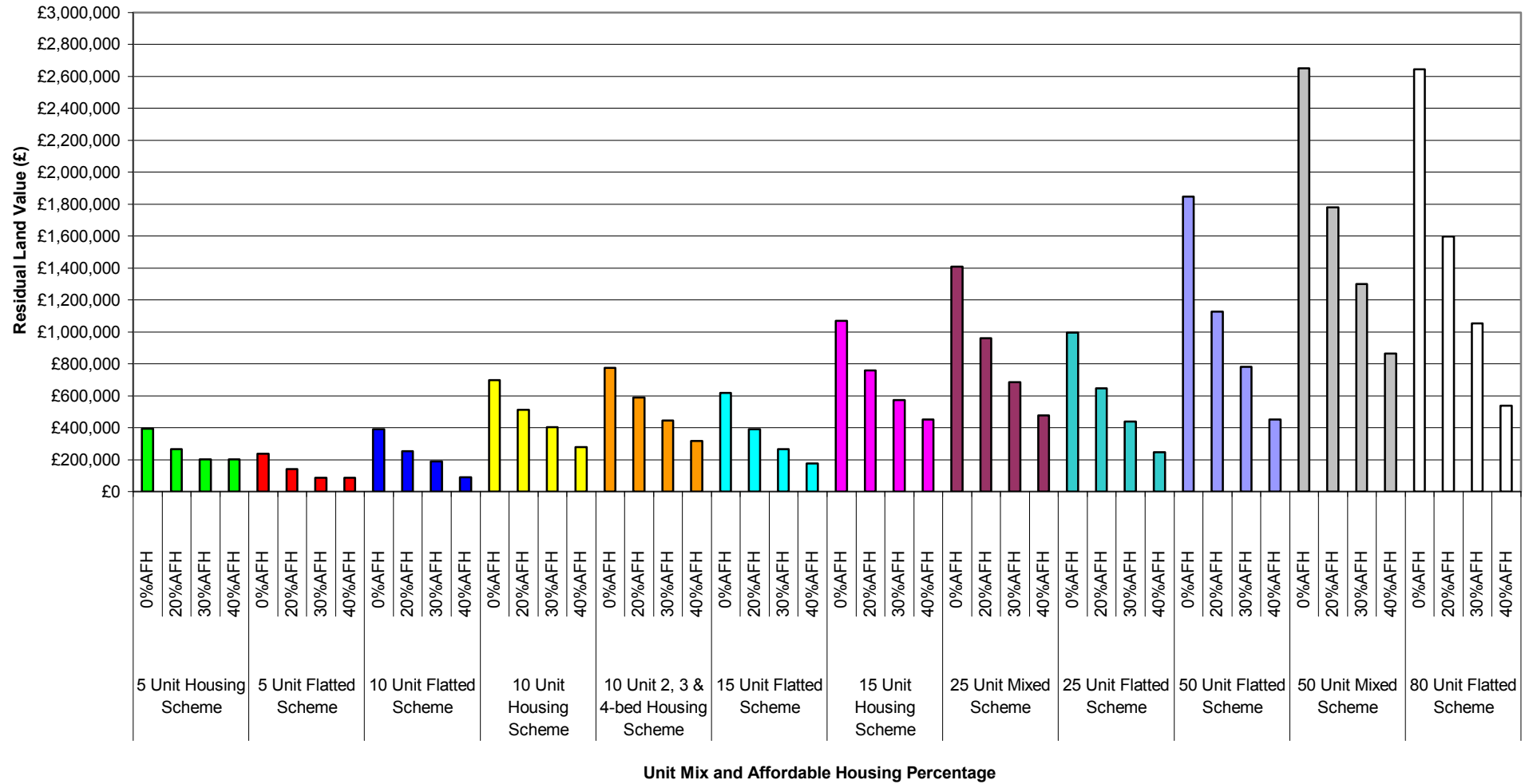


**Table 3: Summary Table Showing Results of Residual Land Value Appraisals and Reduction in Land Residual - Value Point 2
65% General Needs Rent/35% Intermediate Tenure Mix**

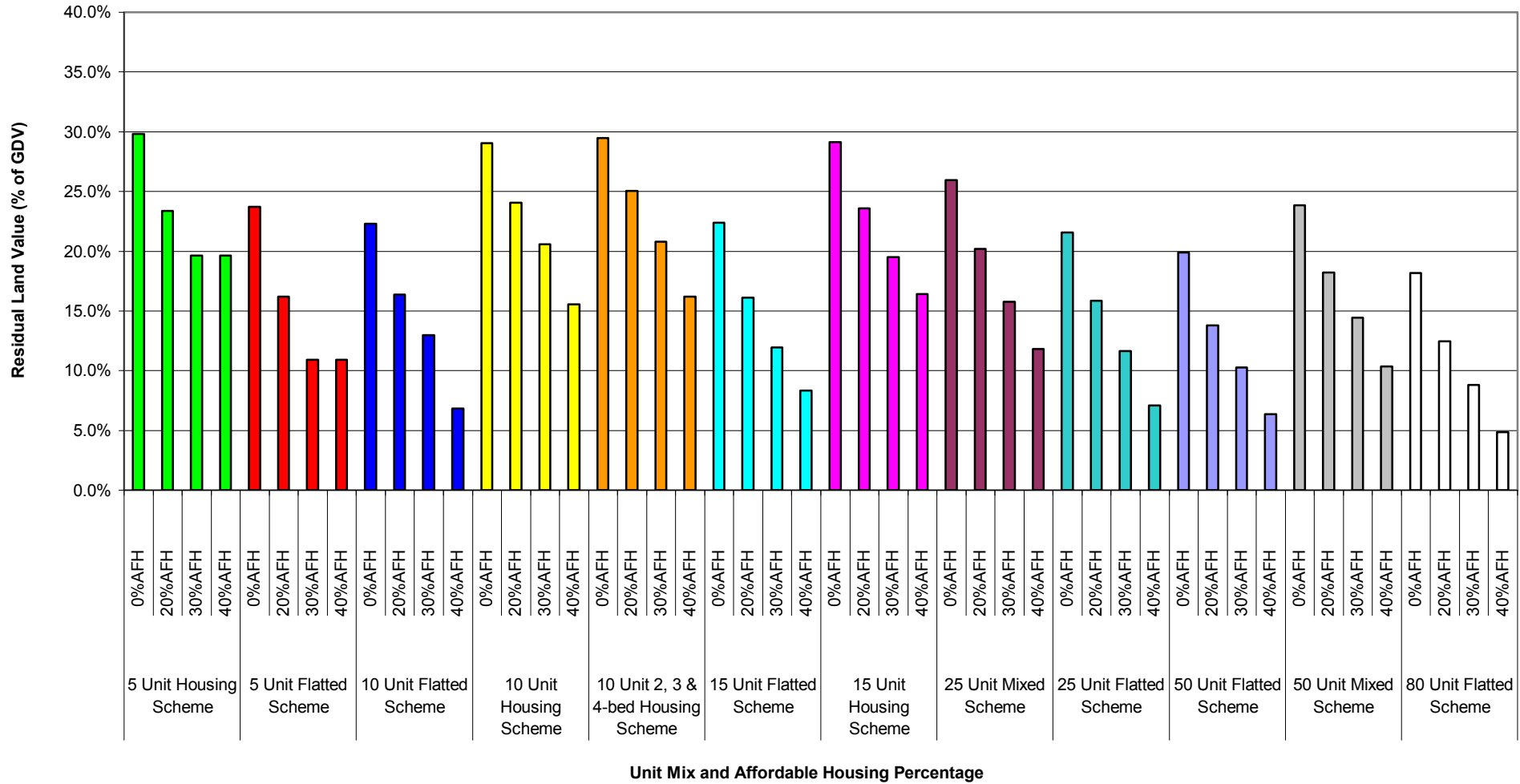
1	2	3	4	5	6	7	8	
Value Point	Number of Units	Scenario	GDV	Development Cost	Developer Profit (@15%)	Finance & Land Costs	Residual Land Price	% Land Residual (of GDV)
Value Point 2	5 Unit Housing Scheme	0% Affordable Housing	£1,320,000	£590,615	£198,000	£125,635	£393,577	29.8%
		20% Affordable Housing	£1,139,000	£590,615	£164,190	£109,556	£266,400	23.4%
		30% Affordable Housing	£1,030,625	£590,615	£134,738	£100,780	£202,447	19.6%
		40% Affordable Housing	£1,030,625	£590,615	£134,738	£100,780	£202,447	19.6%
	5 Unit Flatted Scheme	0% Affordable Housing	£1,005,000	£513,770	£150,750	£99,863	£238,211	23.7%
		20% Affordable Housing	£866,000	£513,770	£124,320	£87,558	£140,352	16.2%
		30% Affordable Housing	£780,575	£513,770	£101,105	£80,641	£85,060	10.9%
		40% Affordable Housing	£780,575	£513,770	£101,105	£80,641	£85,060	10.9%
	10 Unit Flatted Scheme	0% Affordable Housing	£1,755,000	£907,095	£263,250	£181,350	£391,206	22.3%
		20% Affordable Housing	£1,552,250	£907,095	£219,495	£163,883	£253,923	16.4%
		30% Affordable Housing	£1,452,250	£907,095	£199,995	£155,076	£188,183	13.0%
		40% Affordable Housing	£1,313,250	£907,095	£173,565	£142,771	£89,819	6.8%
	10 Unit Housing Scheme	0% Affordable Housing	£2,400,000	£1,080,950	£360,000	£233,417	£696,608	29.0%
		20% Affordable Housing	£2,123,375	£1,080,950	£300,203	£209,595	£511,323	24.1%
		30% Affordable Housing	£1,963,375	£1,080,950	£270,353	£195,378	£404,194	20.6%
		40% Affordable Housing	£1,782,375	£1,080,950	£236,543	£179,299	£277,016	15.5%
	10 Unit 2, 3 & 4-bed Housing Scheme	0% Affordable Housing	£2,625,000	£1,174,963	£393,750	£250,154	£773,888	29.5%
		20% Affordable Housing	£2,348,375	£1,174,963	£333,953	£226,332	£588,803	25.1%
		30% Affordable Housing	£2,133,375	£1,174,963	£294,053	£207,209	£443,437	20.8%
		40% Affordable Housing	£1,952,375	£1,174,963	£260,243	£191,130	£316,259	16.2%
	15 Unit Flatted Scheme	0% Affordable Housing	£2,760,000	£1,420,865	£414,000	£281,213	£618,165	22.4%
		20% Affordable Housing	£2,418,250	£1,420,865	£343,815	£251,441	£390,065	16.1%
		30% Affordable Housing	£2,232,825	£1,420,865	£301,100	£235,717	£266,890	12.0%
		40% Affordable Housing	£2,093,825	£1,420,865	£274,670	£223,412	£174,879	8.4%
	15 Unit Housing Scheme	0% Affordable Housing	£3,675,000	£1,652,763	£551,250	£355,704	£1,070,672	29.1%
		20% Affordable Housing	£3,217,375	£1,652,763	£457,643	£316,803	£759,520	23.6%
		30% Affordable Housing	£2,940,750	£1,652,763	£397,845	£291,981	£574,235	19.5%
		40% Affordable Housing	£2,759,750	£1,652,763	£364,035	£275,902	£453,039	16.4%
	25 Unit Mixed Scheme	0% Affordable Housing	£5,430,000	£2,559,858	£814,500	£589,024	£1,407,953	25.9%
		20% Affordable Housing	£4,758,825	£2,559,858	£676,490	£521,416	£961,019	20.2%
		30% Affordable Housing	£4,343,200	£2,559,858	£590,262	£479,634	£684,909	15.8%
		40% Affordable Housing	£4,034,075	£2,559,858	£535,265	£447,553	£476,658	11.8%
25 Unit Flatted Scheme	0% Affordable Housing	£4,617,000	£2,376,138	£692,550	£511,905	£994,951	21.5%	
	20% Affordable Housing	£4,089,825	£2,376,138	£579,650	£459,297	£647,751	15.8%	
	30% Affordable Housing	£3,765,400	£2,376,138	£510,504	£426,885	£438,317	11.6%	
	40% Affordable Housing	£3,487,400	£2,376,138	£457,644	£398,409	£247,553	7.1%	
50 Unit Flatted Scheme	0% Affordable Housing	£9,285,000	£4,776,365	£1,392,750	£1,192,010	£1,846,920	19.9%	
	20% Affordable Housing	£8,155,400	£4,776,365	£1,157,844	£1,047,792	£1,126,463	13.8%	
	30% Affordable Housing	£7,606,550	£4,776,365	£1,039,053	£978,394	£780,228	10.3%	
	40% Affordable Housing	£7,079,375	£4,776,365	£926,153	£911,564	£451,335	6.4%	
50 Unit Mixed Scheme	0% Affordable Housing	£11,127,000	£5,291,608	£1,669,050	£1,404,157	£2,651,697	23.8%	
	20% Affordable Housing	£9,767,200	£5,291,608	£1,392,792	£1,229,604	£1,779,068	18.2%	
	30% Affordable Housing	£9,019,350	£5,291,608	£1,238,841	£1,133,898	£1,300,803	14.4%	
	40% Affordable Housing	£8,335,175	£5,291,608	£1,098,161	£1,046,316	£863,126	10.4%	
80 Unit Flatted Scheme	0% Affordable Housing	£14,550,000	£7,497,650	£2,182,500	£2,115,444	£2,644,230	18.2%	
	20% Affordable Housing	£12,829,475	£7,497,650	£1,817,369	£1,850,311	£1,597,580	12.5%	
	30% Affordable Housing	£11,941,625	£7,497,650	£1,633,148	£1,712,737	£1,054,167	8.8%	
	40% Affordable Housing	£11,090,025	£7,497,650	£1,451,102	£1,581,743	£537,150	4.8%	

Source: Adams Integra, July 2009

Graph 2 - Residual Land Value (£) - Value Point 1
65% General Needs Rent/35% Intermediate Tenure Mix



**Graph 5 - Residual Land Value (% of GDV) - Value Point 2
65% General Needs Rent/35% Intermediate Tenure Mix**

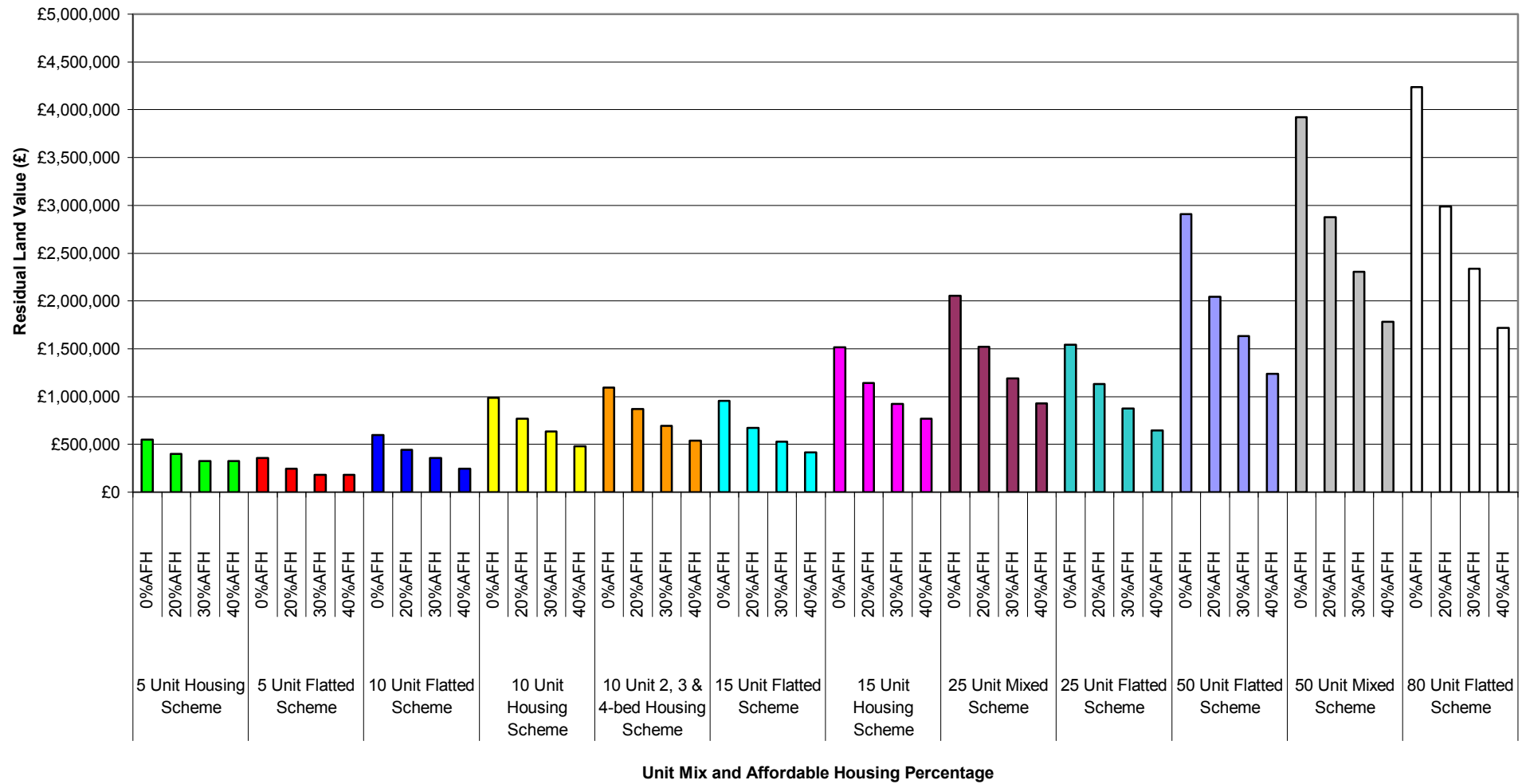


**Table 4: Summary Table Showing Results of Residual Land Value Appraisals and Reduction in Land Residual - Value Point 3
65% General Needs Rent/35% Intermediate Tenure Mix**

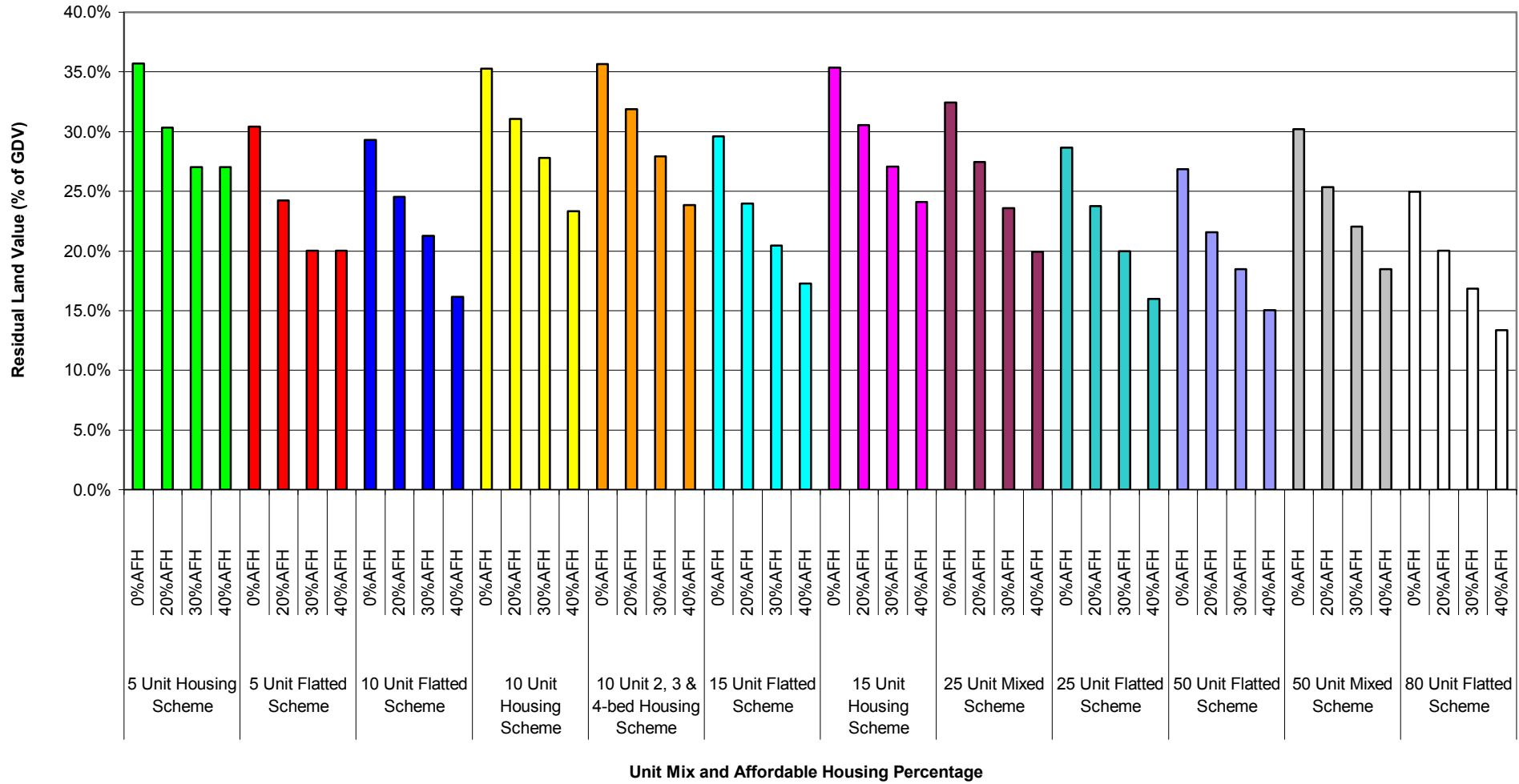
1	2	3	4	5	6	7	8	
Value Point	Number of Units	Scenario	GDV	Development Cost	Developer Profit (@15%)	Finance & Land Costs	Residual Land Price	% Land Residual (of GDV)
Value Point 3	5 Unit Housing Scheme	0% Affordable Housing	£1,540,000	£590,615	£231,000	£145,927	£549,559	35.7%
		20% Affordable Housing	£1,321,500	£590,615	£191,115	£126,431	£400,939	30.3%
		30% Affordable Housing	£1,197,923	£590,615	£156,925	£116,481	£323,885	27.0%
		40% Affordable Housing	£1,197,923	£590,615	£156,925	£116,481	£323,885	27.0%
	5 Unit Flatted Scheme	0% Affordable Housing	£1,172,500	£513,770	£175,875	£115,313	£356,516	30.4%
		20% Affordable Housing	£1,005,000	£513,770	£144,720	£100,421	£243,628	24.2%
		30% Affordable Housing	£907,592	£513,770	£117,771	£92,577	£181,640	20.0%
		40% Affordable Housing	£907,592	£513,770	£117,771	£92,577	£181,640	20.0%
	10 Unit Flatted Scheme	0% Affordable Housing	£2,047,500	£907,095	£307,125	£208,330	£599,952	29.3%
		20% Affordable Housing	£1,807,308	£907,095	£255,858	£187,584	£443,067	24.5%
		30% Affordable Housing	£1,686,308	£907,095	£232,848	£176,873	£358,406	21.3%
		40% Affordable Housing	£1,518,808	£907,095	£201,693	£161,981	£245,558	16.2%
	10 Unit Housing Scheme	0% Affordable Housing	£2,800,000	£1,080,950	£420,000	£270,312	£987,589	35.3%
		20% Affordable Housing	£2,472,462	£1,080,950	£349,948	£242,036	£767,547	31.0%
		30% Affordable Housing	£2,280,962	£1,080,950	£314,833	£224,963	£633,807	27.8%
		40% Affordable Housing	£2,062,462	£1,080,950	£274,948	£205,467	£481,053	23.3%
	10 Unit 2, 3 & 4-bed Housing Scheme	0% Affordable Housing	£3,062,500	£1,174,963	£459,375	£290,508	£1,092,148	35.7%
		20% Affordable Housing	£2,734,962	£1,174,963	£389,323	£262,232	£872,107	31.9%
		30% Affordable Housing	£2,476,962	£1,174,963	£342,343	£239,201	£691,637	27.9%
		40% Affordable Housing	£2,258,462	£1,174,963	£302,458	£219,704	£538,883	23.9%
	15 Unit Flatted Scheme	0% Affordable Housing	£3,220,000	£1,420,865	£483,000	£323,642	£952,793	29.6%
		20% Affordable Housing	£2,812,308	£1,420,865	£400,578	£288,005	£674,745	24.0%
		30% Affordable Housing	£2,593,900	£1,420,865	£350,619	£269,451	£530,847	20.5%
		40% Affordable Housing	£2,426,900	£1,420,865	£319,464	£254,559	£418,567	17.3%
	15 Unit Housing Scheme	0% Affordable Housing	£4,287,500	£1,652,763	£643,125	£412,200	£1,516,236	35.4%
		20% Affordable Housing	£3,741,462	£1,652,763	£533,188	£364,427	£1,143,441	30.6%
		30% Affordable Housing	£3,413,923	£1,652,763	£463,135	£336,151	£923,399	27.0%
		40% Affordable Housing	£3,195,423	£1,652,763	£423,250	£316,655	£770,645	24.1%
	25 Unit Mixed Scheme	0% Affordable Housing	£6,335,000	£2,559,858	£950,250	£685,724	£2,053,602	32.4%
		20% Affordable Housing	£5,536,400	£2,559,858	£788,304	£605,030	£1,519,880	27.5%
		30% Affordable Housing	£5,041,362	£2,559,858	£687,097	£555,100	£1,189,735	23.6%
		40% Affordable Housing	£4,667,708	£2,559,858	£622,152	£516,154	£930,762	19.9%
25 Unit Flatted Scheme	0% Affordable Housing	£5,386,500	£2,376,138	£807,975	£594,126	£1,543,930	28.7%	
	20% Affordable Housing	£4,760,400	£2,376,138	£675,594	£531,459	£1,130,121	23.7%	
	30% Affordable Housing	£4,374,492	£2,376,138	£594,480	£492,779	£874,651	20.0%	
	40% Affordable Housing	£4,039,492	£2,376,138	£532,170	£458,311	£645,959	16.0%	
50 Unit Flatted Scheme	0% Affordable Housing	£10,832,500	£4,776,365	£1,624,875	£1,402,586	£2,907,527	26.8%	
	20% Affordable Housing	£9,485,492	£4,776,365	£1,349,070	£1,229,986	£2,044,869	21.6%	
	30% Affordable Housing	£8,834,677	£4,776,365	£1,209,851	£1,147,458	£1,632,963	18.5%	
	40% Affordable Housing	£8,208,577	£4,776,365	£1,077,470	£1,067,839	£1,235,427	15.1%	
50 Unit Mixed Scheme	0% Affordable Housing	£12,981,500	£5,291,608	£1,947,225	£1,656,508	£3,922,712	30.2%	
	20% Affordable Housing	£11,359,862	£5,291,608	£1,622,812	£1,447,613	£2,877,916	25.3%	
	30% Affordable Housing	£10,470,046	£5,291,608	£1,442,163	£1,333,372	£2,306,787	22.0%	
	40% Affordable Housing	£9,655,946	£5,291,608	£1,277,082	£1,228,824	£1,784,096	18.5%	
80 Unit Flatted Scheme	0% Affordable Housing	£16,975,000	£7,497,650	£2,546,250	£2,516,297	£4,238,211	25.0%	
	20% Affordable Housing	£14,929,200	£7,497,650	£2,117,952	£2,199,983	£2,989,070	20.0%	
	30% Affordable Housing	£13,868,885	£7,497,650	£1,901,558	£2,035,035	£2,337,256	16.9%	
	40% Affordable Housing	£12,856,877	£7,497,650	£1,688,063	£1,878,855	£1,720,617	13.4%	

Source: Adams Integra, July 2009

Graph 6 - Residual Land Value (£) - Value Point 3
65% General Needs Rent/35% Intermediate Tenure Mix



**Graph 7 - Residual Land Value (% of GDV) - Value Point 3
65% General Needs Rent/35% Intermediate Tenure Mix**

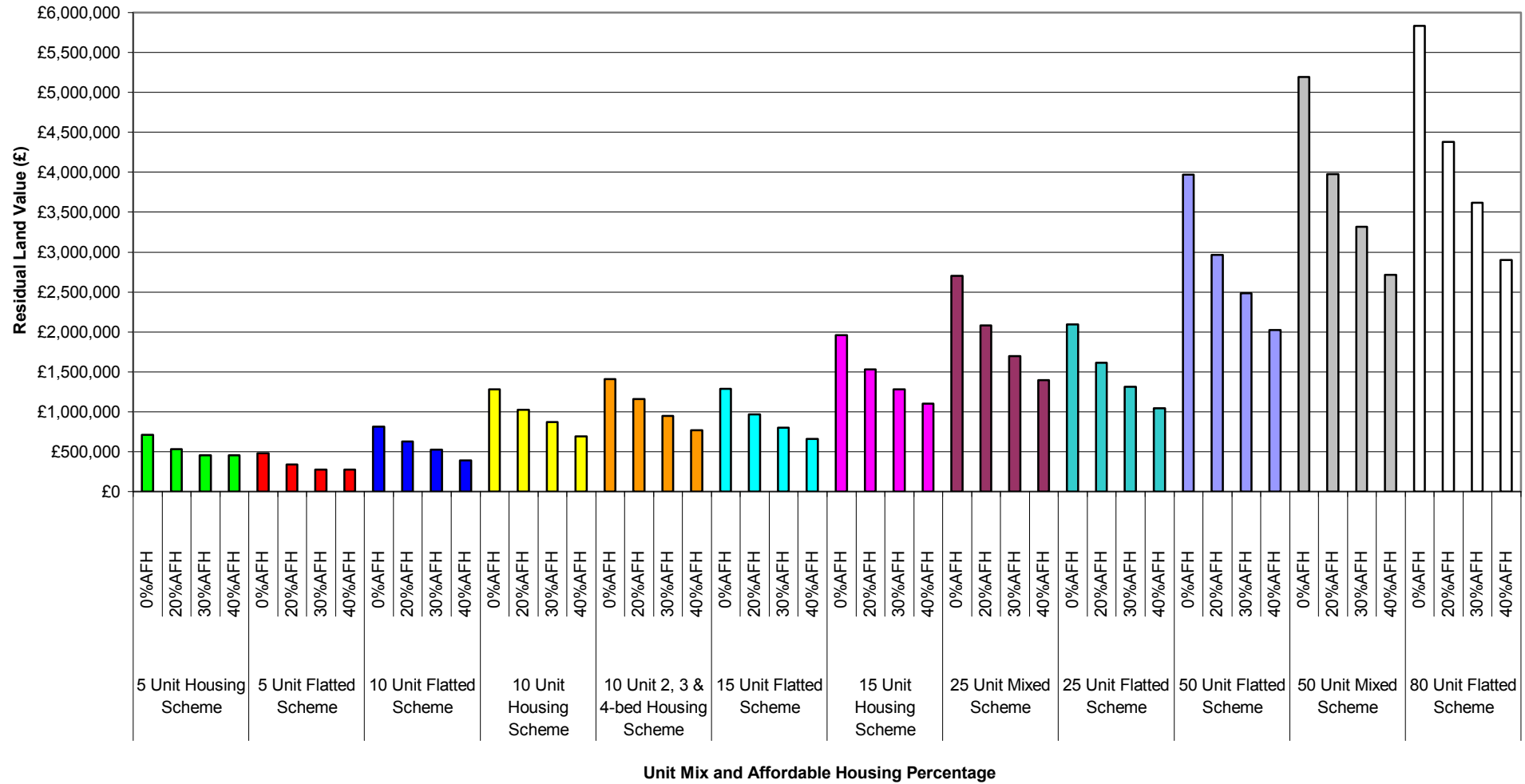


**Table 5: Summary Table Showing Results of Residual Land Value Appraisals and Reduction in Land Residual - Value Point 4
65% General Needs Rent/35% Intermediate Tenure Mix**

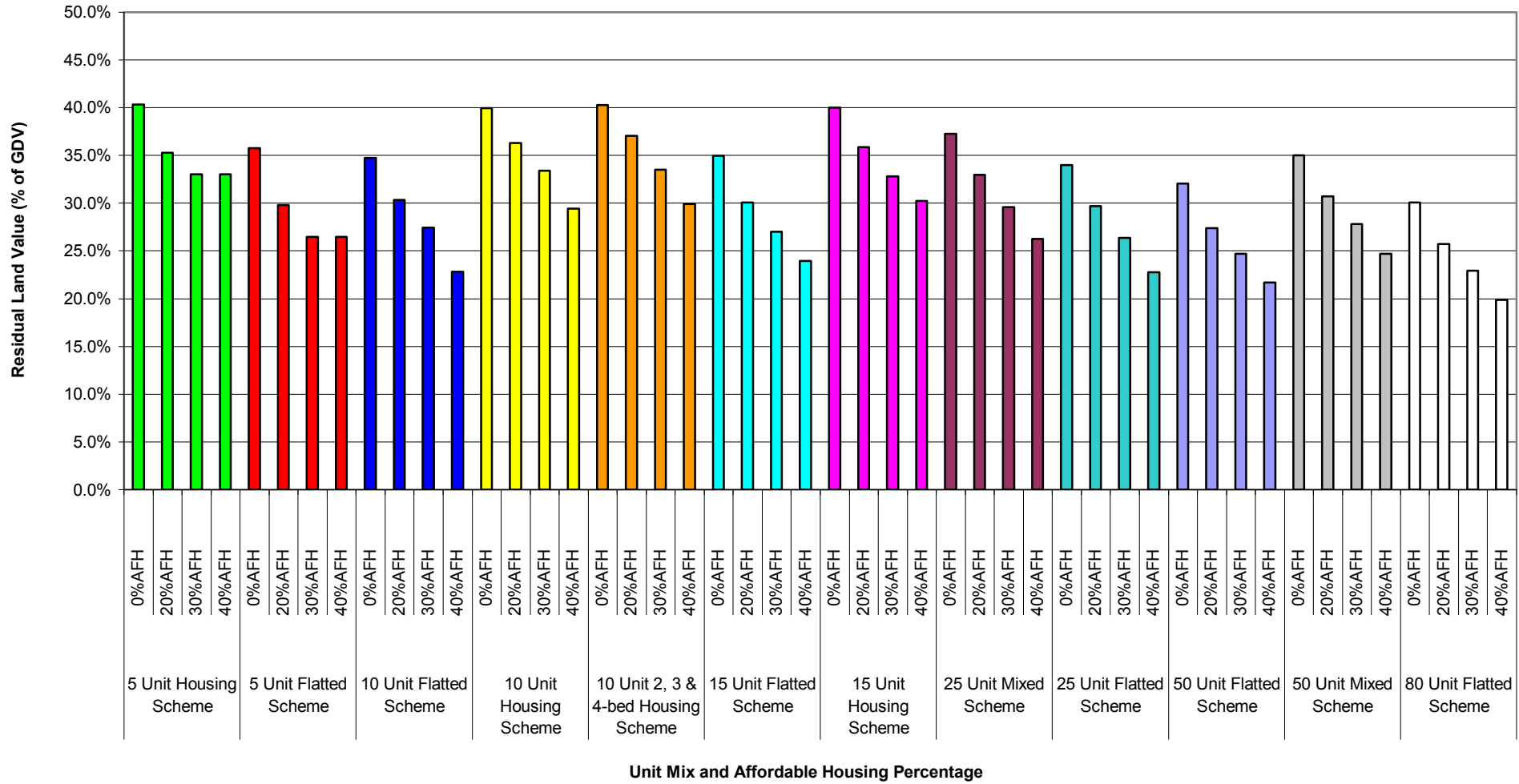
1	2	3	4	5	6	7	8	
Value Point	Number of Units	Scenario	GDV	Development Cost	Developer Profit (@15%)	Finance & Land Costs	Residual Land Price	% Land Residual (of GDV)
Value Point 4	5 Unit Housing Scheme	0% Affordable Housing	£1,760,000	£590,615	£264,000	£166,220	£709,599	40.3%
		20% Affordable Housing	£1,506,000	£590,615	£218,160	£143,507	£531,569	35.3%
		30% Affordable Housing	£1,367,875	£590,615	£179,273	£132,447	£451,574	33.0%
		40% Affordable Housing	£1,367,875	£590,615	£179,273	£132,447	£451,574	33.0%
	5 Unit Flatted Scheme	0% Affordable Housing	£1,340,000	£513,770	£201,000	£130,762	£479,634	35.8%
		20% Affordable Housing	£1,144,000	£513,770	£165,120	£113,283	£341,272	29.8%
		30% Affordable Housing	£1,035,125	£513,770	£134,468	£104,566	£273,852	26.5%
		40% Affordable Housing	£1,035,125	£513,770	£134,468	£104,566	£273,852	26.5%
	10 Unit Flatted Scheme	0% Affordable Housing	£2,340,000	£907,095	£351,000	£235,309	£812,732	34.7%
		20% Affordable Housing	£2,062,750	£907,095	£292,245	£211,324	£626,002	30.3%
		30% Affordable Housing	£1,919,750	£907,095	£265,665	£198,609	£526,446	27.4%
		40% Affordable Housing	£1,723,750	£907,095	£229,785	£181,130	£393,568	22.8%
	10 Unit Housing Scheme	0% Affordable Housing	£3,200,000	£1,080,950	£480,000	£307,207	£1,278,570	40.0%
		20% Affordable Housing	£2,824,125	£1,080,950	£399,848	£274,736	£1,025,848	36.3%
		30% Affordable Housing	£2,600,125	£1,080,950	£359,408	£254,707	£868,858	33.4%
		40% Affordable Housing	£2,346,125	£1,080,950	£313,568	£231,995	£690,828	29.4%
	10 Unit 2, 3 & 4-bed Housing Scheme	0% Affordable Housing	£3,500,000	£1,174,963	£525,000	£330,862	£1,410,408	40.3%
		20% Affordable Housing	£3,124,125	£1,174,963	£444,848	£298,391	£1,157,687	37.1%
		30% Affordable Housing	£2,823,125	£1,174,963	£390,788	£271,452	£946,486	33.5%
		40% Affordable Housing	£2,569,125	£1,174,963	£344,948	£248,739	£768,457	29.9%
	15 Unit Flatted Scheme	0% Affordable Housing	£3,680,000	£1,420,865	£552,000	£366,072	£1,287,421	35.0%
		20% Affordable Housing	£3,206,750	£1,420,865	£457,365	£324,608	£963,756	30.1%
		30% Affordable Housing	£2,954,875	£1,420,865	£400,133	£303,174	£797,475	27.0%
		40% Affordable Housing	£2,758,875	£1,420,865	£364,253	£285,695	£660,540	23.9%
	15 Unit Housing Scheme	0% Affordable Housing	£4,900,000	£1,652,763	£735,000	£468,695	£1,961,801	40.0%
		20% Affordable Housing	£4,270,125	£1,652,763	£609,008	£413,512	£1,531,049	35.9%
		30% Affordable Housing	£3,894,250	£1,652,763	£528,855	£381,041	£1,278,328	32.8%
		40% Affordable Housing	£3,640,250	£1,652,763	£483,015	£358,329	£1,100,298	30.2%
	25 Unit Mixed Scheme	0% Affordable Housing	£7,240,000	£2,559,858	£1,086,000	£782,423	£2,699,251	37.3%
		20% Affordable Housing	£6,317,875	£2,559,858	£900,353	£689,100	£2,081,822	33.0%
		30% Affordable Housing	£5,746,000	£2,559,858	£784,320	£631,323	£1,699,680	29.6%
		40% Affordable Housing	£5,308,625	£2,559,858	£709,478	£585,605	£1,395,537	26.3%
25 Unit Flatted Scheme	0% Affordable Housing	£8,156,000	£2,376,138	£923,400	£676,347	£2,092,910	34.0%	
	20% Affordable Housing	£5,430,875	£2,376,138	£771,533	£603,608	£1,612,412	29.7%	
	30% Affordable Housing	£4,983,000	£2,376,138	£678,420	£558,605	£1,315,043	26.4%	
	40% Affordable Housing	£4,591,000	£2,376,138	£606,660	£518,146	£1,046,454	22.8%	
50 Unit Flatted Scheme	0% Affordable Housing	£12,380,000	£4,776,365	£1,857,000	£1,613,162	£3,968,134	32.1%	
	20% Affordable Housing	£10,815,000	£4,776,365	£1,540,260	£1,412,093	£2,962,831	27.4%	
	30% Affordable Housing	£10,062,250	£4,776,365	£1,380,615	£1,316,439	£2,485,278	24.7%	
	40% Affordable Housing	£9,337,125	£4,776,365	£1,228,748	£1,224,017	£2,023,676	21.7%	
50 Unit Mixed Scheme	0% Affordable Housing	£14,836,000	£5,291,608	£2,225,400	£1,908,859	£5,193,727	35.0%	
	20% Affordable Housing	£12,956,000	£5,291,608	£1,853,040	£1,666,141	£3,979,403	30.7%	
	30% Affordable Housing	£11,929,250	£5,291,608	£1,645,995	£1,534,115	£3,319,230	27.8%	
	40% Affordable Housing	£10,988,125	£5,291,608	£1,456,888	£1,413,032	£2,713,726	24.7%	
80 Unit Flatted Scheme	0% Affordable Housing	£19,400,000	£7,497,650	£2,910,000	£2,917,149	£5,832,193	30.1%	
	20% Affordable Housing	£17,028,625	£7,497,650	£2,418,518	£2,549,601	£4,380,343	25.7%	
	30% Affordable Housing	£15,793,875	£7,497,650	£2,169,833	£2,356,921	£3,618,692	22.9%	
	40% Affordable Housing	£14,620,875	£7,497,650	£1,924,853	£2,175,450	£2,902,006	19.8%	

Source: Adams Integra, July 2009

Graph 8 - Residual Land Value (£) - Value Point 4
65% General Needs Rent/35% Intermediate Tenure Mix



**Graph 9 - Residual Land Value (% of GDV) - Value Point 4
65% General Needs Rent/35% Intermediate Tenure Mix**

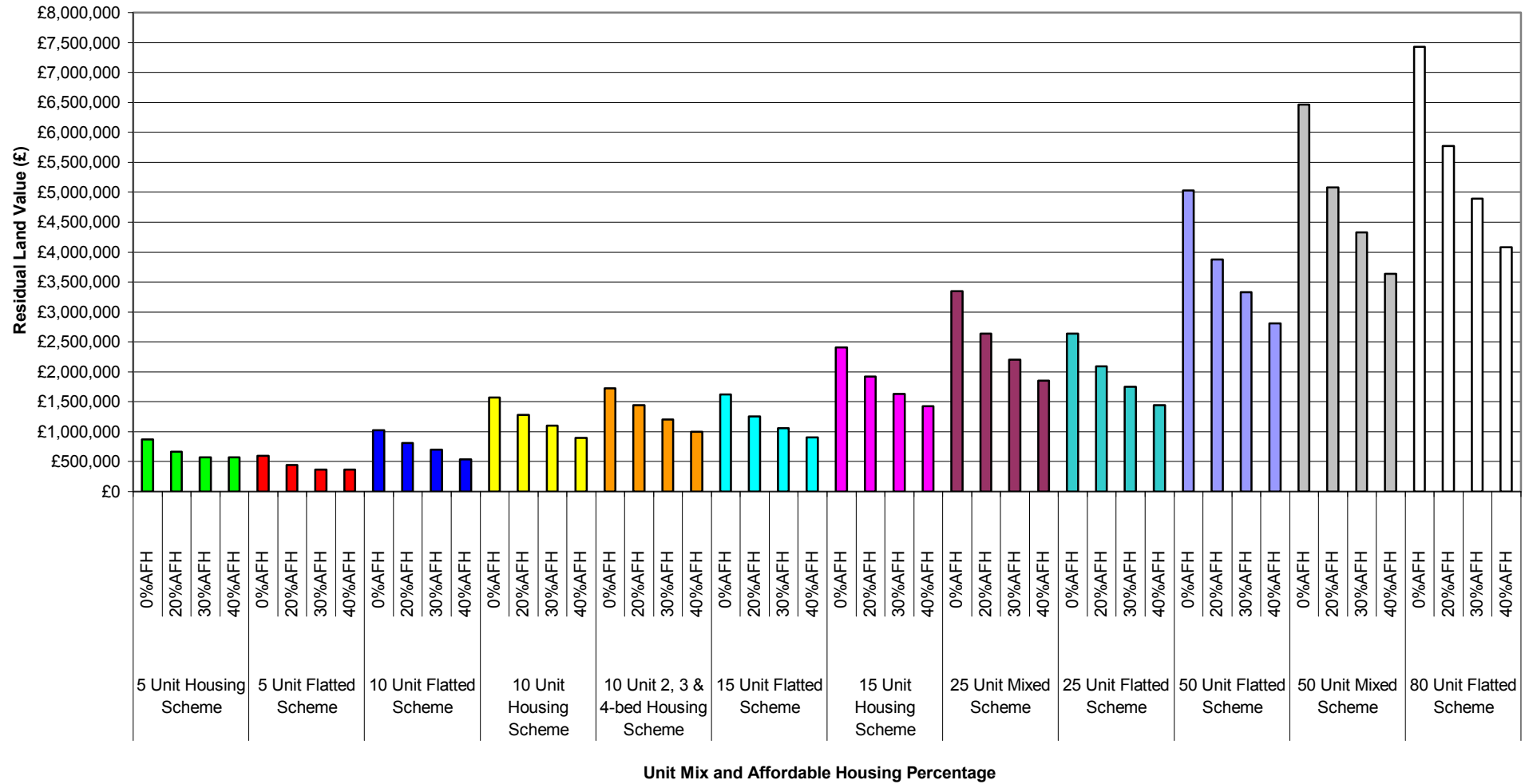


**Table 6: Summary Table Showing Results of Residual Land Value Appraisals and Reduction in Land Residual - Value Point 5
65% General Needs Rent/35% Intermediate Tenure Mix**

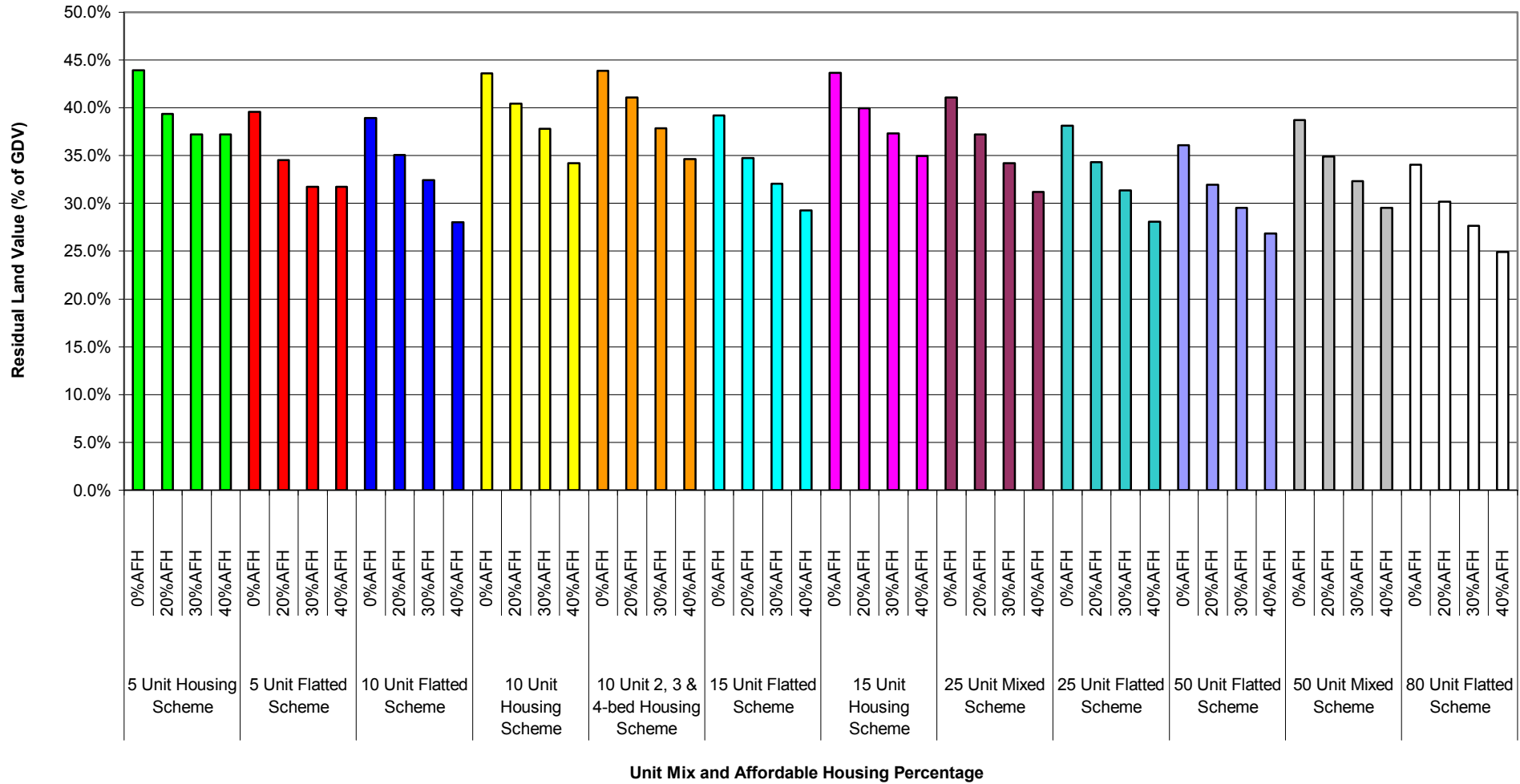
1	2	3	4	5	6	7	8	
Value Point	Number of Units	Scenario	GDV	Development Cost	Developer Profit (@15%)	Finance & Land Costs	Residual Land Price	% Land Residual (of GDV)
Value Point 5	5 Unit Housing Scheme	0% Affordable Housing	£1,980,000	£590,615	£297,000	£186,512	£869,638	43.9%
		20% Affordable Housing	£1,689,500	£590,615	£245,145	£160,483	£665,527	39.4%
		30% Affordable Housing	£1,536,500	£590,615	£201,540	£148,281	£572,222	37.2%
		40% Affordable Housing	£1,536,500	£590,615	£201,540	£148,281	£572,222	37.2%
	5 Unit Flatted Scheme	0% Affordable Housing	£1,507,500	£513,770	£226,125	£146,212	£596,537	39.6%
		20% Affordable Housing	£1,282,000	£513,770	£185,460	£126,045	£443,023	34.6%
		30% Affordable Housing	£1,161,400	£513,770	£151,089	£116,427	£368,710	31.7%
		40% Affordable Housing	£1,161,400	£513,770	£151,089	£116,427	£368,710	31.7%
	10 Unit Flatted Scheme	0% Affordable Housing	£2,632,500	£907,095	£394,875	£262,289	£1,025,512	39.0%
		20% Affordable Housing	£2,317,000	£907,095	£328,560	£234,944	£812,545	35.1%
		30% Affordable Housing	£2,153,000	£907,095	£298,470	£220,325	£698,025	32.4%
		40% Affordable Housing	£1,927,500	£907,095	£257,805	£200,158	£539,944	28.0%
	10 Unit Housing Scheme	0% Affordable Housing	£3,600,000	£1,080,950	£540,000	£344,102	£1,569,550	43.6%
		20% Affordable Housing	£3,174,500	£1,080,950	£449,670	£307,306	£1,283,111	40.4%
		30% Affordable Housing	£2,918,000	£1,080,950	£403,905	£284,322	£1,102,870	37.8%
		40% Affordable Housing	£2,627,500	£1,080,950	£352,050	£258,293	£898,759	34.2%
	10 Unit 2, 3 & 4-bed Housing Scheme	0% Affordable Housing	£3,937,500	£1,174,963	£590,625	£371,216	£1,728,669	43.9%
		20% Affordable Housing	£3,512,000	£1,174,963	£500,295	£334,421	£1,442,229	41.1%
		30% Affordable Housing	£3,168,000	£1,174,963	£439,155	£303,573	£1,200,297	37.9%
		40% Affordable Housing	£2,877,500	£1,174,963	£387,300	£277,544	£996,186	34.6%
	15 Unit Flatted Scheme	0% Affordable Housing	£4,140,000	£1,420,865	£621,000	£408,501	£1,622,049	39.2%
		20% Affordable Housing	£3,599,000	£1,420,865	£514,020	£360,990	£1,251,000	34.8%
		30% Affordable Housing	£3,314,400	£1,420,865	£449,559	£336,753	£1,062,934	32.1%
		40% Affordable Housing	£3,088,900	£1,420,865	£408,894	£316,586	£904,853	29.3%
	15 Unit Housing Scheme	0% Affordable Housing	£5,512,500	£1,652,763	£826,875	£525,191	£2,407,365	43.7%
		20% Affordable Housing	£4,796,500	£1,652,763	£684,690	£462,366	£1,916,814	40.0%
		30% Affordable Housing	£4,371,000	£1,652,763	£594,360	£425,571	£1,630,374	37.3%
		40% Affordable Housing	£4,080,500	£1,652,763	£542,505	£399,542	£1,426,263	35.0%
	25 Unit Mixed Scheme	0% Affordable Housing	£8,145,000	£2,559,858	£1,221,750	£879,122	£3,344,900	41.1%
		20% Affordable Housing	£7,096,900	£2,559,858	£1,012,254	£772,884	£2,641,829	37.2%
		30% Affordable Housing	£6,445,900	£2,559,858	£881,259	£706,992	£2,205,880	34.2%
		40% Affordable Housing	£5,943,900	£2,559,858	£796,464	£654,398	£1,855,853	31.2%
25 Unit Flatted Scheme	0% Affordable Housing	£6,925,500	£2,376,138	£1,038,825	£758,568	£2,641,890	38.1%	
	20% Affordable Housing	£6,099,900	£2,376,138	£867,384	£675,589	£2,093,557	34.3%	
	30% Affordable Housing	£5,589,800	£2,376,138	£762,258	£624,232	£1,754,085	31.4%	
	40% Affordable Housing	£5,138,800	£2,376,138	£680,928	£577,547	£1,444,019	28.1%	
50 Unit Flatted Scheme	0% Affordable Housing	£13,927,500	£4,776,365	£2,089,125	£1,823,738	£5,028,741	36.1%	
	20% Affordable Housing	£12,140,800	£4,776,365	£1,731,228	£1,593,647	£3,877,978	31.9%	
	30% Affordable Housing	£11,284,600	£4,776,365	£1,551,066	£1,484,641	£3,333,627	29.5%	
	40% Affordable Housing	£10,459,000	£4,776,365	£1,379,625	£1,379,199	£2,806,858	26.8%	
50 Unit Mixed Scheme	0% Affordable Housing	£16,890,500	£5,291,608	£2,503,575	£2,161,210	£6,464,742	38.7%	
	20% Affordable Housing	£14,548,400	£5,291,608	£2,083,044	£1,884,111	£5,078,052	34.9%	
	30% Affordable Housing	£13,382,200	£5,291,608	£1,849,452	£1,733,926	£4,326,926	32.3%	
	40% Affordable Housing	£12,311,600	£5,291,608	£1,635,771	£1,595,942	£3,636,748	29.5%	
80 Unit Flatted Scheme	0% Affordable Housing	£21,825,000	£7,497,650	£3,273,750	£3,318,002	£7,426,174	34.0%	
	20% Affordable Housing	£19,122,700	£7,497,650	£2,718,762	£2,898,247	£5,767,719	30.2%	
	30% Affordable Housing	£17,713,000	£7,497,650	£2,437,755	£2,677,743	£4,895,858	27.6%	
	40% Affordable Housing	£16,377,300	£7,497,650	£2,161,188	£2,470,670	£4,077,880	24.9%	

Source: Adams Integra, July 2009

Graph 10 - Residual Land Value (£) - Value Point 5
65% General Needs Rent/35% Intermediate Tenure Mix



**Graph 11 - Residual Land Value (% of GDV) - Value Point 5
65% General Needs Rent/35% Intermediate Tenure Mix**

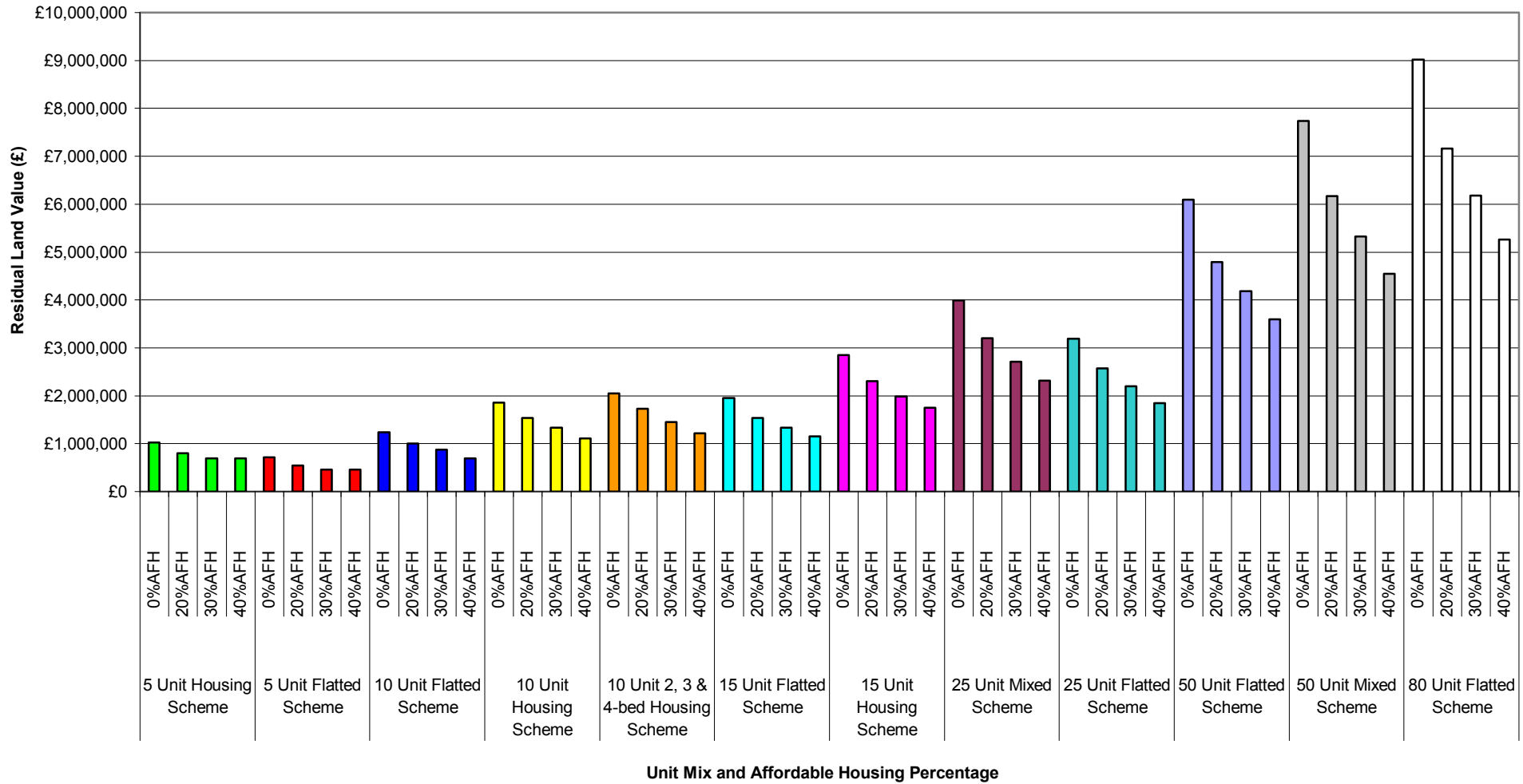


**Table 7: Summary Table Showing Results of Residual Land Value Appraisals and Reduction in Land Residual - Value Point 6
65% General Needs Rent/35% Intermediate Tenure Mix**

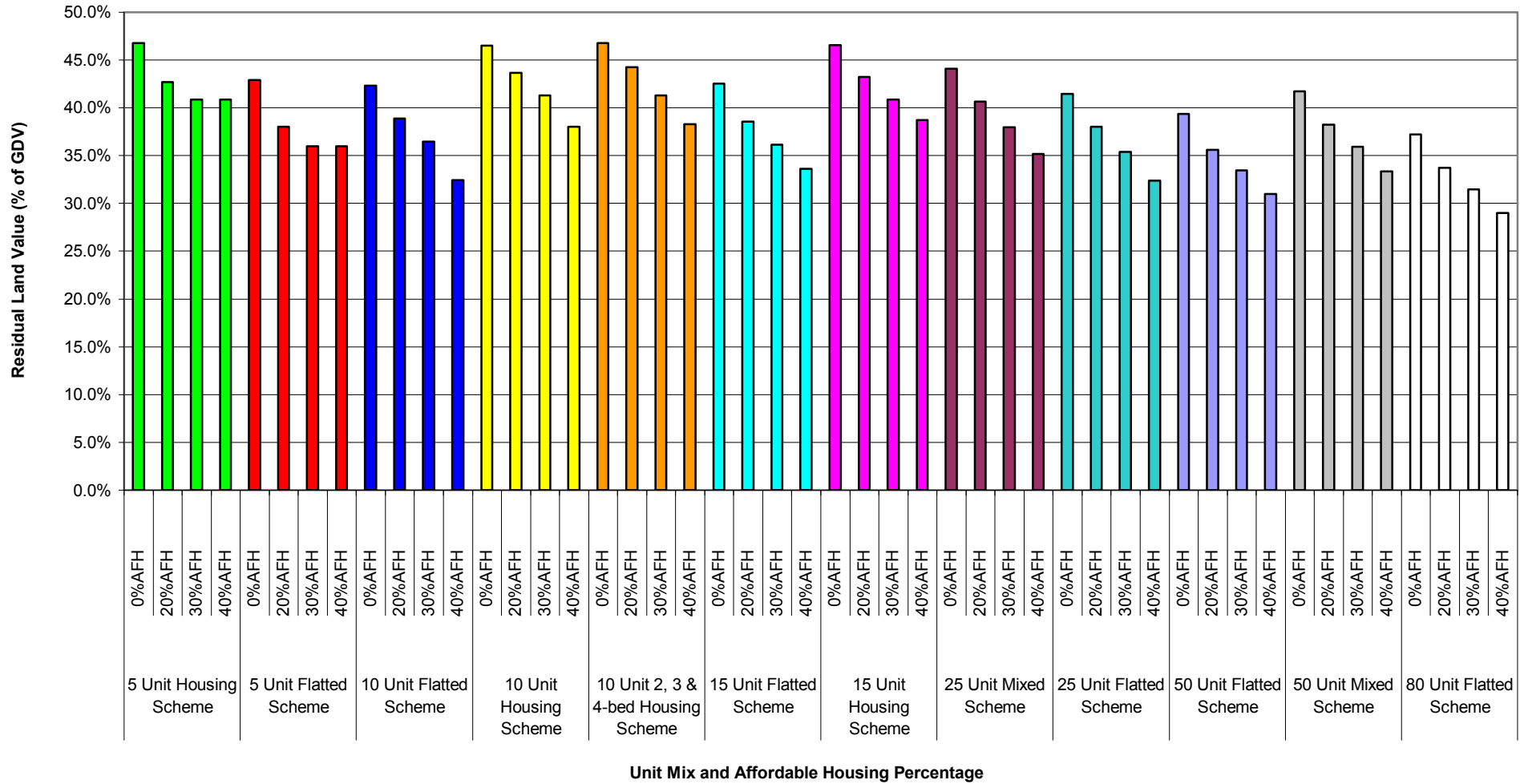
1	2	3	4	5	6	7	8	
Value Point	Number of Units	Scenario	GDV	Development Cost	Developer Profit (@15%)	Finance & Land Costs	Residual Land Price	% Land Residual (of GDV)
Value Point 6	5 Unit Housing Scheme	0% Affordable Housing	£2,200,000	£590,615	£330,000	£206,804	£1,029,678	46.8%
		20% Affordable Housing	£1,873,000	£590,615	£272,130	£177,458	£799,485	42.7%
		30% Affordable Housing	£1,703,966	£590,615	£223,738	£163,998	£696,591	40.9%
		40% Affordable Housing	£1,703,966	£590,615	£223,738	£163,998	£696,591	40.9%
	5 Unit Flatted Scheme	0% Affordable Housing	£1,675,000	£513,770	£251,250	£161,662	£718,385	42.9%
		20% Affordable Housing	£1,421,000	£513,770	£205,660	£138,908	£539,964	38.0%
		30% Affordable Housing	£1,287,761	£513,770	£167,716	£128,298	£463,638	36.0%
		40% Affordable Housing	£1,287,761	£513,770	£167,716	£128,298	£463,638	36.0%
	10 Unit Flatted Scheme	0% Affordable Housing	£2,925,000	£907,095	£438,750	£289,268	£1,238,291	42.3%
		20% Affordable Housing	£2,571,568	£907,095	£364,894	£258,596	£999,344	38.9%
		30% Affordable Housing	£2,386,568	£907,095	£331,294	£242,073	£869,861	36.4%
		40% Affordable Housing	£2,132,568	£907,095	£285,904	£219,319	£691,440	32.4%
	10 Unit Housing Scheme	0% Affordable Housing	£4,000,000	£1,080,950	£600,000	£380,997	£1,860,531	46.5%
		20% Affordable Housing	£3,523,852	£1,080,950	£499,431	£339,774	£1,539,549	43.7%
		30% Affordable Housing	£3,234,852	£1,080,950	£448,341	£313,833	£1,336,059	41.3%
		40% Affordable Housing	£2,907,852	£1,080,950	£390,471	£284,488	£1,105,866	38.0%
	10 Unit 2, 3 & 4-bed Housing Scheme	0% Affordable Housing	£4,375,000	£1,174,963	£656,250	£411,570	£2,046,929	46.8%
		20% Affordable Housing	£3,898,852	£1,174,963	£555,681	£370,347	£1,725,947	44.3%
		30% Affordable Housing	£3,504,852	£1,174,963	£487,041	£334,888	£1,447,642	41.3%
		40% Affordable Housing	£3,177,852	£1,174,963	£429,171	£305,542	£1,217,449	38.3%
	15 Unit Flatted Scheme	0% Affordable Housing	£4,600,000	£1,420,865	£690,000	£450,930	£1,956,677	42.5%
		20% Affordable Housing	£3,992,568	£1,420,865	£570,754	£397,504	£1,539,307	38.6%
		30% Affordable Housing	£3,674,330	£1,420,865	£499,010	£370,371	£1,328,720	36.2%
		40% Affordable Housing	£3,420,330	£1,420,865	£453,620	£347,617	£1,150,298	33.6%
	15 Unit Housing Scheme	0% Affordable Housing	£6,125,000	£1,652,763	£918,750	£581,686	£2,852,929	46.6%
		20% Affordable Housing	£5,321,852	£1,652,763	£760,311	£511,118	£2,301,754	43.3%
		30% Affordable Housing	£4,845,705	£1,652,763	£659,742	£469,895	£1,980,772	40.9%
		40% Affordable Housing	£4,518,705	£1,652,763	£601,872	£440,549	£1,750,580	38.7%
	25 Unit Mixed Scheme	0% Affordable Housing	£9,050,000	£2,559,858	£1,357,500	£975,821	£3,990,548	44.1%
		20% Affordable Housing	£7,874,330	£2,559,858	£1,124,060	£856,481	£3,200,574	40.6%
		30% Affordable Housing	£7,144,182	£2,559,858	£978,101	£782,473	£2,710,801	37.9%
		40% Affordable Housing	£6,577,898	£2,559,858	£883,374	£723,041	£2,315,160	35.2%
25 Unit Flatted Scheme	0% Affordable Housing	£7,695,000	£2,376,138	£1,154,250	£840,789	£3,190,870	41.5%	
	20% Affordable Housing	£6,769,330	£2,376,138	£963,260	£747,617	£2,575,022	38.0%	
	30% Affordable Housing	£6,197,091	£2,376,138	£846,125	£689,916	£2,193,515	35.4%	
	40% Affordable Housing	£5,689,091	£2,376,138	£755,345	£637,240	£1,843,553	32.4%	
50 Unit Flatted Scheme	0% Affordable Housing	£15,475,000	£4,776,365	£2,321,250	£2,034,314	£6,089,348	39.3%	
	20% Affordable Housing	£13,469,091	£4,776,365	£1,922,345	£1,775,573	£4,795,016	35.6%	
	30% Affordable Housing	£12,509,614	£4,776,365	£1,721,677	£1,653,240	£4,183,999	33.4%	
	40% Affordable Housing	£11,583,943	£4,776,365	£1,530,687	£1,534,840	£3,592,370	31.0%	
50 Unit Mixed Scheme	0% Affordable Housing	£18,545,000	£5,291,608	£2,781,750	£2,413,562	£7,735,757	41.7%	
	20% Affordable Housing	£16,133,182	£5,291,608	£2,312,591	£2,100,944	£6,170,917	38.2%	
	30% Affordable Housing	£14,818,705	£5,291,608	£2,051,922	£1,931,284	£5,322,135	35.9%	
	40% Affordable Housing	£13,611,034	£5,291,608	£1,813,412	£1,775,267	£4,541,517	33.4%	
80 Unit Flatted Scheme	0% Affordable Housing	£24,250,000	£7,497,650	£3,637,500	£3,718,854	£9,020,156	37.2%	
	20% Affordable Housing	£21,218,989	£7,497,650	£3,019,139	£3,247,296	£7,156,708	33.7%	
	30% Affordable Housing	£19,635,511	£7,497,650	£2,705,881	£2,999,179	£6,175,489	31.5%	
	40% Affordable Housing	£18,137,602	£7,497,650	£2,397,756	£2,766,594	£5,256,578	29.0%	

Source: Adams Integra, July 2009

Graph 12 - Residual Land Value (£) - Value Point 6
65% General Needs Rent/35% Intermediate Tenure Mix



**Graph 13 - Residual Land Value (% of GDV) - Value Point 6
65% General Needs Rent/35% Intermediate Tenure Mix**

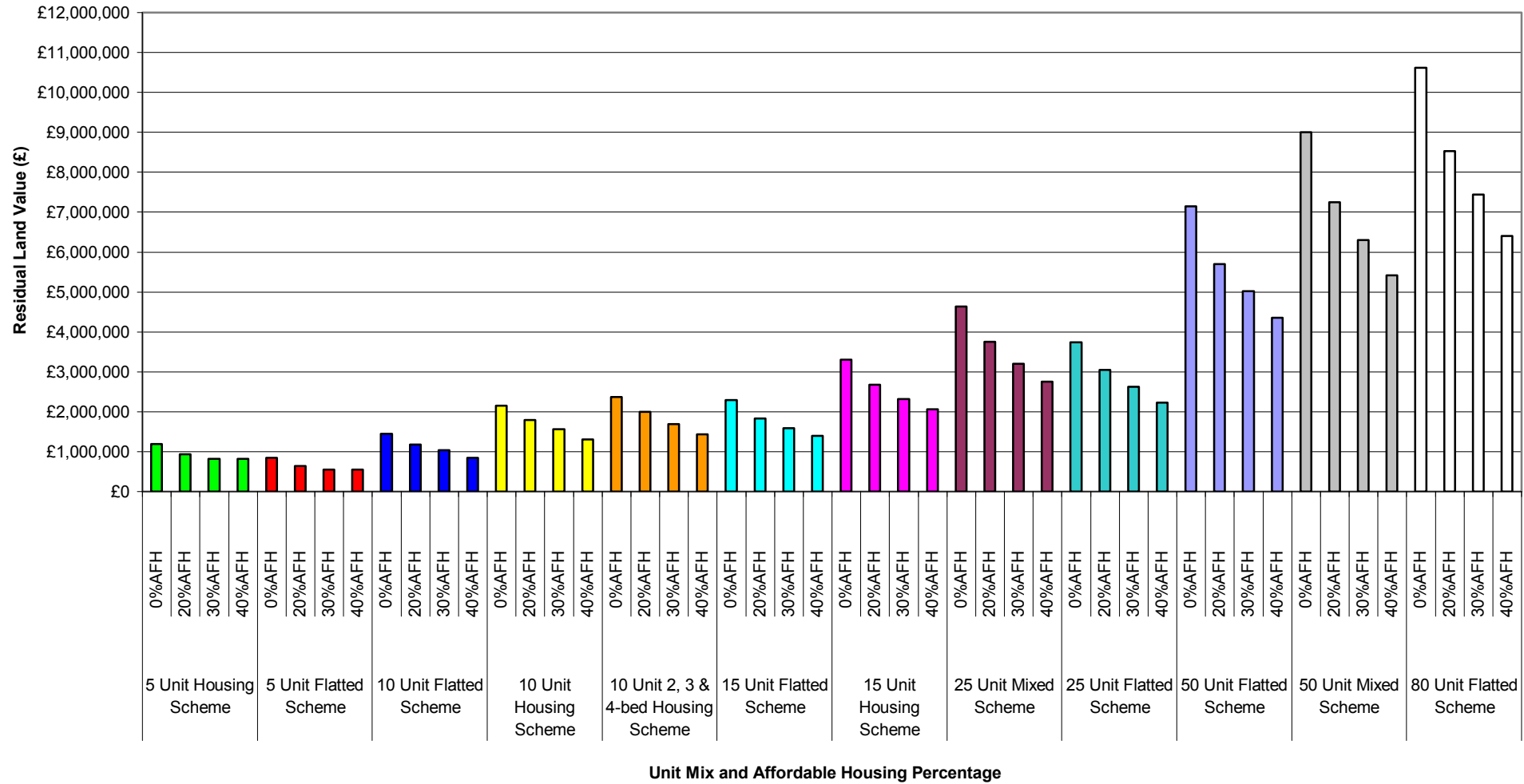


**Table 8: Summary Table Showing Results of Residual Land Value Appraisals and Reduction in Land Residual - Value Point 7
65% General Needs Rent/35% Intermediate Tenure Mix**

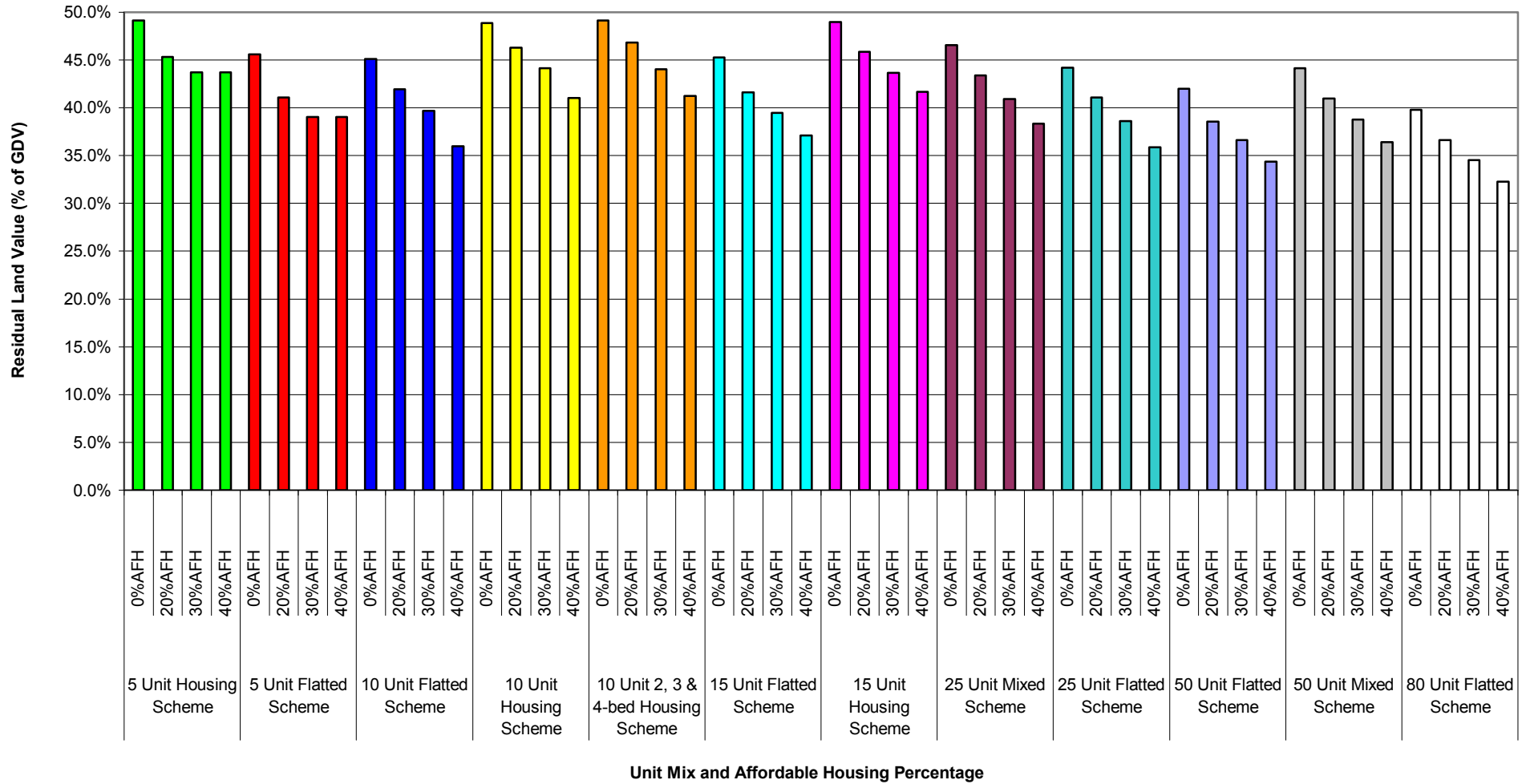
1	2	3	4	5	6	7	8	
Value Point	Number of Units	Scenario	GDV	Development Cost	Developer Profit (@15%)	Finance & Land Costs	Residual Land Price	% Land Residual (of GDV)
Value Point 7	5 Unit Housing Scheme	0% Affordable Housing	£2,420,000	£590,815	£363,000	£227,096	£1,189,717	49.2%
		20% Affordable Housing	£2,051,500	£590,815	£298,815	£193,931	£929,414	45.3%
		30% Affordable Housing	£1,864,500	£590,815	£245,520	£179,018	£815,373	43.7%
		40% Affordable Housing	£1,864,500	£590,815	£245,520	£179,018	£815,373	43.7%
	5 Unit Flatted Scheme	0% Affordable Housing	£1,842,500	£513,770	£276,375	£177,112	£840,234	45.6%
		20% Affordable Housing	£1,559,000	£513,770	£226,200	£151,670	£640,866	41.1%
		30% Affordable Housing	£1,411,600	£513,770	£184,191	£139,915	£550,775	39.0%
		40% Affordable Housing	£1,411,600	£513,770	£184,191	£139,915	£550,775	39.0%
	10 Unit Flatted Scheme	0% Affordable Housing	£3,217,500	£907,095	£482,625	£316,248	£1,451,071	45.1%
		20% Affordable Housing	£2,824,000	£907,095	£401,100	£282,033	£1,184,421	41.9%
		30% Affordable Housing	£2,617,000	£907,095	£363,930	£263,506	£1,039,170	39.7%
		40% Affordable Housing	£2,333,500	£907,095	£313,755	£238,065	£839,802	36.0%
	10 Unit Housing Scheme	0% Affordable Housing	£4,400,000	£1,080,950	£660,000	£417,892	£2,151,512	48.9%
		20% Affordable Housing	£3,866,500	£1,080,950	£548,790	£371,568	£1,790,585	46.3%
		30% Affordable Housing	£3,546,000	£1,080,950	£492,435	£342,771	£1,564,650	44.1%
		40% Affordable Housing	£3,177,500	£1,080,950	£428,250	£309,606	£1,304,346	41.0%
	10 Unit 2, 3 & 4-bed Housing Scheme	0% Affordable Housing	£4,812,500	£1,174,963	£721,875	£451,924	£2,365,189	49.1%
		20% Affordable Housing	£4,279,000	£1,174,963	£610,685	£405,600	£2,004,262	46.8%
		30% Affordable Housing	£3,835,000	£1,174,963	£534,525	£365,529	£1,889,585	44.1%
		40% Affordable Housing	£3,466,500	£1,174,963	£470,340	£332,363	£1,429,281	41.2%
	15 Unit Flatted Scheme	0% Affordable Housing	£5,060,000	£1,420,865	£759,000	£493,359	£2,291,305	45.3%
		20% Affordable Housing	£4,383,000	£1,420,865	£627,300	£433,703	£1,825,086	41.6%
		30% Affordable Housing	£4,028,600	£1,420,865	£548,121	£403,421	£1,569,945	39.5%
		40% Affordable Housing	£3,745,100	£1,420,865	£497,946	£377,979	£1,390,377	37.1%
	15 Unit Housing Scheme	0% Affordable Housing	£6,737,500	£1,652,763	£1,010,825	£638,182	£3,298,494	49.0%
		20% Affordable Housing	£5,835,500	£1,652,763	£835,230	£558,692	£2,677,263	45.9%
		30% Affordable Housing	£5,302,000	£1,652,763	£724,020	£512,368	£2,316,335	43.7%
		40% Affordable Housing	£4,933,500	£1,652,763	£659,835	£479,203	£2,056,032	41.7%
	25 Unit Mixed Scheme	0% Affordable Housing	£9,955,000	£2,559,858	£1,493,250	£1,072,521	£4,636,197	46.6%
		20% Affordable Housing	£8,640,100	£2,559,858	£1,235,166	£938,717	£3,750,105	43.4%
		30% Affordable Housing	£7,823,100	£2,559,858	£1,073,781	£855,692	£3,200,418	40.9%
		40% Affordable Housing	£7,189,100	£2,559,858	£968,916	£789,024	£2,756,451	38.3%
	25 Unit Flatted Scheme	0% Affordable Housing	£8,464,500	£2,376,138	£1,269,675	£923,010	£3,739,850	44.2%
		20% Affordable Housing	£7,433,100	£2,376,138	£1,058,796	£818,984	£3,052,015	41.1%
		30% Affordable Housing	£6,795,200	£2,376,138	£929,442	£754,528	£2,625,688	38.6%
		40% Affordable Housing	£6,228,200	£2,376,138	£829,092	£695,627	£2,234,249	35.9%
	50 Unit Flatted Scheme	0% Affordable Housing	£17,022,500	£4,776,365	£2,553,375	£2,244,890	£7,149,955	42.0%
		20% Affordable Housing	£14,786,200	£4,776,365	£2,112,792	£1,955,831	£5,703,564	38.6%
		30% Affordable Housing	£13,717,400	£4,776,365	£1,891,254	£1,819,270	£5,021,290	36.6%
		40% Affordable Housing	£12,686,000	£4,776,365	£1,680,375	£1,687,067	£4,360,505	34.4%
50 Unit Mixed Scheme	0% Affordable Housing	£20,399,500	£5,291,608	£3,059,825	£2,665,913	£9,006,772	44.2%	
	20% Affordable Housing	£17,701,600	£5,291,608	£2,541,156	£2,315,338	£7,251,358	41.0%	
	30% Affordable Housing	£16,225,800	£5,291,608	£2,252,628	£2,124,257	£6,295,015	38.8%	
	40% Affordable Housing	£14,872,400	£5,291,608	£1,988,769	£1,948,916	£5,417,383	36.4%	
80 Unit Flatted Scheme	0% Affordable Housing	£26,675,000	£7,497,650	£4,001,250	£4,119,707	£10,614,138	39.8%	
	20% Affordable Housing	£23,297,300	£7,497,650	£3,318,438	£3,593,081	£8,532,606	36.6%	
	30% Affordable Housing	£21,531,000	£7,497,650	£2,972,385	£3,315,711	£7,435,444	34.5%	
	40% Affordable Housing	£19,861,700	£7,497,650	£2,632,152	£3,055,947	£6,408,913	32.3%	

Source: Adams Integra, July 2009

**Graph 14 - Residual Land Value (£) - Value Point 7
65% General Needs Rent/35% Intermediate Tenure Mix**



**Graph 15 - Residual Land Value (% of GDV) - Value Point 7
65% General Needs Rent/35% Intermediate Tenure Mix**



Appendix IIa

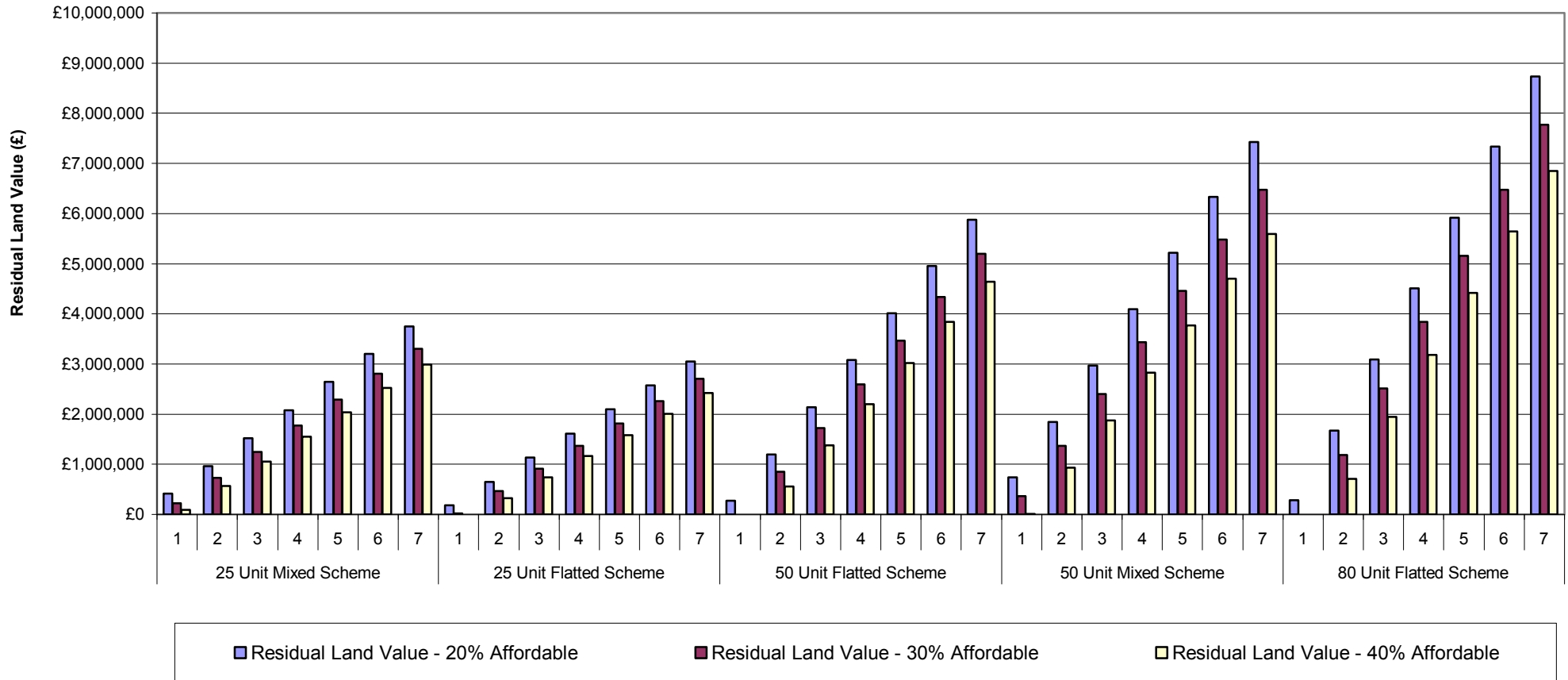
**Base Appraisals Residual Land Value Results
(£5,000 per unit Infrastructure Cost;
50%/50% Tenure Mix)**

**Table 9: Summary of Residual Land Value (£) Appraisals for
All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	£411,459	£226,471	£94,435
	2	£961,019	£727,250	£564,962
	3	£1,519,880	£1,245,130	£1,051,328
	4	£2,081,822	£1,768,536	£1,545,105
	5	£2,641,829	£2,288,784	£2,034,782
	6	£3,200,574	£2,806,241	£2,521,128
	7	£3,750,105	£3,307,981	£2,986,908
25 Unit Flatted Scheme	1	£177,395	£24,751	£0
	2	£647,751	£467,264	£319,283
	3	£1,130,121	£912,830	£739,532
	4	£1,612,412	£1,363,845	£1,164,113
	5	£2,093,557	£1,812,569	£1,585,407
	6	£2,575,022	£2,261,141	£2,006,619
	7	£3,052,015	£2,702,349	£2,418,473
50 Unit Flatted Scheme	1	£271,706	£0	£0
	2	£1,194,662	£848,427	£555,557
	3	£2,134,763	£1,722,857	£1,378,538
	4	£3,075,863	£2,598,310	£2,202,857
	5	£4,013,806	£3,469,455	£3,022,330
	6	£4,951,669	£4,340,652	£3,840,710
	7	£5,880,543	£5,198,269	£4,640,817
50 Unit Mixed Scheme	1	£739,829	£363,632	£13,375
	2	£1,847,267	£1,369,002	£931,325
	3	£2,967,810	£2,396,681	£1,873,990
	4	£4,092,435	£3,432,262	£2,826,758
	5	£5,213,880	£4,462,754	£3,772,576
	6	£6,327,571	£5,478,788	£4,698,170
	7	£7,428,337	£6,471,994	£5,594,362
80 Unit Flatted Scheme	1	£285,121	£0	£0
	2	£1,675,602	£1,184,981	£706,975
	3	£3,091,147	£2,509,684	£1,944,083
	4	£4,507,225	£3,835,502	£3,182,256
	5	£5,920,487	£5,156,393	£4,414,800
	6	£7,332,575	£6,475,971	£5,644,994
	7	£8,730,811	£7,774,912	£6,847,484

Source: Adams Integra, July 2009

Graph 16: Summary of Residual Land Values at 20%, 30% & 40% Affordable Housing Across All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix

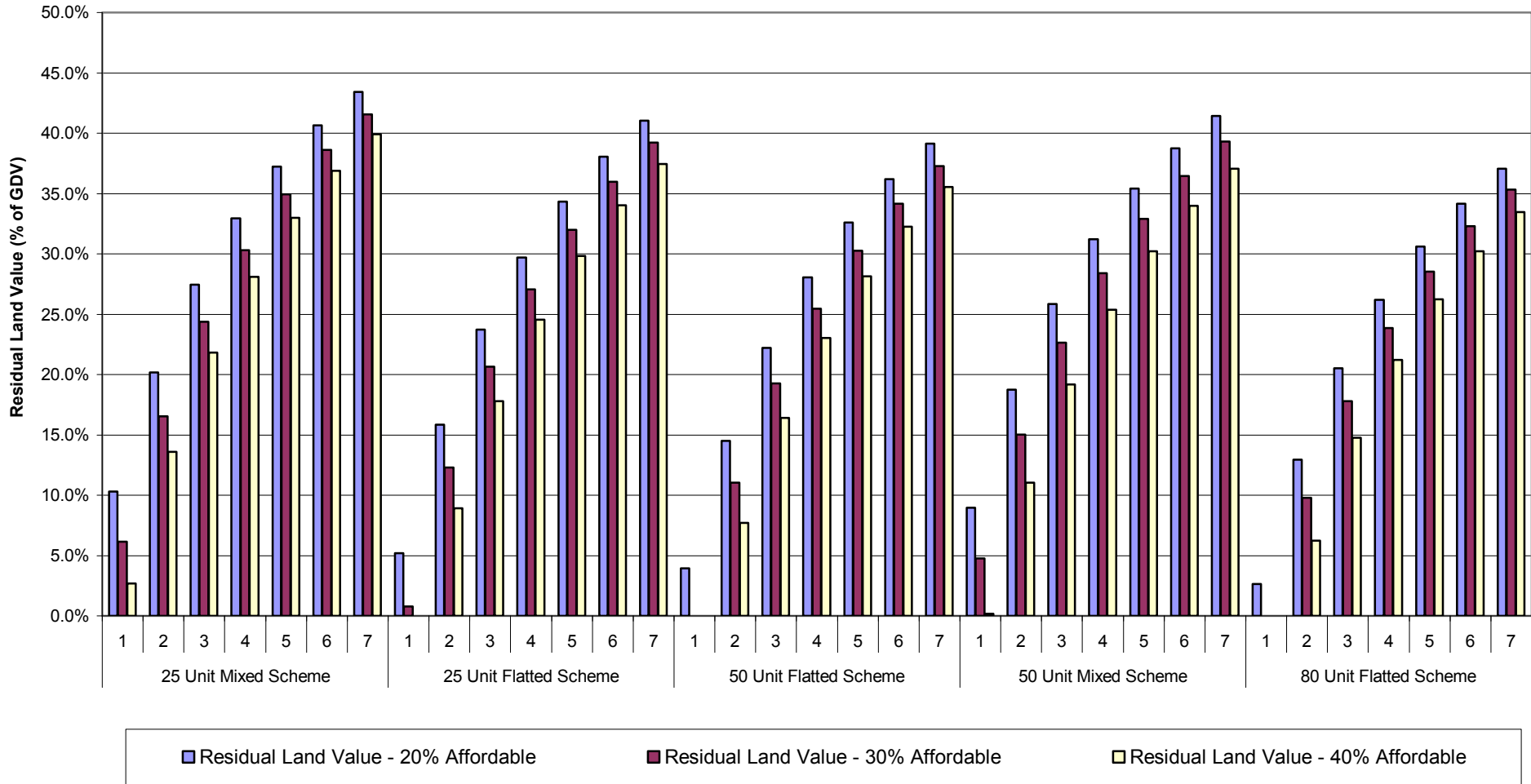


**Table 9a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points - 50% General Needs Rent/50%
Intermediate Tenure Mix**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	10.3%	6.1%	2.7%
	2	20.2%	16.5%	13.6%
	3	27.5%	24.4%	21.8%
	4	33.0%	30.3%	28.1%
	5	37.2%	34.9%	33.0%
	6	40.6%	38.6%	36.9%
	7	43.4%	41.6%	39.9%
25 Unit Flatted Scheme	1	5.2%	0.8%	0.0%
	2	15.8%	12.3%	8.9%
	3	23.7%	20.6%	17.8%
	4	29.7%	27.0%	24.6%
	5	34.3%	32.0%	29.8%
	6	38.0%	36.0%	34.0%
	7	41.1%	39.2%	37.4%
50 Unit Flatted Scheme	1	3.9%	0.0%	0.0%
	2	14.5%	11.0%	7.7%
	3	22.2%	19.2%	16.4%
	4	28.1%	25.4%	23.0%
	5	32.6%	30.3%	28.1%
	6	36.2%	34.1%	32.2%
	7	39.2%	37.3%	35.5%
50 Unit Mixed Scheme	1	9.0%	4.8%	0.2%
	2	18.7%	15.0%	11.1%
	3	25.9%	22.6%	19.2%
	4	31.2%	28.4%	25.4%
	5	35.4%	32.9%	30.2%
	6	38.7%	36.5%	34.0%
	7	41.4%	39.3%	37.0%
80 Unit Flatted Scheme	1	2.6%	0.0%	0.0%
	2	13.0%	9.8%	6.2%
	3	20.5%	17.8%	14.8%
	4	26.2%	23.8%	21.2%
	5	30.6%	28.5%	26.2%
	6	34.2%	32.3%	30.2%
	7	37.0%	35.3%	33.5%

Source: Adams Integra, July 2009

**Graph 16a: Summary of Residual Land Values (as % of GDV) at 20%, 30% & 40% Affordable Housing
Across all Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix**

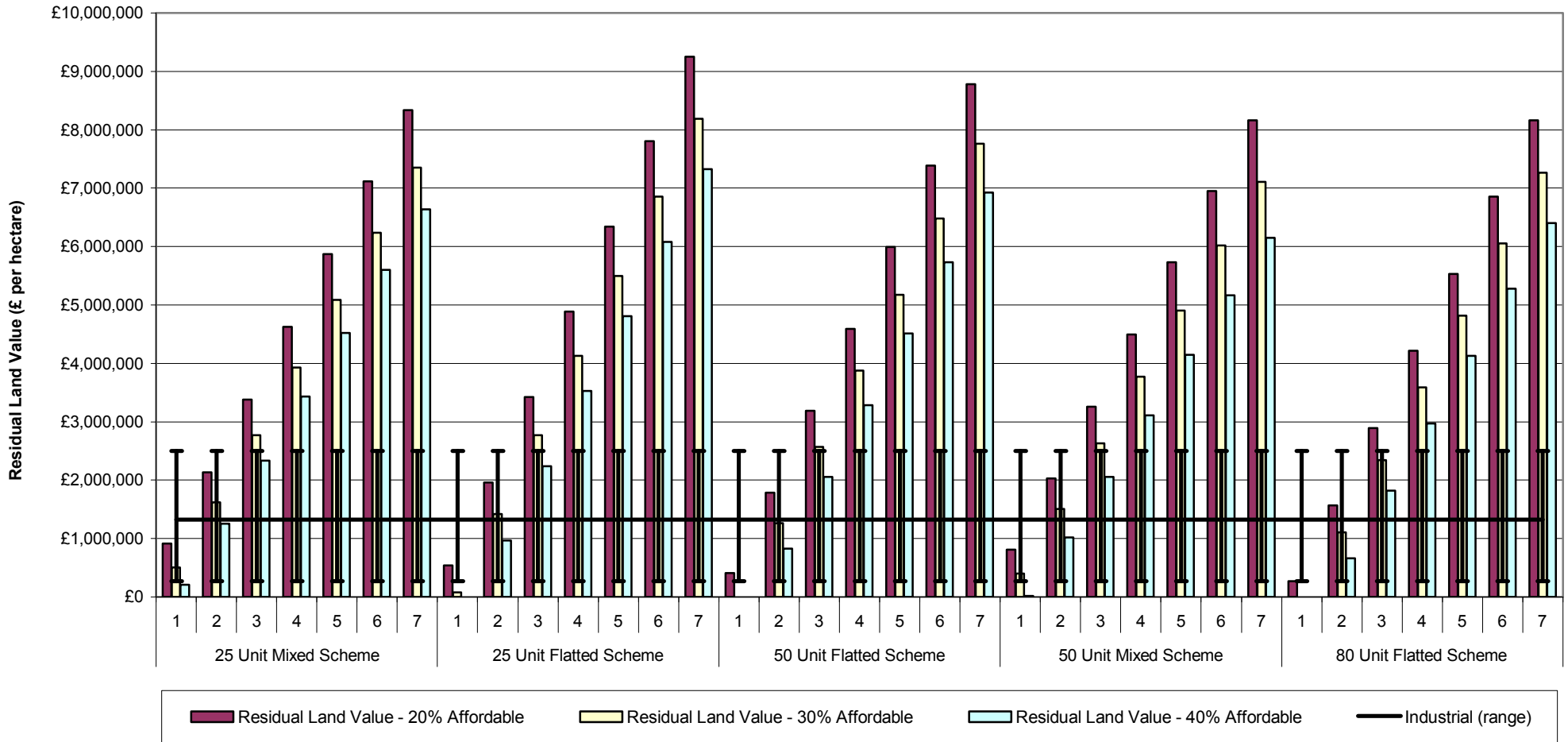


**Table 9b: Summary of Residual Land Value (£ per Ha) Appraisals for
All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix**

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	0.45	£914,353	£503,268	£209,856
	2	0.45	£2,135,599	£1,616,112	£1,255,472
	3	0.45	£3,377,511	£2,766,956	£2,336,286
	4	0.45	£4,626,272	£3,930,081	£3,433,568
	5	0.45	£5,870,731	£5,086,187	£4,521,737
	6	0.45	£7,112,387	£6,236,091	£5,602,507
	7	0.45	£8,333,567	£7,351,069	£6,637,574
25 Unit Flatted Scheme	1	0.33	£537,560	£75,002	£0
	2	0.33	£1,962,881	£1,415,952	£967,525
	3	0.33	£3,424,609	£2,766,152	£2,241,007
	4	0.33	£4,886,098	£4,132,865	£3,527,615
	5	0.33	£6,344,113	£5,492,633	£4,804,265
	6	0.33	£7,803,098	£6,851,943	£6,080,664
	7	0.33	£9,248,530	£8,188,938	£7,328,706
50 Unit Flatted Scheme	1	0.67	£405,531	£0	£0
	2	0.67	£1,783,077	£1,266,309	£829,190
	3	0.67	£3,186,213	£2,571,429	£2,057,520
	4	0.67	£4,590,840	£3,878,074	£3,287,846
	5	0.67	£5,990,755	£5,178,291	£4,510,941
	6	0.67	£7,390,551	£6,478,585	£5,732,404
	7	0.67	£8,776,930	£7,758,611	£6,926,592
50 Unit Mixed Scheme	1	0.91	£812,999	£399,596	£14,698
	2	0.91	£2,029,963	£1,504,398	£1,023,434
	3	0.91	£3,261,329	£2,633,716	£2,059,329
	4	0.91	£4,497,181	£3,771,717	£3,106,327
	5	0.91	£5,729,538	£4,904,125	£4,145,688
	6	0.91	£6,953,374	£6,020,646	£5,162,825
	7	0.91	£8,163,007	£7,112,081	£6,147,650
80 Unit Flatted Scheme	1	1.07	£266,468	£0	£0
	2	1.07	£1,565,983	£1,107,459	£660,724
	3	1.07	£2,888,923	£2,345,499	£1,816,900
	4	1.07	£4,212,359	£3,584,581	£2,974,071
	5	1.07	£5,533,166	£4,819,059	£4,125,981
	6	1.07	£6,852,874	£6,052,309	£5,275,695
	7	1.07	£8,159,636	£7,266,273	£6,399,518

Source: Adams Integra, July 2009

**Graph 16b: Summary of Residual Land Values (£ per Ha) at 20%, 30% & 40% Affordable Housing
Across All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix**



Appendix IIb

**Residual Land Value Results
(£10,000 per unit infrastructure cost;
65%/35% Tenure Mix)**

**Table 10: Summary of Residual Land Value (£) Appraisals for
All Value Points -
65% General Needs Rent/35% Intermediate Tenure Mix
Planning Infrastructure Level - £10,000**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
5 Unit Housing Scheme	1	£214,191	£113,251	£55,688	£55,688
	2	£371,571	£244,393	£179,986	£179,986
	3	£527,779	£378,932	£301,878	£301,878
	4	£687,819	£509,789	£429,567	£429,567
	5	£847,858	£643,747	£550,442	£550,442
	6	£1,007,898	£777,705	£674,811	£674,811
	7	£1,167,937	£907,634	£793,593	£793,593
5 Unit Flatted Scheme	1	£91,004	£12,767	£0	£0
	2	£215,750	£117,665	£62,372	£62,372
	3	£334,509	£221,168	£160,787	£160,787
	4	£457,627	£319,265	£251,845	£251,845
	5	£574,757	£421,016	£346,703	£346,703
	6	£696,605	£518,184	£441,631	£441,631
	7	£818,454	£618,886	£528,995	£528,995
10 Unit Flatted Scheme	1	£136,284	£24,185	£0	£0
	2	£347,192	£214,238	£144,709	£44,444
	3	£556,392	£399,053	£314,392	£200,636
	4	£769,172	£582,442	£482,886	£349,554
	5	£981,952	£768,985	£654,465	£496,384
	6	£1,194,731	£955,784	£826,301	£647,880
	7	£1,407,511	£1,140,861	£995,610	£796,042
10 Unit Housing Scheme	1	£365,839	£221,026	£131,544	£28,441
	2	£653,048	£472,635	£360,180	£237,807
	3	£944,029	£723,987	£590,247	£442,050
	4	£1,235,010	£982,288	£825,298	£647,268
	5	£1,525,990	£1,239,551	£1,059,310	£855,199
	6	£1,816,971	£1,495,989	£1,292,499	£1,062,306
	7	£2,107,952	£1,747,025	£1,521,090	£1,260,786
10 Unit 2, 3 & 4-bed Housing Scheme	1	£416,360	£267,082	£152,217	£49,114
	2	£730,328	£545,043	£399,423	£272,245
	3	£1,048,588	£828,547	£648,077	£495,323
	4	£1,366,848	£1,114,127	£902,926	£724,897
	5	£1,685,109	£1,398,669	£1,156,737	£952,626
	6	£2,003,369	£1,682,387	£1,404,082	£1,173,889
	7	£2,321,629	£1,960,702	£1,646,025	£1,385,721
15 Unit Flatted Scheme	1	£225,016	£36,952	£0	£0
	2	£552,825	£324,044	£205,011	£106,816
	3	£887,453	£609,405	£470,356	£352,546
	4	£1,222,081	£898,416	£732,135	£595,200
	5	£1,556,709	£1,185,660	£997,594	£839,513
	6	£1,891,337	£1,473,967	£1,263,380	£1,084,958
	7	£2,225,965	£1,759,746	£1,524,605	£1,325,037
15 Unit Housing Scheme	1	£559,768	£316,310	£172,198	£69,095
	2	£1,005,332	£694,180	£508,895	£387,018
	3	£1,450,896	£1,078,101	£858,059	£705,305
	4	£1,896,461	£1,465,709	£1,212,988	£1,034,958
	5	£2,342,025	£1,851,474	£1,565,034	£1,360,923
	6	£2,787,589	£2,236,414	£1,915,432	£1,685,240
	7	£3,233,154	£2,611,923	£2,250,995	£1,990,692
25 Unit Mixed Scheme	1	£655,505	£303,546	£85,278	£0
	2	£1,301,153	£854,219	£578,109	£368,746
	3	£1,946,802	£1,413,080	£1,082,935	£823,962
	4	£2,592,451	£1,975,022	£1,592,880	£1,288,737
	5	£3,238,100	£2,535,029	£2,099,080	£1,749,053
	6	£3,883,748	£3,093,774	£2,604,001	£2,208,360
	7	£4,529,397	£3,643,305	£3,093,618	£2,649,651
25 Unit Flatted Scheme	1	£342,704	£67,937	£0	£0
	2	£888,151	£540,951	£330,404	£143,959
	3	£1,437,130	£1,023,321	£767,851	£539,159
	4	£1,986,110	£1,505,612	£1,208,243	£939,654
	5	£2,535,090	£1,986,757	£1,647,285	£1,337,219
	6	£3,084,070	£2,468,222	£2,086,715	£1,736,753
	7	£3,633,050	£2,945,215	£2,518,888	£2,127,449
50 Unit Flatted Scheme	1	£581,113	£15,229	£0	£0
	2	£1,641,720	£921,263	£575,028	£243,998
	3	£2,702,327	£1,839,669	£1,427,763	£1,030,227
	4	£3,762,934	£2,757,631	£2,280,078	£1,818,476
	5	£4,823,541	£3,672,778	£3,128,427	£2,601,658
	6	£5,884,148	£4,589,816	£3,978,799	£3,387,170
	7	£6,944,755	£5,498,364	£4,816,090	£4,155,305
50 Unit Mixed Scheme	1	£1,175,482	£485,545	£109,998	£0
	2	£2,446,497	£1,573,868	£1,095,603	£657,926
	3	£3,717,512	£2,672,716	£2,101,587	£1,578,896
	4	£4,988,527	£3,774,203	£3,114,030	£2,508,526
	5	£6,259,542	£4,872,852	£4,121,726	£3,431,548
	6	£7,530,557	£5,965,717	£5,116,935	£4,336,317
	7	£8,801,572	£7,046,158	£6,089,815	£5,212,183
80 Unit Flatted Scheme	1	£735,368	£0	£0	£0
	2	£2,329,350	£1,282,700	£739,287	£229,215
	3	£3,923,331	£2,674,190	£2,022,376	£1,405,737
	4	£5,517,313	£4,065,463	£3,303,812	£2,587,126
	5	£7,111,294	£5,452,839	£4,580,978	£3,763,000
	6	£8,705,276	£6,841,828	£5,860,609	£4,941,698
	7	£10,299,258	£8,217,726	£7,120,564	£6,094,033

**Graph 17: Summary of Residual Land Values at 0%, 20%, 30% & 40% Affordable Housing Across All Value Points -
65% General Needs Rent/35% Intermediate Tenure Mix
Planning Infrastructure Level - £10,000**

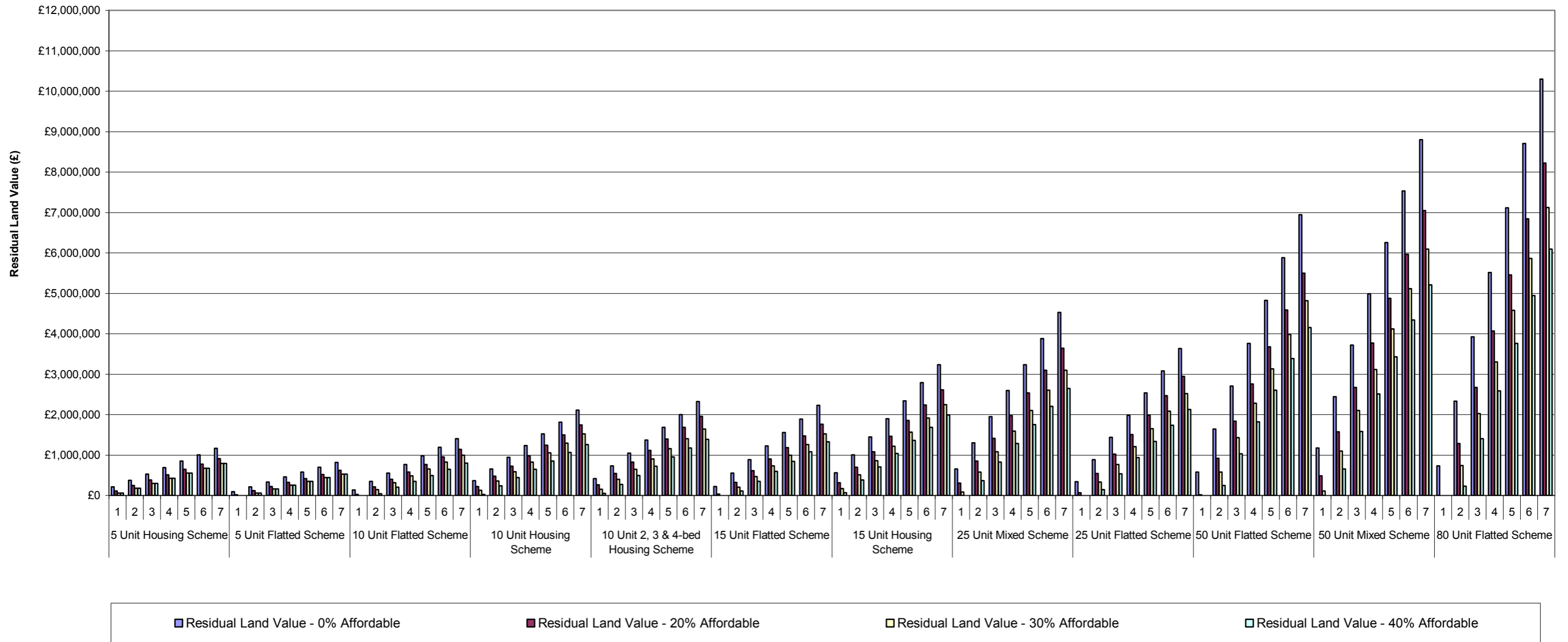


Table 10a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix Planning Infrastructure Level - £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
5 Unit Housing Scheme	1	19.5%	11.8%	6.4%	6.4%
	2	28.1%	21.5%	17.5%	17.5%
	3	34.3%	28.7%	25.2%	25.2%
	4	39.1%	33.9%	31.4%	31.4%
	5	42.8%	38.1%	35.8%	35.8%
	6	45.8%	41.5%	39.6%	39.6%
	7	48.3%	44.2%	42.6%	42.6%
5 Unit Flatted Scheme	1	10.9%	1.8%	0.0%	0.0%
	2	21.5%	13.6%	8.0%	8.0%
	3	28.5%	22.0%	17.7%	17.7%
	4	34.2%	27.9%	24.3%	24.3%
	5	38.1%	32.8%	29.9%	29.9%
	6	41.6%	36.5%	34.3%	34.3%
	7	44.4%	39.7%	37.5%	37.5%
10 Unit Flatted Scheme	1	9.3%	1.9%	0.0%	0.0%
	2	19.8%	13.8%	10.0%	3.4%
	3	27.2%	22.1%	18.6%	13.2%
	4	32.9%	28.2%	25.2%	20.3%
	5	37.3%	33.2%	30.4%	25.8%
	6	40.8%	37.2%	34.6%	30.4%
	7	43.7%	40.4%	38.0%	34.1%
10 Unit Housing Scheme	1	18.3%	12.4%	8.0%	1.9%
	2	27.2%	22.3%	18.3%	13.3%
	3	33.7%	29.3%	25.9%	21.4%
	4	38.6%	34.8%	31.7%	27.6%
	5	42.4%	39.0%	36.3%	32.5%
	6	45.4%	42.5%	40.0%	36.5%
	7	47.9%	45.2%	42.9%	39.7%
10 Unit 2, 3 & 4-bed Housing Scheme	1	19.0%	13.6%	8.5%	3.0%
	2	27.8%	23.2%	18.7%	13.9%
	3	34.2%	30.3%	26.2%	21.9%
	4	39.1%	35.7%	32.0%	28.2%
	5	42.8%	39.8%	36.5%	33.1%
	6	45.8%	43.2%	40.1%	36.9%
	7	48.2%	45.8%	42.9%	40.0%
15 Unit Flatted Scheme	1	9.8%	1.8%	0.0%	0.0%
	2	20.0%	13.4%	9.2%	5.1%
	3	27.6%	21.7%	18.1%	14.5%
	4	33.2%	28.0%	24.8%	21.6%
	5	37.6%	32.9%	30.1%	27.2%
	6	41.1%	36.9%	34.4%	31.7%
	7	44.0%	40.1%	37.8%	35.4%
15 Unit Housing Scheme	1	18.3%	11.7%	7.0%	3.0%
	2	27.4%	21.6%	17.3%	14.0%
	3	33.8%	28.8%	25.1%	22.1%
	4	38.7%	34.3%	31.1%	28.4%
	5	42.5%	38.6%	35.8%	33.4%
	6	45.5%	42.0%	39.5%	37.3%
	7	48.0%	44.8%	42.5%	40.4%
25 Unit Mixed Scheme	1	14.5%	7.6%	2.3%	0.0%
	2	24.0%	18.0%	13.3%	9.1%
	3	30.7%	25.5%	21.5%	17.7%
	4	35.8%	31.3%	27.7%	24.3%
	5	39.8%	35.7%	32.6%	29.4%
	6	42.9%	39.3%	36.4%	33.6%
	7	45.5%	42.2%	39.5%	36.9%
25 Unit Flatted Scheme	1	8.9%	2.0%	0.0%	0.0%
	2	19.2%	13.2%	8.8%	4.1%
	3	26.7%	21.5%	17.6%	13.3%
	4	32.3%	27.7%	24.2%	20.5%
	5	36.6%	32.6%	29.5%	26.0%
	6	40.1%	36.5%	33.7%	30.5%
	7	42.9%	39.6%	37.1%	34.2%
50 Unit Flatted Scheme	1	7.5%	0.2%	0.0%	0.0%
	2	17.7%	11.3%	7.6%	3.4%
	3	24.9%	19.4%	16.2%	12.6%
	4	30.4%	25.5%	22.7%	19.5%
	5	34.6%	30.3%	27.7%	24.9%
	6	38.0%	34.1%	31.8%	29.2%
	7	40.8%	37.2%	35.1%	32.8%
50 Unit Mixed Scheme	1	12.7%	5.9%	1.4%	0.0%
	2	22.0%	16.1%	12.1%	7.9%
	3	28.6%	23.5%	20.1%	16.4%
	4	33.6%	29.1%	26.1%	22.8%
	5	37.5%	33.5%	30.8%	27.9%
	6	40.6%	37.0%	34.5%	31.9%
	7	43.1%	39.8%	37.5%	35.0%
80 Unit Flatted Scheme	1	6.1%	0.0%	0.0%	0.0%
	2	16.0%	10.0%	6.2%	2.1%
	3	23.1%	17.9%	14.6%	10.9%
	4	28.4%	23.9%	20.9%	17.7%
	5	32.6%	28.5%	25.9%	23.0%
	6	35.9%	32.2%	29.8%	27.2%
	7	38.6%	35.3%	33.1%	30.7%

**Graph 17a: Summary of Residual Land Values (as % of GDV) at 0%, 20%, 30% & 40% Affordable Housing
 Across all Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix
 Planning Infrastructure Level - £10,000**

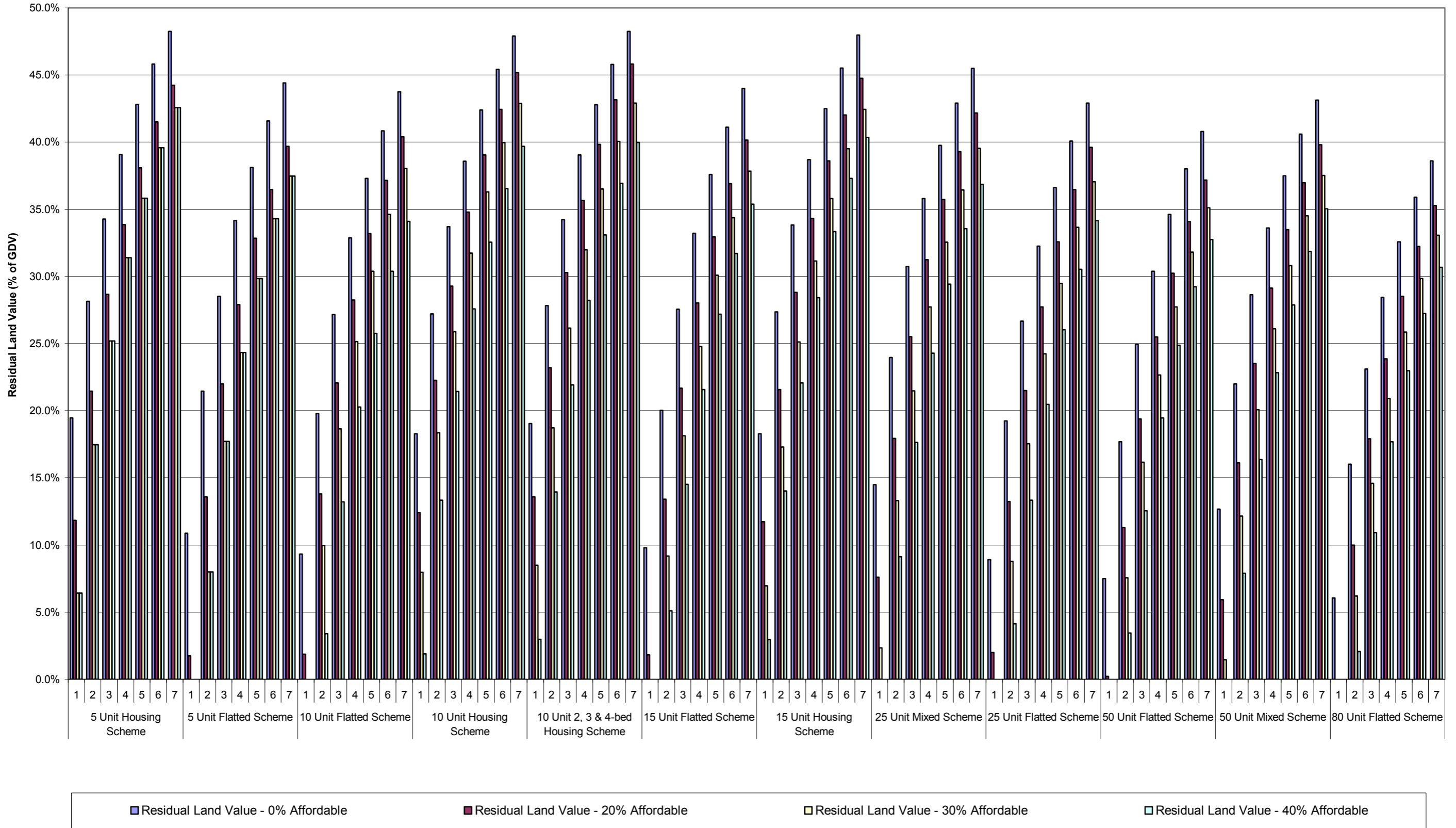
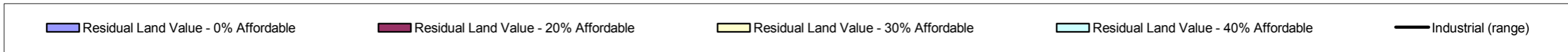
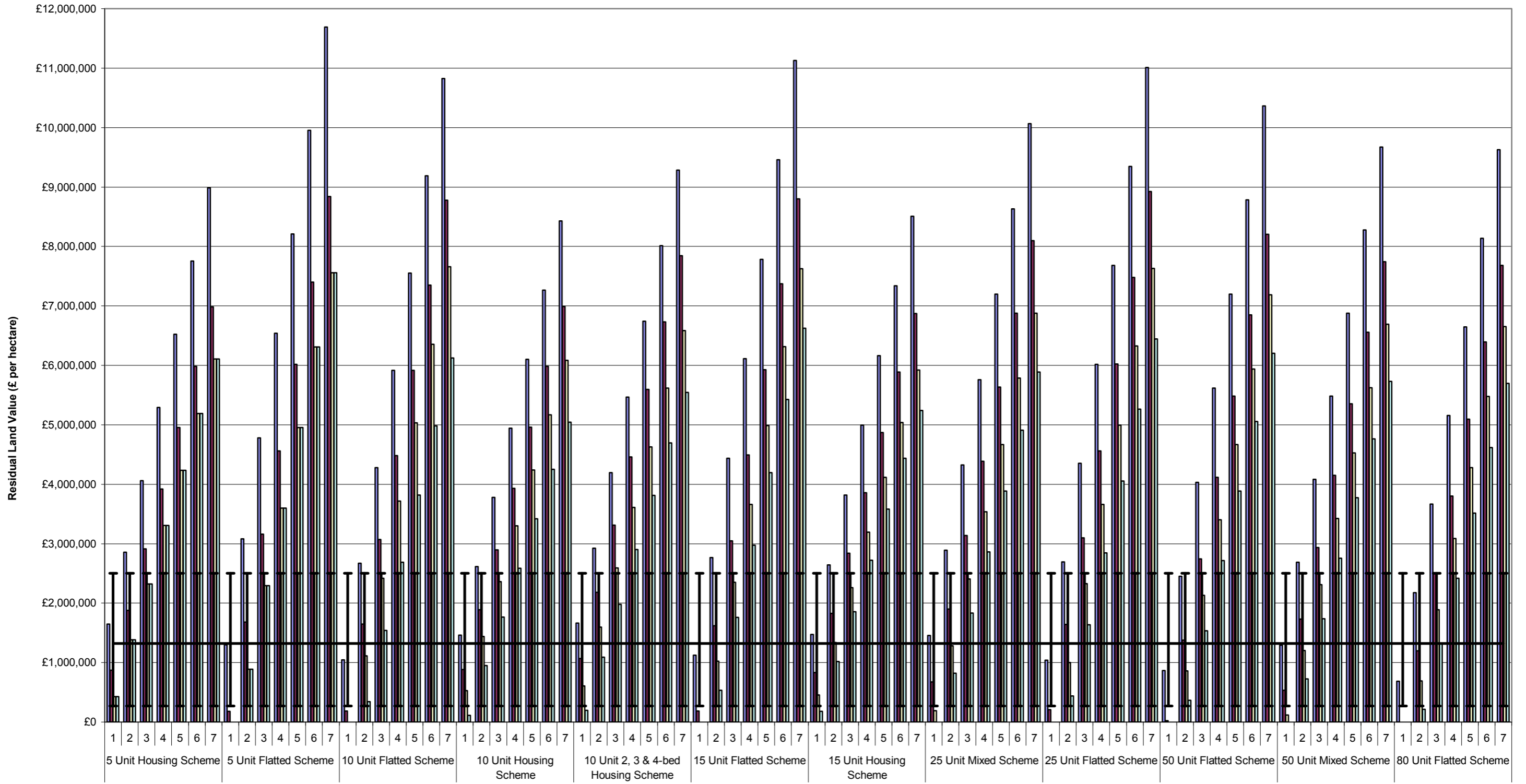


Table 10b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix - Planning Infrastructure Level - £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
5 Unit Housing Scheme	1	0.13	£1,647,625	£871,165	£428,366	£428,366
	2	0.13	£2,858,235	£1,879,945	£1,384,511	£1,384,511
	3	0.13	£4,059,842	£2,914,861	£2,322,140	£2,322,140
	4	0.13	£5,290,914	£3,921,455	£3,304,361	£3,304,361
	5	0.13	£6,521,987	£4,951,900	£4,234,166	£4,234,166
	6	0.13	£7,753,060	£5,982,346	£5,190,850	£5,190,850
	7	0.13	£8,984,132	£6,981,796	£6,104,565	£6,104,565
5 Unit Flatted Scheme	1	0.07	£1,300,064	£182,380	£0	£0
	2	0.07	£3,082,148	£1,680,922	£891,032	£891,032
	3	0.07	£4,778,703	£3,159,541	£2,296,957	£2,296,957
	4	0.07	£6,537,524	£4,560,930	£3,597,791	£3,597,791
	5	0.07	£8,210,816	£6,014,515	£4,952,904	£4,952,904
	6	0.07	£9,951,505	£7,402,622	£6,309,021	£6,309,021
	7	0.07	£11,692,193	£8,841,222	£7,557,074	£7,557,074
10 Unit Flatted Scheme	1	0.13	£1,048,340	£186,041	£0	£0
	2	0.13	£2,670,707	£1,647,982	£1,113,148	£341,878
	3	0.13	£4,279,941	£3,069,638	£2,418,404	£1,543,357
	4	0.13	£5,916,708	£4,480,325	£3,714,507	£2,688,879
	5	0.13	£7,553,475	£5,915,267	£5,034,350	£3,818,339
	6	0.13	£9,190,242	£7,352,181	£6,356,165	£4,983,890
	7	0.13	£10,827,009	£8,775,852	£7,658,538	£6,123,400
10 Unit Housing Scheme	1	0.25	£1,463,355	£884,103	£526,176	£113,763
	2	0.25	£2,612,192	£1,890,541	£1,440,721	£951,226
	3	0.25	£3,776,115	£2,895,948	£2,360,988	£1,768,201
	4	0.25	£4,940,038	£3,929,152	£3,301,191	£2,589,072
	5	0.25	£6,103,961	£4,958,203	£4,237,241	£3,420,796
	6	0.25	£7,267,884	£5,983,956	£5,169,994	£4,249,223
	7	0.25	£8,431,808	£6,988,099	£6,084,359	£5,043,145
10 Unit 2, 3 & 4-bed Housing Scheme	1	0.25	£1,665,440	£1,068,328	£608,869	£196,455
	2	0.25	£2,921,312	£2,180,171	£1,597,692	£1,088,981
	3	0.25	£4,194,353	£3,314,186	£2,592,310	£1,981,294
	4	0.25	£5,467,394	£4,456,508	£3,611,705	£2,899,586
	5	0.25	£6,740,435	£5,594,676	£4,626,947	£3,810,502
	6	0.25	£8,013,476	£6,729,548	£5,616,328	£4,695,557
	7	0.25	£9,286,517	£7,842,808	£6,584,098	£5,542,883
15 Unit Flatted Scheme	1	0.20	£1,125,079	£184,760	£0	£0
	2	0.20	£2,764,125	£1,620,221	£1,025,053	£534,082
	3	0.20	£4,437,265	£3,047,024	£2,351,779	£1,762,732
	4	0.20	£6,110,404	£4,492,080	£3,660,674	£2,975,998
	5	0.20	£7,783,544	£5,928,302	£4,987,972	£4,197,565
	6	0.20	£9,456,684	£7,369,835	£6,316,900	£5,424,791
	7	0.20	£11,129,823	£8,798,732	£7,623,025	£6,625,186
15 Unit Housing Scheme	1	0.38	£1,473,072	£832,395	£453,152	£181,828
	2	0.38	£2,645,610	£1,826,790	£1,339,197	£1,018,469
	3	0.38	£3,818,148	£2,837,107	£2,258,050	£1,856,065
	4	0.38	£4,990,686	£3,857,130	£3,192,073	£2,723,574
	5	0.38	£6,163,224	£4,872,300	£4,118,511	£3,581,376
	6	0.38	£7,335,761	£5,885,301	£5,040,612	£4,434,841
	7	0.38	£8,508,299	£6,873,481	£5,923,672	£5,238,663
25 Unit Mixed Scheme	1	0.45	£1,456,677	£674,548	£189,507	£0
	2	0.45	£2,891,452	£1,898,265	£1,284,686	£819,435
	3	0.45	£4,326,227	£3,140,177	£2,406,522	£1,831,027
	4	0.45	£5,761,002	£4,388,939	£3,539,733	£2,863,861
	5	0.45	£7,195,777	£5,633,397	£4,664,622	£3,886,785
	6	0.45	£8,630,552	£6,875,054	£5,786,668	£4,907,467
	7	0.45	£10,065,327	£8,096,234	£6,874,708	£5,888,113
25 Unit Flatted Scheme	1	0.33	£1,038,497	£205,869	£0	£0
	2	0.33	£2,691,366	£1,639,245	£1,001,224	£436,241
	3	0.33	£4,354,941	£3,100,973	£2,326,823	£1,633,814
	4	0.33	£6,018,516	£4,562,461	£3,661,343	£2,847,436
	5	0.33	£7,682,091	£6,020,477	£4,991,773	£4,052,179
	6	0.33	£9,345,666	£7,479,462	£6,323,379	£5,262,887
	7	0.33	£11,009,241	£8,924,893	£7,632,995	£6,446,816
50 Unit Flatted Scheme	1	0.67	£867,333	£22,730	£0	£0
	2	0.67	£2,460,329	£1,375,019	£858,251	£364,175
	3	0.67	£4,033,324	£2,745,774	£2,130,990	£1,537,653
	4	0.67	£5,616,320	£4,115,867	£3,403,101	£2,714,143
	5	0.67	£7,199,315	£5,481,757	£4,669,294	£3,883,072
	6	0.67	£8,782,311	£6,850,471	£5,938,505	£5,055,477
	7	0.67	£10,365,306	£8,206,513	£7,188,195	£6,201,948
50 Unit Mixed Scheme	1	0.91	£1,291,739	£533,566	£120,877	£0
	2	0.91	£2,688,459	£1,729,525	£1,203,960	£722,996
	3	0.91	£4,085,178	£2,937,050	£2,309,436	£1,735,050
	4	0.91	£5,481,898	£4,147,476	£3,422,011	£2,756,622
	5	0.91	£6,878,618	£5,354,782	£4,529,369	£3,770,932
	6	0.91	£8,275,338	£6,555,733	£5,623,005	£4,765,183
	7	0.91	£9,672,057	£7,743,031	£6,692,105	£5,727,674
80 Unit Flatted Scheme	1	1.07	£687,260	£0	£0	£0
	2	1.07	£2,176,962	£1,198,785	£690,922	£214,220
	3	1.07	£3,666,665	£2,499,243	£1,890,071	£1,313,773
	4	1.07	£5,156,367	£3,799,498	£3,087,675	£2,417,874
	5	1.07	£6,646,070	£5,096,111	£4,281,288	£3,516,823
	6	1.07	£8,135,772	£6,394,231	£5,477,205	£4,618,409
	7	1.07	£9,625,474	£7,680,117	£6,654,732	£5,695,358

Source: Adams Integra, July 2009

**Graph 17b: Summary of Residual Land Values (£ per Ha) at 0%, 20%, 30% & 40% Affordable Housing Across All Value Points -
65% General Needs Rent/35% Intermediate Tenure Mix
Planning Infrastructure Level - £10,000**



Appendix IIc

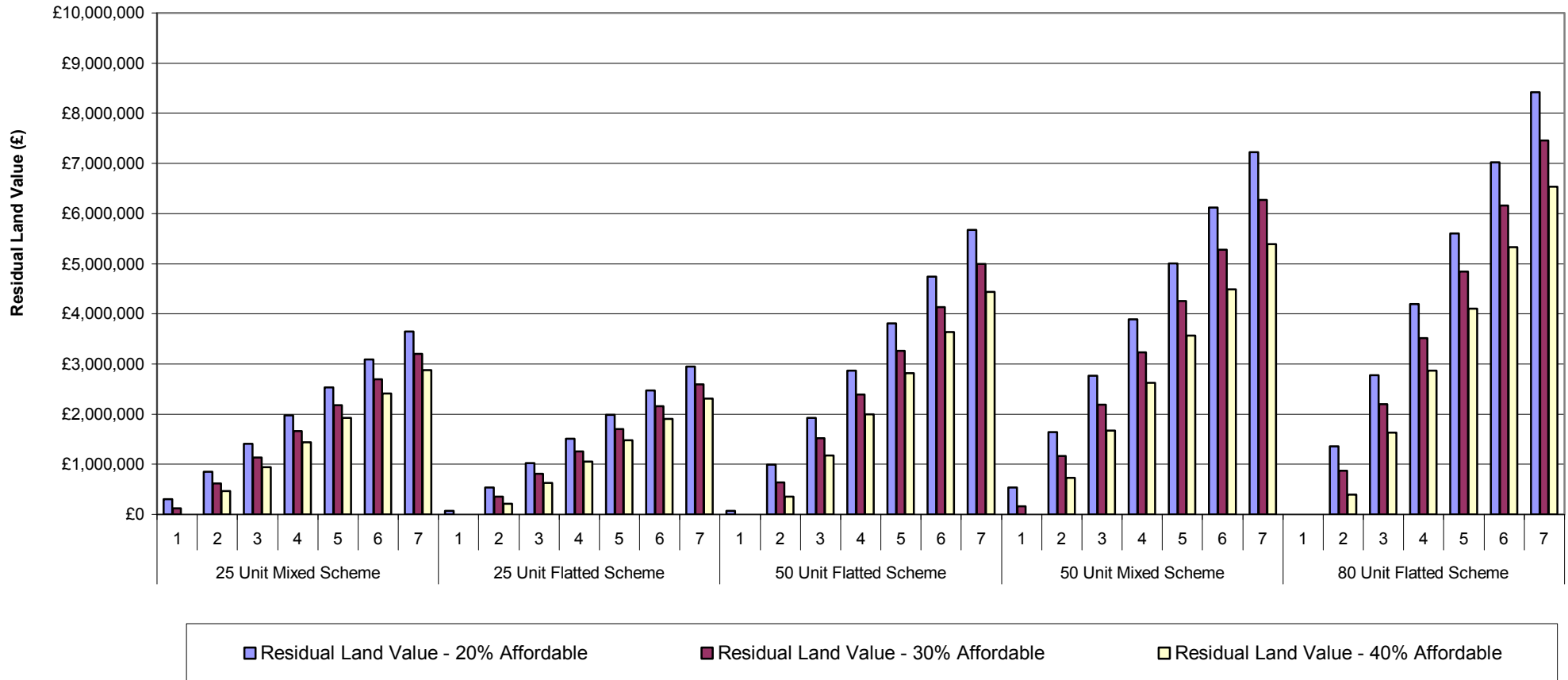
**Residual Land Value Results
(£10,000 per unit infrastructure cost;
50%/50% Tenure Mix)**

**Table 11: Summary of Residual Land Value (£) Appraisals for
All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level - £10,000**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	£303,546	£117,508	£0
	2	£854,219	£620,450	£462,935
	3	£1,413,080	£1,138,330	£944,528
	4	£1,975,022	£1,661,736	£1,438,305
	5	£2,535,029	£2,181,984	£1,927,982
	6	£3,093,774	£2,699,441	£2,414,328
	7	£3,643,305	£3,201,181	£2,880,108
25 Unit Flatted Scheme	1	£67,937	£0	£0
	2	£540,951	£359,352	£215,729
	3	£1,023,321	£806,030	£632,732
	4	£1,505,612	£1,257,045	£1,057,313
	5	£1,986,757	£1,705,769	£1,478,607
	6	£2,468,222	£2,154,341	£1,899,819
	7	£2,945,215	£2,595,549	£2,311,673
50 Unit Flatted Scheme	1	£66,359	£0	£0
	2	£989,462	£643,227	£354,007
	3	£1,929,563	£1,517,657	£1,173,338
	4	£2,870,663	£2,393,110	£1,997,657
	5	£3,808,606	£3,264,255	£2,817,130
	6	£4,746,469	£4,135,452	£3,635,510
	7	£5,675,343	£4,993,069	£4,435,617
50 Unit Mixed Scheme	1	£534,629	£161,128	£0
	2	£1,642,067	£1,163,802	£726,125
	3	£2,762,610	£2,191,481	£1,668,790
	4	£3,887,235	£3,227,062	£2,621,558
	5	£5,008,680	£4,257,554	£3,567,376
	6	£6,122,371	£5,273,588	£4,492,970
	7	£7,223,137	£6,266,794	£5,389,162
80 Unit Flatted Scheme	1	£0	£0	£0
	2	£1,360,722	£870,101	£396,179
	3	£2,776,267	£2,194,804	£1,629,203
	4	£4,192,345	£3,520,622	£2,867,376
	5	£5,605,607	£4,841,513	£4,099,920
	6	£7,017,695	£6,161,091	£5,330,114
	7	£8,415,931	£7,460,032	£6,532,604

Source: Adams Integra, July 2009

**Graph 18: Summary of Residual Land Values at 20%, 30% & 40% Affordable Housing Across All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level - £10,000**

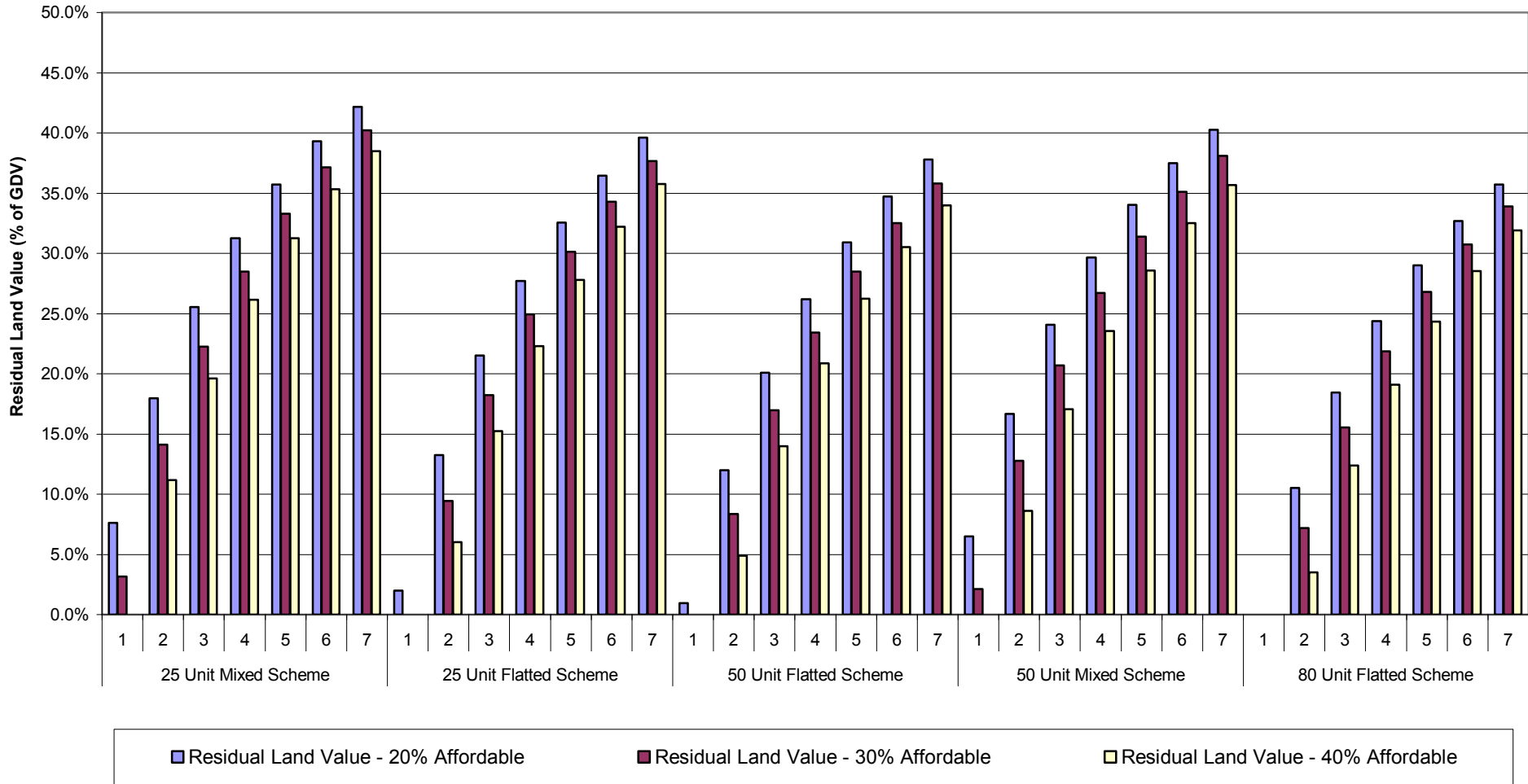


**Table 11a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points - 50% General Needs Rent/50%
Intermediate Tenure Mix
Planning Infrastructure Level - £10,000**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	7.6%	3.2%	0.0%
	2	18.0%	14.1%	11.1%
	3	25.5%	22.3%	19.6%
	4	31.3%	28.5%	26.2%
	5	35.7%	33.3%	31.2%
	6	39.3%	37.2%	35.3%
	7	42.2%	40.2%	38.5%
25 Unit Flatted Scheme	1	2.0%	0.0%	0.0%
	2	13.2%	9.5%	6.0%
	3	21.5%	18.2%	15.2%
	4	27.7%	24.9%	22.3%
	5	32.6%	30.1%	27.8%
	6	36.5%	34.3%	32.2%
	7	39.6%	37.7%	35.8%
50 Unit Flatted Scheme	1	1.0%	0.0%	0.0%
	2	12.0%	8.4%	4.9%
	3	20.1%	17.0%	14.0%
	4	26.2%	23.4%	20.9%
	5	30.9%	28.5%	26.2%
	6	34.7%	32.5%	30.5%
	7	37.8%	35.8%	34.0%
50 Unit Mixed Scheme	1	6.5%	2.1%	0.0%
	2	16.7%	12.8%	8.6%
	3	24.1%	20.7%	17.1%
	4	29.7%	26.7%	23.5%
	5	34.0%	31.4%	28.6%
	6	37.5%	35.1%	32.5%
	7	40.3%	38.1%	35.7%
80 Unit Flatted Scheme	1	0.0%	0.0%	0.0%
	2	10.5%	7.2%	3.5%
	3	18.4%	15.6%	12.4%
	4	24.4%	21.9%	19.1%
	5	29.0%	26.8%	24.3%
	6	32.7%	30.7%	28.5%
	7	35.7%	33.9%	31.9%

Source: Adams Integra, July 2009

**Graph 18a: Summary of Residual Land Values (as % of GDV) at 20%, 30% & 40% Affordable Housing
Across all Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level - £10,000**

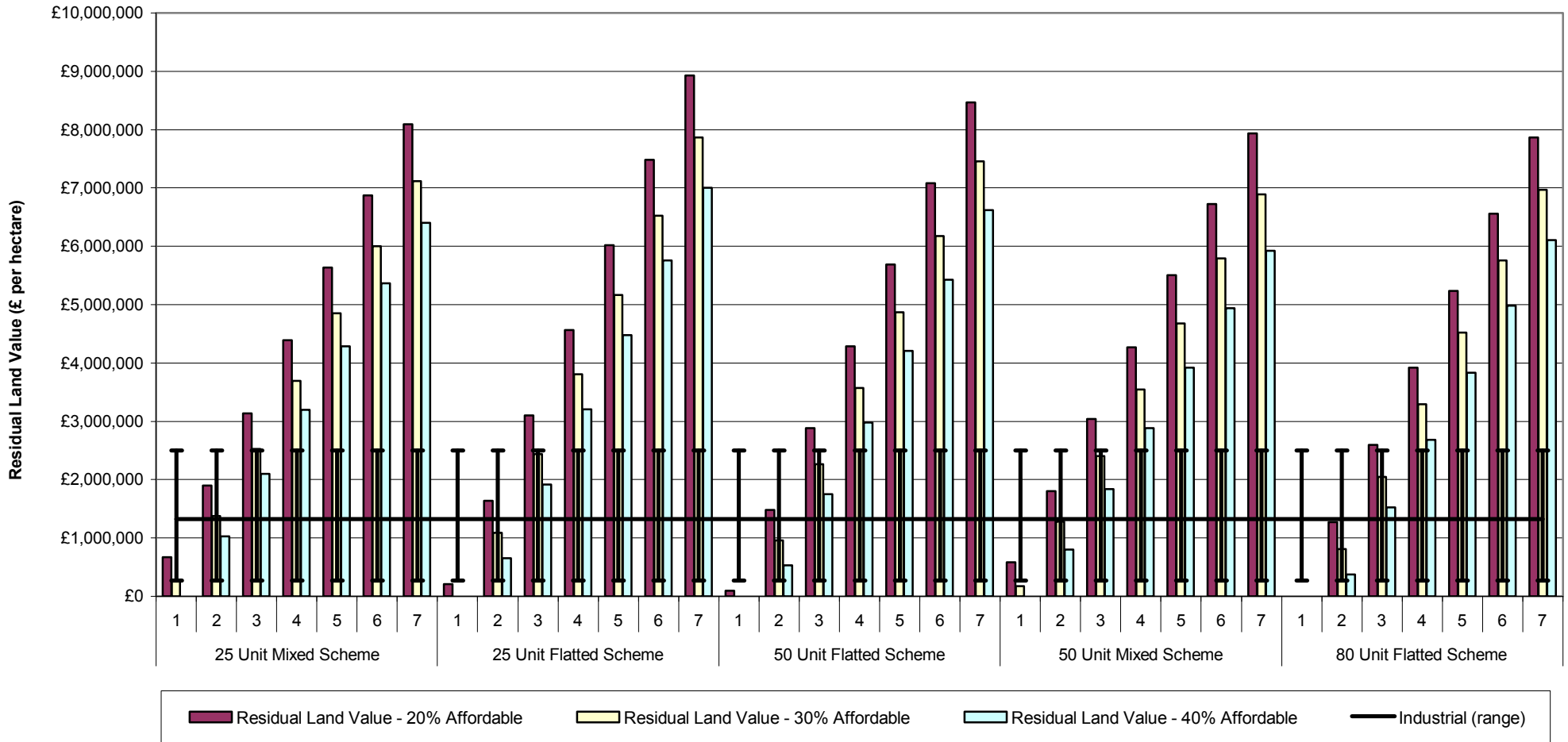


**Table 11b: Summary of Residual Land Value (£ per Ha) Appraisals for
All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level - £10,000**

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	0.45	£674,548	£261,130	£0
	2	0.45	£1,898,265	£1,378,778	£1,028,744
	3	0.45	£3,140,177	£2,529,623	£2,098,952
	4	0.45	£4,388,939	£3,692,748	£3,196,234
	5	0.45	£5,633,397	£4,848,854	£4,284,404
	6	0.45	£6,875,054	£5,998,758	£5,365,174
	7	0.45	£8,096,234	£7,113,735	£6,400,240
25 Unit Flatted Scheme	1	0.33	£205,869	£0	£0
	2	0.33	£1,639,245	£1,088,944	£653,724
	3	0.33	£3,100,973	£2,442,515	£1,917,371
	4	0.33	£4,562,461	£3,809,228	£3,203,978
	5	0.33	£6,020,477	£5,168,996	£4,480,628
	6	0.33	£7,479,462	£6,528,307	£5,757,028
	7	0.33	£8,924,893	£7,865,301	£7,005,069
50 Unit Flatted Scheme	1	0.67	£99,043	£0	£0
	2	0.67	£1,476,809	£960,040	£528,368
	3	0.67	£2,879,944	£2,265,160	£1,751,251
	4	0.67	£4,284,571	£3,571,806	£2,981,577
	5	0.67	£5,684,486	£4,872,023	£4,204,672
	6	0.67	£7,084,282	£6,172,317	£5,426,135
	7	0.67	£8,470,661	£7,452,342	£6,620,323
50 Unit Mixed Scheme	1	0.91	£587,505	£177,064	£0
	2	0.91	£1,804,469	£1,278,903	£797,940
	3	0.91	£3,035,835	£2,408,221	£1,833,835
	4	0.91	£4,271,687	£3,546,222	£2,880,833
	5	0.91	£5,504,044	£4,678,630	£3,920,193
	6	0.91	£6,727,880	£5,795,152	£4,937,330
	7	0.91	£7,937,513	£6,886,587	£5,922,156
80 Unit Flatted Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,271,703	£813,178	£370,261
	3	1.07	£2,594,642	£2,051,219	£1,522,620
	4	1.07	£3,918,079	£3,290,301	£2,679,791
	5	1.07	£5,238,885	£4,524,779	£3,831,701
	6	1.07	£6,558,593	£5,758,029	£4,981,414
	7	1.07	£7,865,356	£6,971,992	£6,105,237

Source: Adams Integra, July 2009

**Graph 18b: Summary of Residual Land Values (£ per Ha) at 20%, 30% & 40% Affordable Housing
Across All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level - £10,000**



Appendix IId

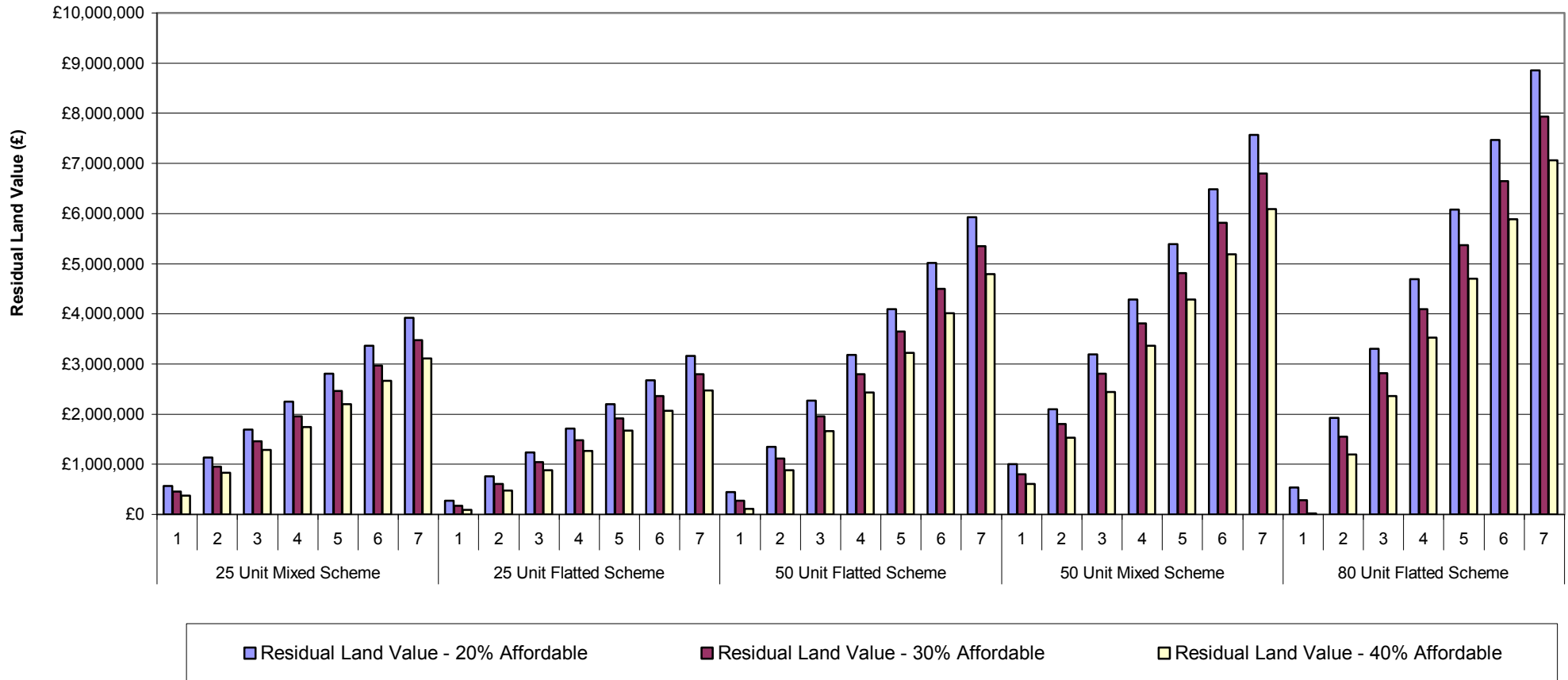
Residual Land Value Results (Sample Results Varying Grant Requirements – 65%/35% Tenure Mix)

**Table 12: Summary of Residual Land Value (£) Appraisals for
All Value Points -
65% General Needs Rent/35% Intermediate Tenure Mix
With Grant**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	£571,861	£453,516	£373,232
	2	£1,132,195	£955,072	£830,620
	3	£1,687,704	£1,454,905	£1,284,403
	4	£2,246,466	£1,959,063	£1,742,942
	5	£2,805,377	£2,464,256	£2,202,486
	6	£3,365,167	£2,970,385	£2,663,736
	7	£3,920,953	£3,470,550	£3,114,406
25 Unit Flatted Scheme	1	£277,883	£175,200	£87,725
	2	£755,305	£607,415	£480,264
	3	£1,234,720	£1,043,452	£876,404
	4	£1,713,830	£1,478,955	£1,270,431
	5	£2,195,461	£1,918,646	£1,670,225
	6	£2,677,180	£2,358,476	£2,070,159
	7	£3,159,637	£2,799,243	£2,469,449
50 Unit Flatted Scheme	1	£443,355	£269,827	£107,099
	2	£1,352,474	£1,113,048	£882,828
	3	£2,266,251	£1,957,959	£1,660,908
	4	£3,177,999	£2,800,780	£2,436,608
	5	£4,095,288	£3,651,585	£3,222,712
	6	£5,012,710	£4,502,620	£4,009,132
	7	£5,929,514	£5,354,179	£4,796,784
50 Unit Mixed Scheme	1	£999,148	£799,255	£609,621
	2	£2,097,448	£1,806,093	£1,531,341
	3	£3,191,120	£2,804,083	£2,441,857
	4	£4,287,047	£3,807,687	£3,359,592
	5	£5,385,488	£4,813,970	£4,280,909
	6	£6,479,513	£5,810,619	£5,187,363
	7	£7,569,328	£6,800,403	£6,086,141
80 Unit Flatted Scheme	1	£538,258	£278,940	£22,602
	2	£1,923,264	£1,549,279	£1,192,224
	3	£3,306,585	£2,820,404	£2,359,289
	4	£4,688,336	£4,088,446	£3,522,780
	5	£6,077,783	£5,368,711	£4,702,352
	6	£7,467,475	£6,649,314	£5,882,390
	7	£8,858,475	£7,930,137	£7,063,511

Source: Adams Integra, July 2009

Graph 19: Summary of Residual Land Values at 20%, 30% & 40% Affordable Housing Across All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix With Grant

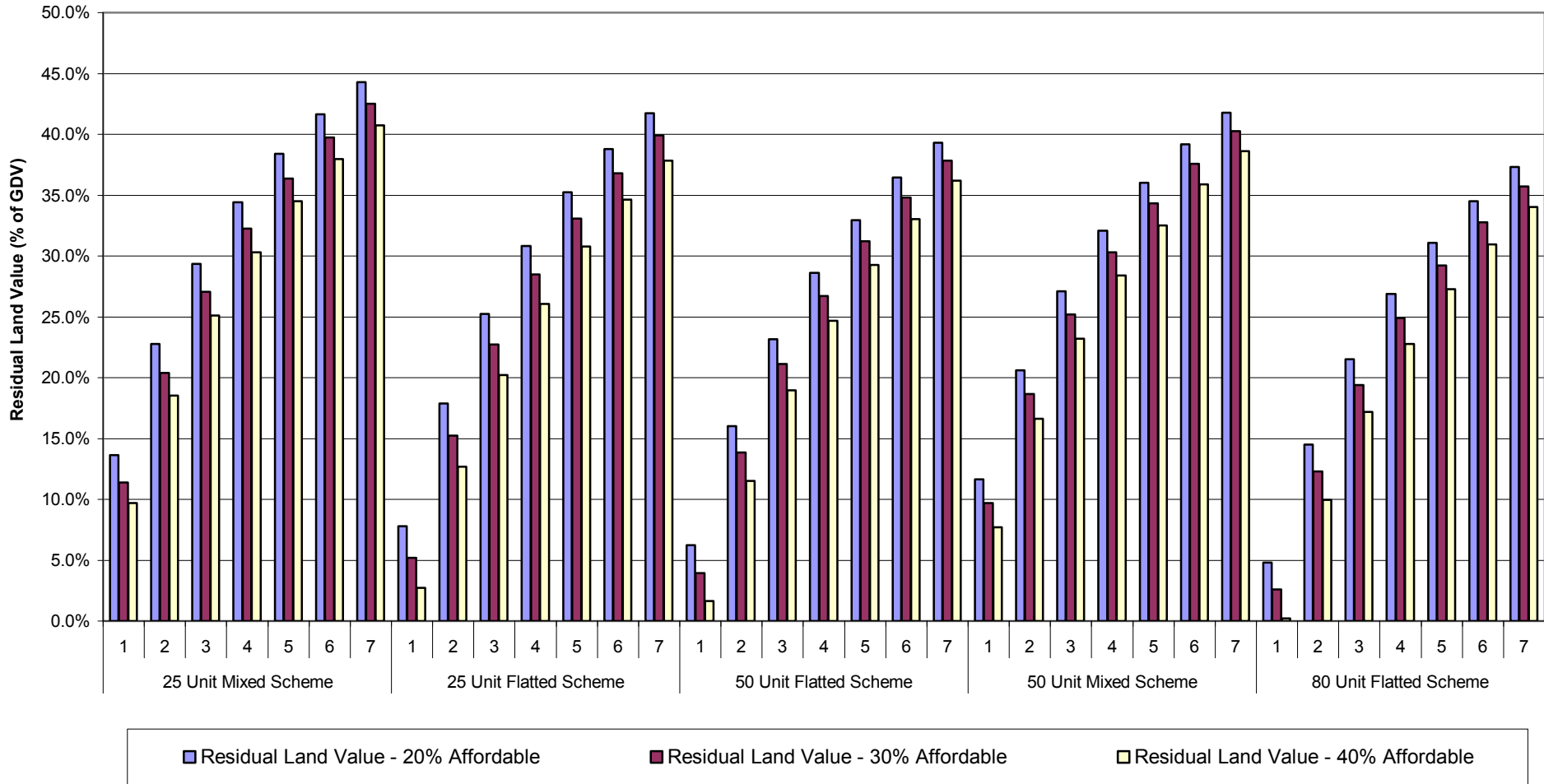


**Table 12a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points - 65% General Needs Rent/35%
Intermediate Tenure Mix
With Grant**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	13.6%	11.4%	9.7%
	2	22.8%	20.4%	18.5%
	3	29.4%	27.1%	25.1%
	4	34.4%	32.3%	30.3%
	5	38.4%	36.4%	34.5%
	6	41.6%	39.8%	38.0%
	7	44.3%	42.5%	40.8%
25 Unit Flatted Scheme	1	7.8%	5.2%	2.7%
	2	17.9%	15.2%	12.7%
	3	25.2%	22.7%	20.2%
	4	30.8%	28.5%	26.1%
	5	35.2%	33.1%	30.8%
	6	38.8%	36.8%	34.6%
	7	41.7%	39.9%	37.8%
50 Unit Flatted Scheme	1	6.2%	4.0%	1.6%
	2	16.0%	13.8%	11.5%
	3	23.2%	21.1%	18.9%
	4	28.6%	26.7%	24.7%
	5	33.0%	31.2%	29.3%
	6	36.4%	34.8%	33.0%
	7	39.3%	37.8%	36.2%
50 Unit Mixed Scheme	1	11.6%	9.7%	7.7%
	2	20.6%	18.6%	16.6%
	3	27.1%	25.2%	23.2%
	4	32.1%	30.3%	28.4%
	5	36.0%	34.3%	32.5%
	6	39.2%	37.6%	35.9%
	7	41.8%	40.3%	38.6%
80 Unit Flatted Scheme	1	4.8%	2.6%	0.2%
	2	14.5%	12.3%	9.9%
	3	21.5%	19.4%	17.2%
	4	26.9%	24.9%	22.8%
	5	31.1%	29.2%	27.3%
	6	34.5%	32.8%	31.0%
	7	37.3%	35.7%	34.0%

Source: Adams Integra, July 2009

**Graph 19a: Summary of Residual Land Values (as % of GDV) at 20%, 30% & 40% Affordable Housing
Across all Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix
With Grant**

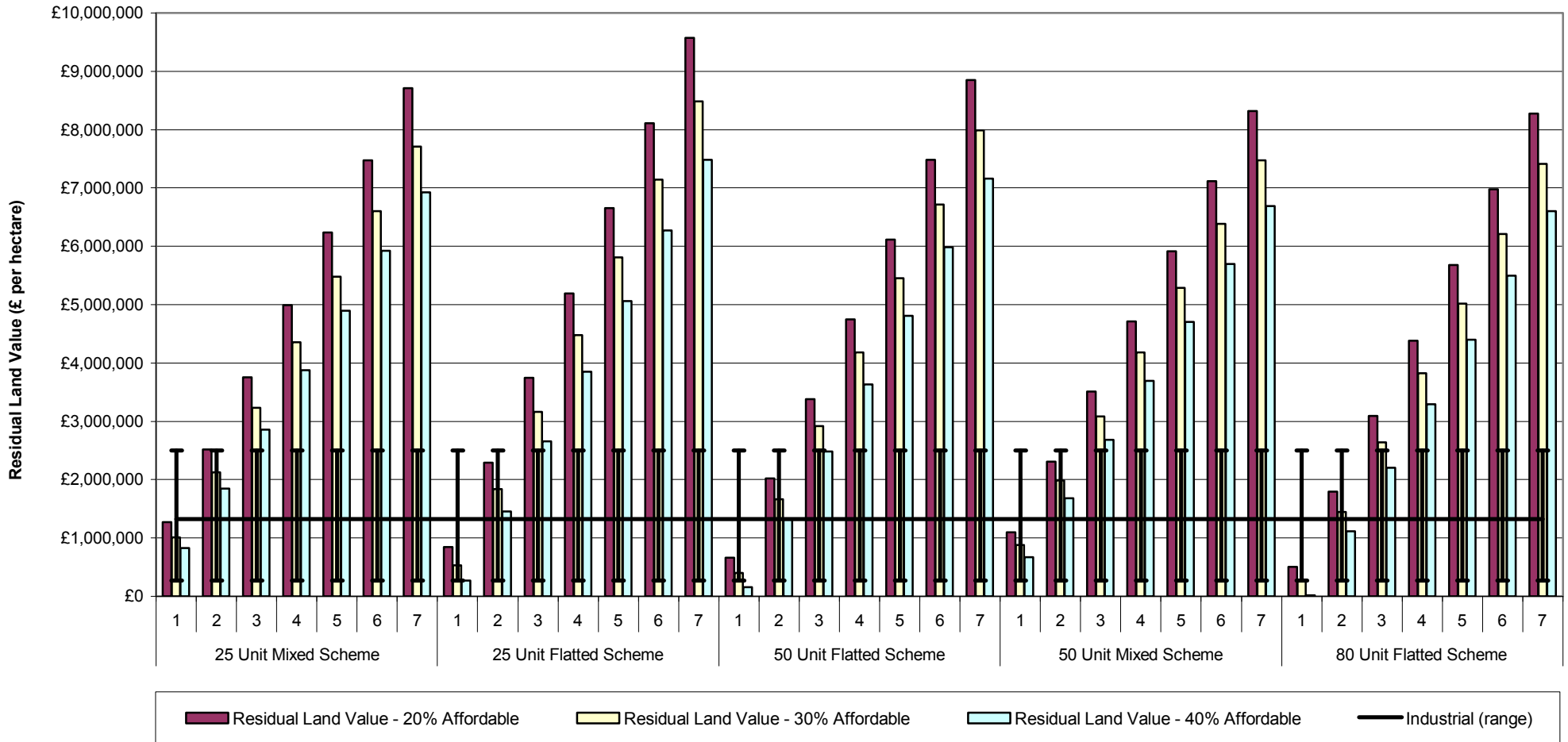


**Table 12b: Summary of Residual Land Value (£ / Ha) Appraisals for
All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix With
Grant**

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	0.45	£1,270,801	£1,007,813	£829,403
	2	0.45	£2,515,989	£2,122,382	£1,845,823
	3	0.45	£3,750,454	£3,233,123	£2,854,229
	4	0.45	£4,992,146	£4,353,473	£3,873,205
	5	0.45	£6,234,171	£5,476,125	£4,894,413
	6	0.45	£7,478,150	£6,600,856	£5,919,413
	7	0.45	£8,713,228	£7,712,333	£6,920,903
25 Unit Flatted Scheme	1	0.33	£842,068	£530,909	£265,833
	2	0.33	£2,288,804	£1,840,653	£1,455,344
	3	0.33	£3,741,575	£3,161,975	£2,655,769
	4	0.33	£5,193,424	£4,481,683	£3,849,790
	5	0.33	£6,652,912	£5,814,080	£5,061,289
	6	0.33	£8,112,667	£7,146,898	£6,273,209
	7	0.33	£9,574,656	£8,482,554	£7,483,177
50 Unit Flatted Scheme	1	0.67	£661,724	£402,727	£159,849
	2	0.67	£2,018,617	£1,661,266	£1,317,653
	3	0.67	£3,382,465	£2,922,327	£2,478,968
	4	0.67	£4,743,282	£4,180,269	£3,636,728
	5	0.67	£6,112,370	£5,450,127	£4,810,018
	6	0.67	£7,481,657	£6,720,329	£5,983,779
	7	0.67	£8,850,021	£7,991,312	£7,159,379
50 Unit Mixed Scheme	1	0.91	£1,097,965	£878,303	£669,914
	2	0.91	£2,304,888	£1,984,717	£1,682,793
	3	0.91	£3,506,725	£3,081,410	£2,683,360
	4	0.91	£4,711,041	£4,184,272	£3,691,860
	5	0.91	£5,918,119	£5,290,077	£4,704,295
	6	0.91	£7,120,344	£6,385,296	£5,700,398
	7	0.91	£8,317,943	£7,472,971	£6,688,067
80 Unit Flatted Scheme	1	1.07	£503,044	£260,691	£21,123
	2	1.07	£1,797,443	£1,447,924	£1,114,228
	3	1.07	£3,090,266	£2,635,891	£2,204,943
	4	1.07	£4,381,623	£3,820,978	£3,292,318
	5	1.07	£5,680,171	£5,017,487	£4,394,722
	6	1.07	£6,978,948	£6,214,313	£5,497,561
	7	1.07	£8,278,949	£7,411,343	£6,601,412

Source: Adams Integra, July 2009

**Graph 19b: Summary of Residual Land Values (£ per Ha) at 20%, 30% & 40% Affordable Housing
Across All Value Points -
65% General Needs Rent/35% Intermediate Tenure Mix
With Grant**



Appendix IIe

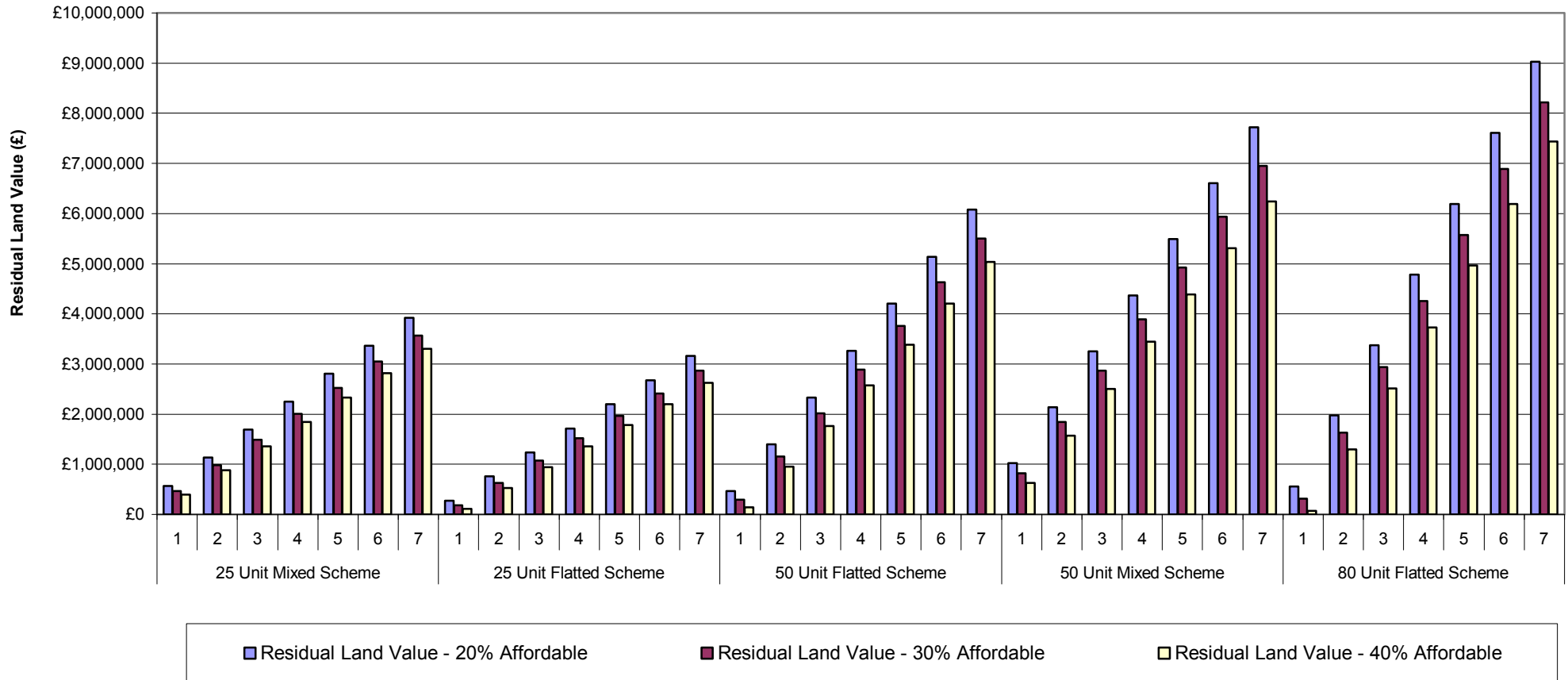
Residual Land Value Results (Sample Results Varying Grant Requirements – 50%/50% Tenure Mix)

**Table 13: Summary of Residual Land Value (£) Appraisals for
All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
With Grant**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	£571,861	£465,674	£396,270
	2	£1,132,195	£980,888	£881,430
	3	£1,687,704	£1,492,309	£1,360,243
	4	£2,246,466	£2,009,801	£1,846,632
	5	£2,805,377	£2,527,625	£2,333,417
	6	£3,365,167	£3,046,435	£2,821,225
	7	£3,920,953	£3,561,851	£3,303,807
25 Unit Flatted Scheme	1	£277,883	£183,961	£109,109
	2	£755,305	£625,790	£524,454
	3	£1,234,720	£1,070,657	£941,012
	4	£1,713,830	£1,516,101	£1,358,314
	5	£2,195,461	£1,965,005	£1,779,953
	6	£2,677,180	£2,414,086	£2,201,819
	7	£3,159,637	£2,866,222	£2,627,730
50 Unit Flatted Scheme	1	£463,282	£289,754	£139,683
	2	£1,394,926	£1,155,501	£950,081
	3	£2,328,319	£2,020,027	£1,758,909
	4	£3,262,427	£2,885,208	£2,569,778
	5	£4,200,700	£3,756,997	£3,389,001
	6	£5,139,193	£4,629,103	£4,208,674
	7	£6,081,571	£5,506,236	£5,036,552
50 Unit Mixed Scheme	1	£1,018,869	£818,977	£629,343
	2	£2,139,901	£1,848,546	£1,573,794
	3	£3,253,187	£2,866,151	£2,503,925
	4	£4,371,474	£3,892,115	£3,444,020
	5	£5,490,901	£4,919,383	£4,386,321
	6	£6,605,996	£5,937,102	£5,313,845
	7	£7,721,384	£6,952,460	£6,238,197
80 Unit Flatted Scheme	1	£560,430	£317,161	£73,554
	2	£1,970,835	£1,630,709	£1,297,440
	3	£3,375,508	£2,939,458	£2,512,804
	4	£4,781,832	£4,250,389	£3,731,471
	5	£6,194,553	£5,570,906	£4,962,932
	6	£7,607,612	£6,891,924	£6,195,069
	7	£9,026,717	£8,221,802	£7,439,296

Source: Adams Integra, July 2009

Graph 20: Summary of Residual Land Values at 20%, 30% & 40% Affordable Housing Across All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix With Grant

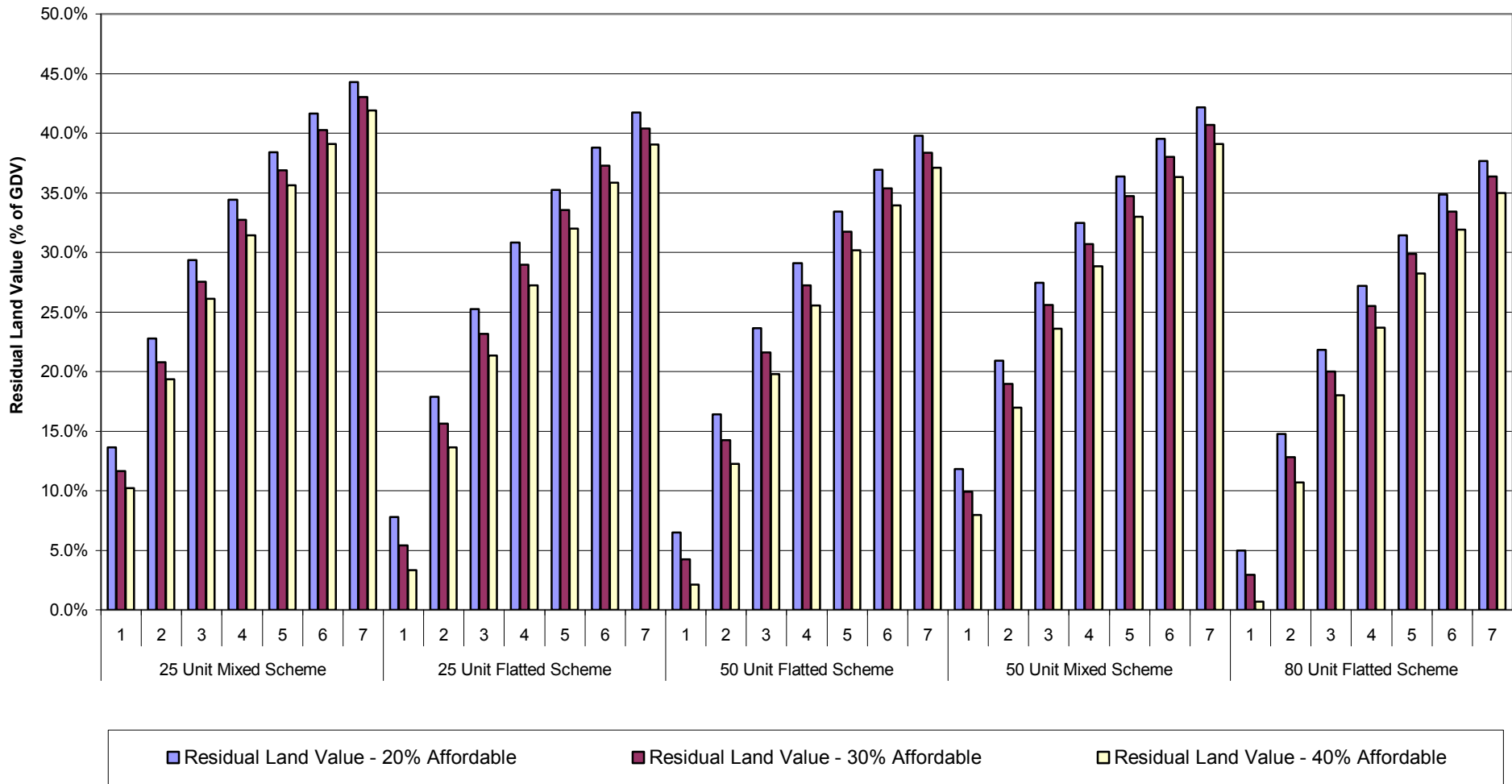


**Table 13a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points - 50% General Needs Rent/50%
Intermediate Tenure Mix
With Grant**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	13.6%	11.6%	10.2%
	2	22.8%	20.8%	19.4%
	3	29.4%	27.5%	26.1%
	4	34.4%	32.7%	31.4%
	5	38.4%	36.9%	35.6%
	6	41.6%	40.2%	39.1%
	7	44.3%	43.0%	41.9%
25 Unit Flatted Scheme	1	7.8%	5.4%	3.3%
	2	17.9%	15.6%	13.7%
	3	25.2%	23.2%	21.3%
	4	30.8%	28.9%	27.2%
	5	35.2%	33.6%	32.0%
	6	38.8%	37.3%	35.8%
	7	41.7%	40.4%	39.1%
50 Unit Flatted Scheme	1	6.5%	4.2%	2.1%
	2	16.4%	14.3%	12.3%
	3	23.6%	21.6%	19.8%
	4	29.1%	27.2%	25.6%
	5	33.4%	31.7%	30.2%
	6	36.9%	35.3%	34.0%
	7	39.8%	38.4%	37.1%
50 Unit Mixed Scheme	1	11.8%	9.9%	7.9%
	2	20.9%	19.0%	17.0%
	3	27.4%	25.6%	23.6%
	4	32.4%	30.7%	28.8%
	5	36.4%	34.7%	33.0%
	6	39.5%	38.0%	36.3%
	7	42.1%	40.7%	39.1%
80 Unit Flatted Scheme	1	5.0%	2.9%	0.7%
	2	14.8%	12.8%	10.7%
	3	21.8%	20.0%	18.0%
	4	27.2%	25.5%	23.7%
	5	31.4%	29.9%	28.2%
	6	34.8%	33.4%	31.9%
	7	37.6%	36.4%	35.0%

Source: Adams Integra, July 2009

**Graph 20a: Summary of Residual Land Values (as % of GDV) at 20%, 30% & 40% Affordable Housing
Across all Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix
With Grant**

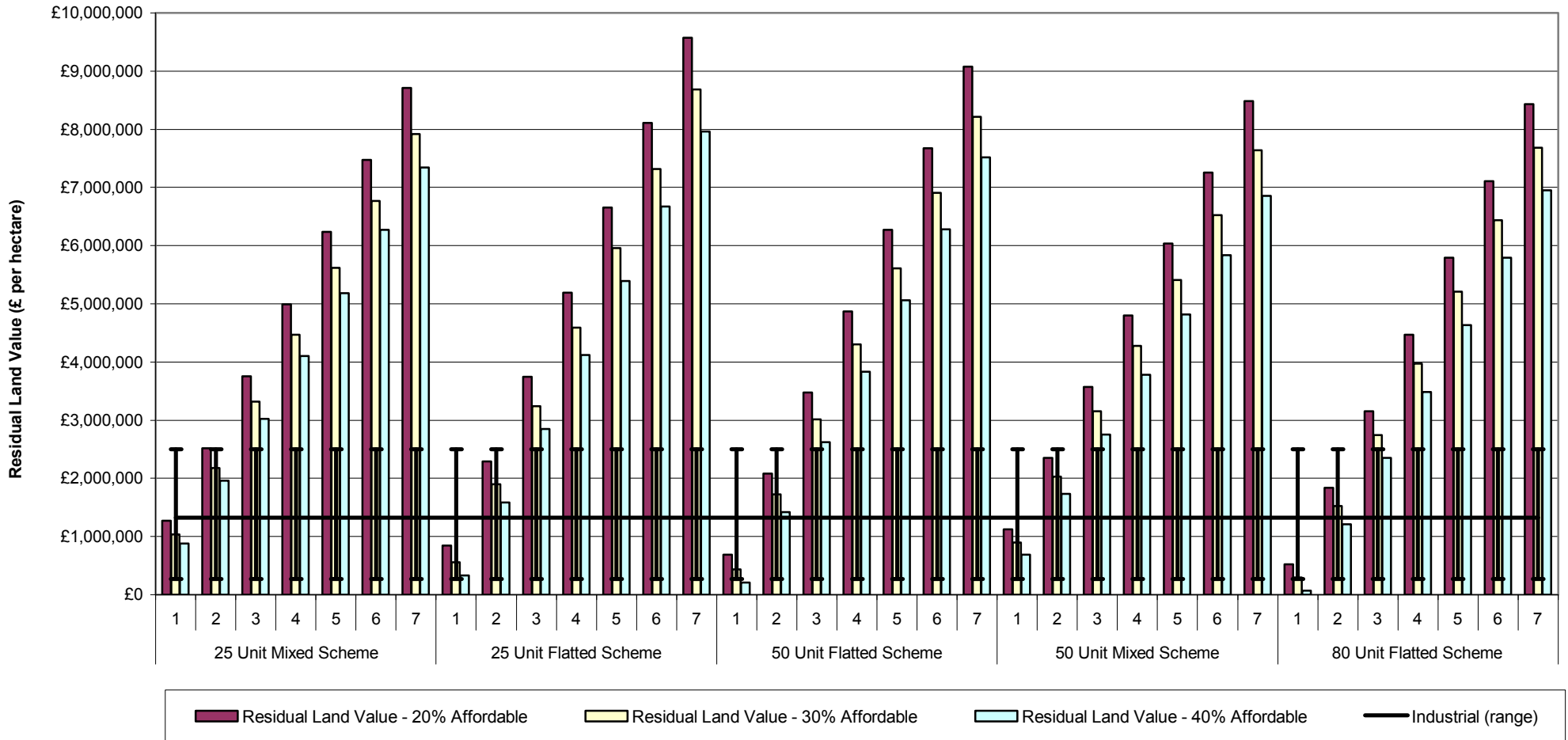


**Table 13b: Summary of Residual Land Value (£ / Ha) Appraisals for
All Value Points - 50% General Needs Rent / 50% Intermediate Tenure Mix With
Grant**

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	0.45	£1,270,801	£1,034,830	£880,599
	2	0.45	£2,515,989	£2,179,750	£1,958,734
	3	0.45	£3,750,454	£3,316,242	£3,022,763
	4	0.45	£4,992,146	£4,466,225	£4,103,627
	5	0.45	£6,234,171	£5,616,945	£5,185,371
	6	0.45	£7,478,150	£6,769,856	£6,269,389
	7	0.45	£8,713,228	£7,915,226	£7,341,793
25 Unit Flatted Scheme	1	0.33	£842,068	£557,458	£330,633
	2	0.33	£2,288,804	£1,896,334	£1,589,255
	3	0.33	£3,741,575	£3,244,415	£2,851,552
	4	0.33	£5,193,424	£4,594,244	£4,116,104
	5	0.33	£6,652,912	£5,954,560	£5,393,797
	6	0.33	£8,112,667	£7,315,413	£6,672,179
	7	0.33	£9,574,656	£8,685,522	£7,962,818
50 Unit Flatted Scheme	1	0.67	£691,465	£432,468	£208,482
	2	0.67	£2,081,980	£1,724,629	£1,418,031
	3	0.67	£3,475,104	£3,014,965	£2,625,237
	4	0.67	£4,869,294	£4,306,280	£3,835,490
	5	0.67	£6,269,702	£5,607,459	£5,058,211
	6	0.67	£7,670,437	£6,909,109	£6,281,603
	7	0.67	£9,076,971	£8,218,263	£7,517,241
50 Unit Mixed Scheme	1	0.91	£1,119,636	£899,974	£691,585
	2	0.91	£2,351,539	£2,031,369	£1,729,444
	3	0.91	£3,574,931	£3,149,617	£2,751,566
	4	0.91	£4,803,818	£4,277,049	£3,784,637
	5	0.91	£6,033,957	£5,405,915	£4,820,133
	6	0.91	£7,259,336	£6,524,288	£5,839,390
	7	0.91	£8,485,038	£7,640,066	£6,855,162
80 Unit Flatted Scheme	1	1.07	£523,766	£296,413	£68,742
	2	1.07	£1,841,902	£1,524,027	£1,212,560
	3	1.07	£3,154,680	£2,747,157	£2,348,415
	4	1.07	£4,469,002	£3,972,326	£3,487,356
	5	1.07	£5,789,302	£5,206,454	£4,638,254
	6	1.07	£7,109,918	£6,441,051	£5,789,784
	7	1.07	£8,436,184	£7,683,927	£6,952,613

Source: Adams Integra, July 2009

**Graph 20b: Summary of Residual Land Values (£ per Ha) at 20%, 30% & 40% Affordable Housing
Across All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
With Grant**



Appendix II

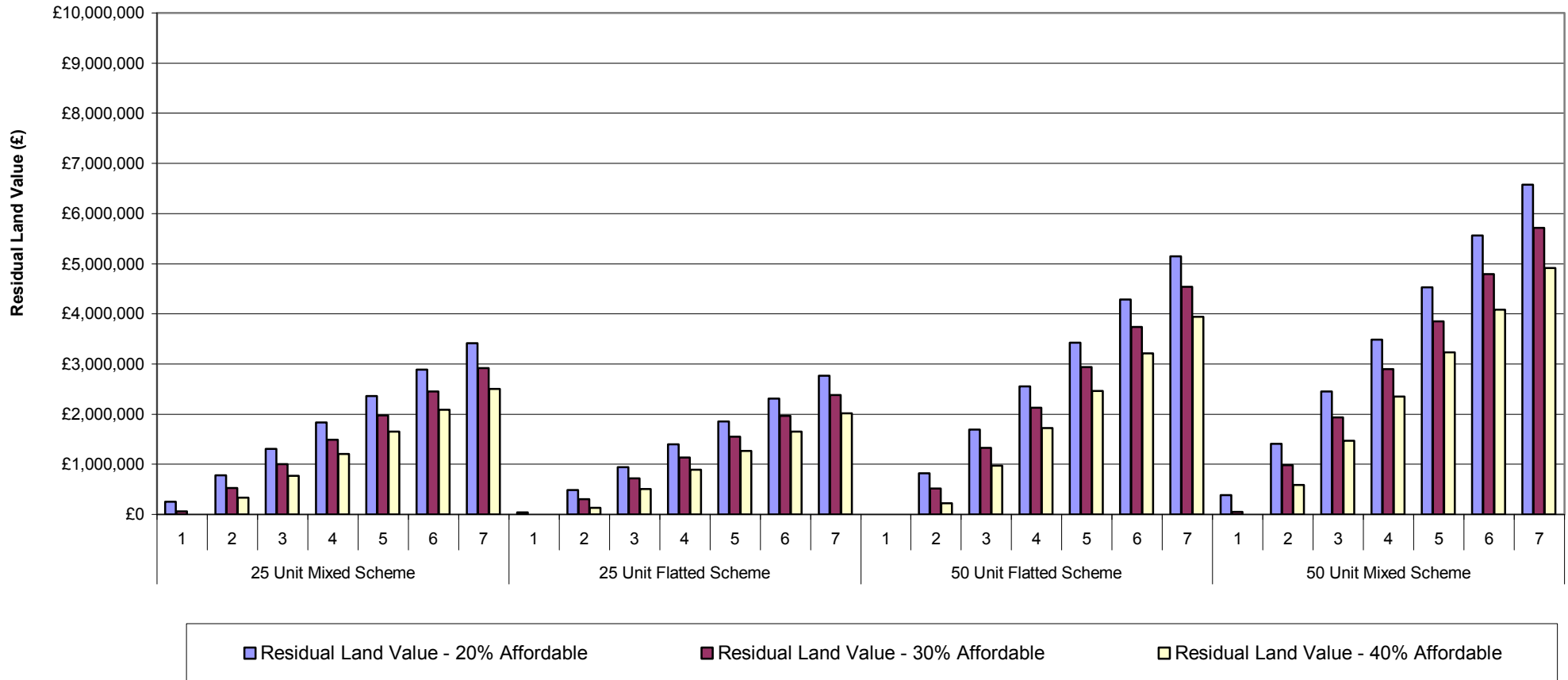
Residual Land Value Results (Sample Results Varying Developer's Profit – 65%/35% Tenure Mix)

**Table 14: Summary of Residual Land Value (£) Appraisals for
All Value Points -
65% General Needs Rent/35% Intermediate Tenure Mix
20% Developer's Profit**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	£255,202	£60,692	£0
	2	£775,444	£528,426	£336,027
	3	£1,303,375	£1,007,171	£768,383
	4	£1,834,388	£1,491,035	£1,209,962
	5	£2,363,465	£1,971,155	£1,647,081
	6	£2,891,281	£2,449,995	£2,083,190
	7	£3,409,883	£2,913,532	£2,501,284
25 Unit Flatted Scheme	1	£41,459	£0	£0
	2	£489,089	£301,829	£132,389
	3	£945,015	£717,057	£508,400
	4	£1,400,863	£1,134,936	£889,244
	5	£1,855,564	£1,551,464	£1,267,158
	6	£2,310,586	£1,968,381	£1,647,041
	7	£2,761,134	£2,378,041	£2,018,086
50 Unit Flatted Scheme	1	£0	£0	£0
	2	£821,618	£514,535	£224,862
	3	£1,689,216	£1,322,988	£968,688
	4	£2,556,370	£2,131,021	£1,718,831
	5	£3,420,710	£2,935,088	£2,463,907
	6	£4,286,940	£3,741,177	£3,211,313
	7	£5,144,681	£4,534,187	£3,941,343
50 Unit Mixed Scheme	1	£388,178	£47,583	£0
	2	£1,411,185	£982,661	£590,416
	3	£2,448,719	£1,935,621	£1,465,933
	4	£3,488,893	£2,895,041	£2,350,111
	5	£4,526,228	£3,849,712	£3,227,681
	6	£5,557,779	£4,791,898	£4,086,999
	7	£6,576,907	£5,711,755	£4,917,413

Source: Adams Integra, July 2009

Graph 21: Summary of Residual Land Values at 20%, 30% & 40% Affordable Housing Across All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix 20% Developer's Profit

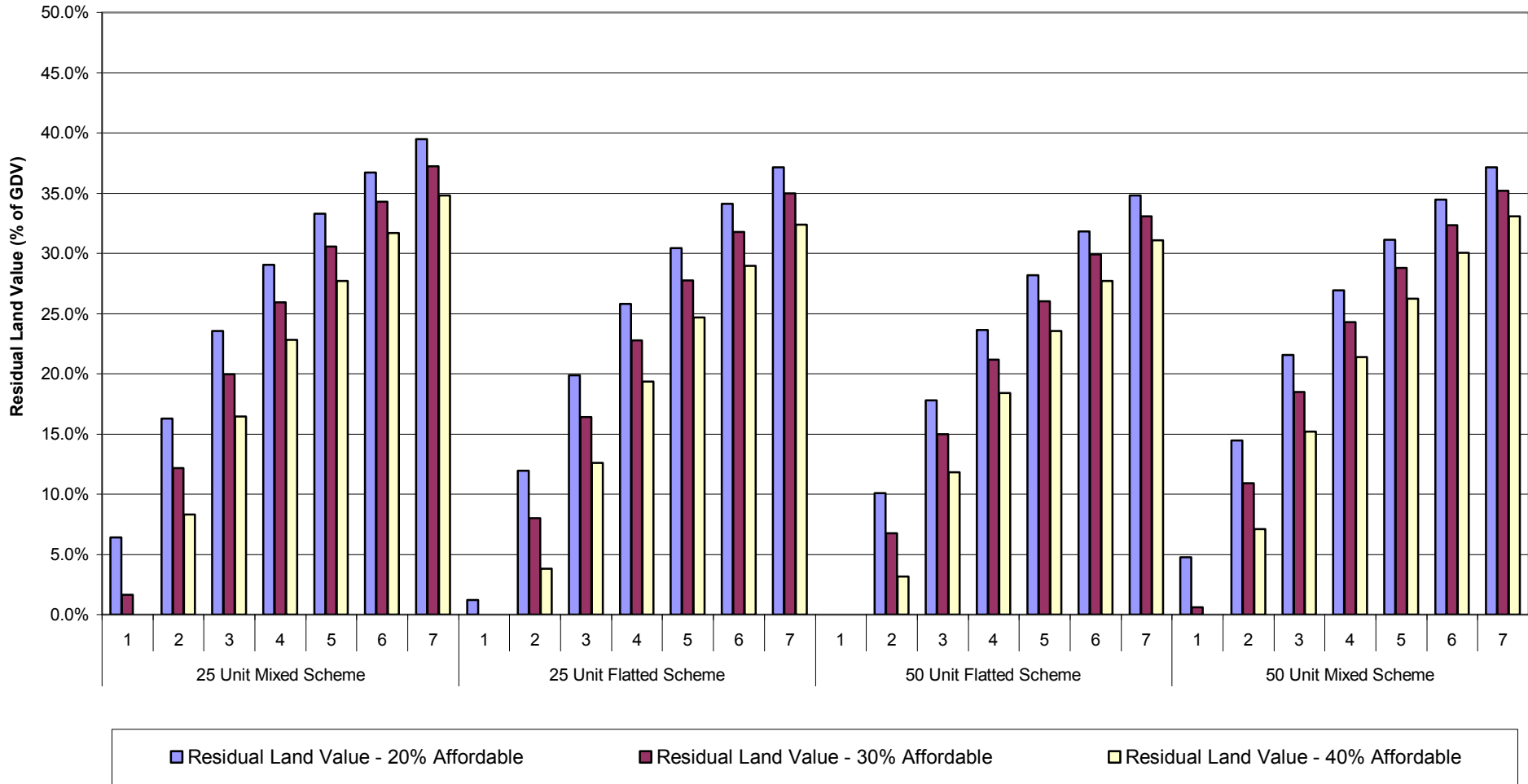


**Table 14a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points - 65% General Needs Rent/35%
Intermediate Tenure Mix
20% Developer's Profit**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	6.4%	1.7%	0.0%
	2	16.3%	12.2%	8.3%
	3	23.5%	20.0%	16.5%
	4	29.0%	25.9%	22.8%
	5	33.3%	30.6%	27.7%
	6	36.7%	34.3%	31.7%
	7	39.5%	37.2%	34.8%
25 Unit Flatted Scheme	1	1.2%	0.0%	0.0%
	2	12.0%	8.0%	3.8%
	3	19.9%	16.4%	12.6%
	4	25.8%	22.8%	19.4%
	5	30.4%	27.8%	24.7%
	6	34.1%	31.8%	29.0%
	7	37.1%	35.0%	32.4%
50 Unit Flatted Scheme	1	0.0%	0.0%	0.0%
	2	10.1%	6.8%	3.2%
	3	17.8%	15.0%	11.8%
	4	23.6%	21.2%	18.4%
	5	28.2%	26.0%	23.6%
	6	31.8%	29.9%	27.7%
	7	34.8%	33.1%	31.1%
50 Unit Mixed Scheme	1	4.7%	0.6%	0.0%
	2	14.4%	10.9%	7.1%
	3	21.6%	18.5%	15.2%
	4	26.9%	24.3%	21.4%
	5	31.1%	28.8%	26.2%
	6	34.4%	32.3%	30.0%
	7	37.2%	35.2%	33.1%

Source: Adams Integra, July 2009

**Graph 21a: Summary of Residual Land Values (as % of GDV) at 20%, 30% & 40% Affordable Housing
Across all Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix
20% Developer's Profit**

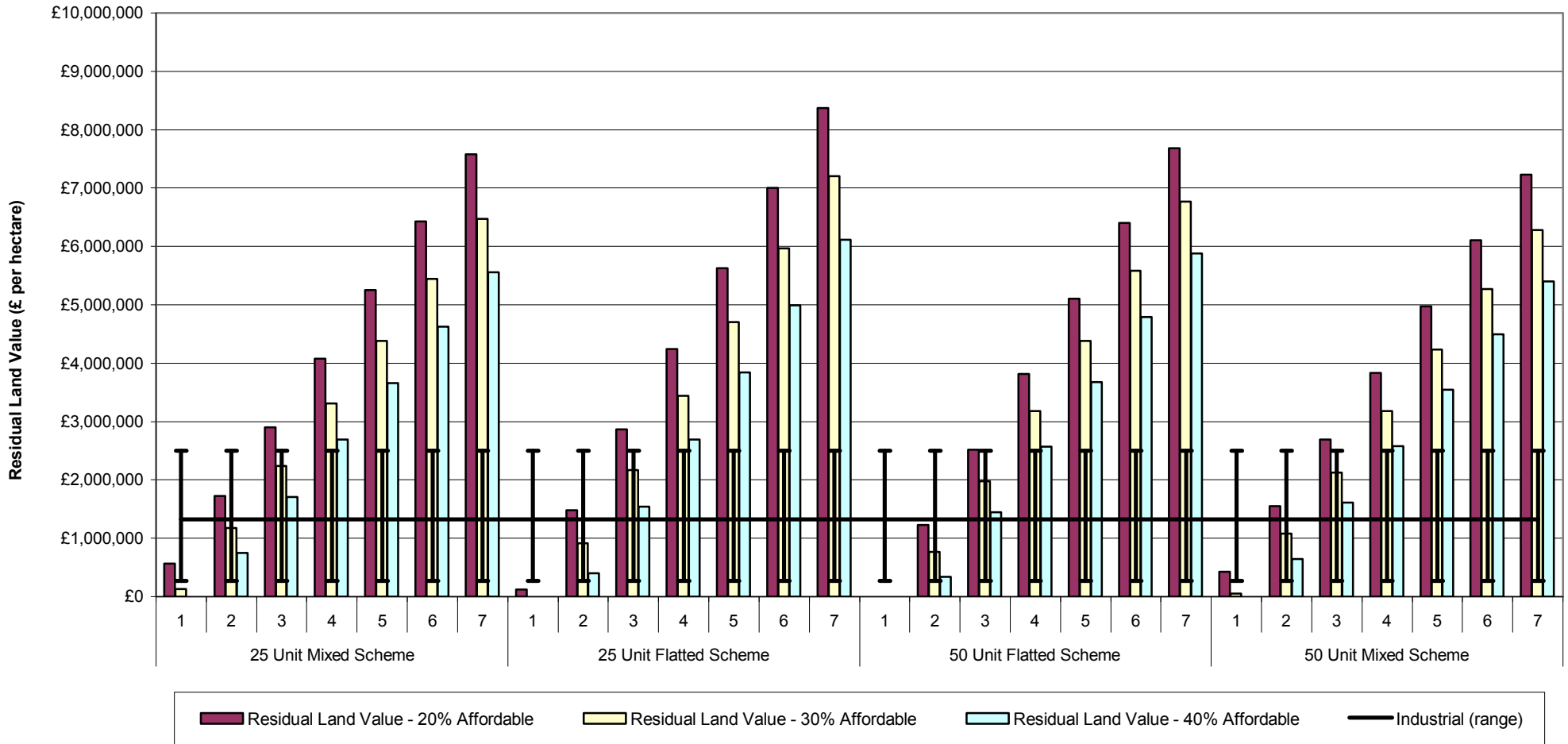


**Table 14b: Summary of Residual Land Value (£ /Ha) Appraisals for
All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix - 20%
Developer's Profit**

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	0.45	£567,115	£134,871	£0
	2	0.45	£1,723,208	£1,174,279	£746,726
	3	0.45	£2,896,389	£2,238,158	£1,707,519
	4	0.45	£4,076,418	£3,313,412	£2,688,804
	5	0.45	£5,252,145	£4,380,344	£3,660,179
	6	0.45	£6,425,070	£5,444,434	£4,629,312
	7	0.45	£7,577,518	£6,474,516	£5,558,409
25 Unit Flatted Scheme	1	0.33	£125,634	£0	£0
	2	0.33	£1,482,087	£914,633	£401,180
	3	0.33	£2,863,683	£2,172,901	£1,540,606
	4	0.33	£4,245,039	£3,439,199	£2,694,680
	5	0.33	£5,622,922	£4,701,406	£3,839,873
	6	0.33	£7,001,774	£5,964,790	£4,991,033
	7	0.33	£8,367,074	£7,206,184	£6,115,413
50 Unit Flatted Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,226,295	£767,963	£335,615
	3	0.67	£2,521,218	£1,974,609	£1,445,803
	4	0.67	£3,815,478	£3,180,628	£2,565,419
	5	0.67	£5,105,537	£4,380,728	£3,677,474
	6	0.67	£6,398,418	£5,583,846	£4,793,005
	7	0.67	£7,678,629	£6,767,443	£5,882,602
50 Unit Mixed Scheme	1	0.91	£426,569	£52,289	£0
	2	0.91	£1,550,753	£1,079,847	£648,808
	3	0.91	£2,690,900	£2,127,056	£1,610,915
	4	0.91	£3,833,948	£3,181,364	£2,582,540
	5	0.91	£4,973,877	£4,230,453	£3,546,903
	6	0.91	£6,107,450	£5,265,822	£4,491,207
	7	0.91	£7,227,370	£6,276,654	£5,403,751

Source: Adams Integra, July 2009

**Graph 21b: Summary of Residual Land Values (£ per Ha) at 20%, 30% & 40% Affordable Housing
Across All Value Points -
65% General Needs Rent/35% Intermediate Tenure Mix
20% Developer's Profit**



Appendix IIg

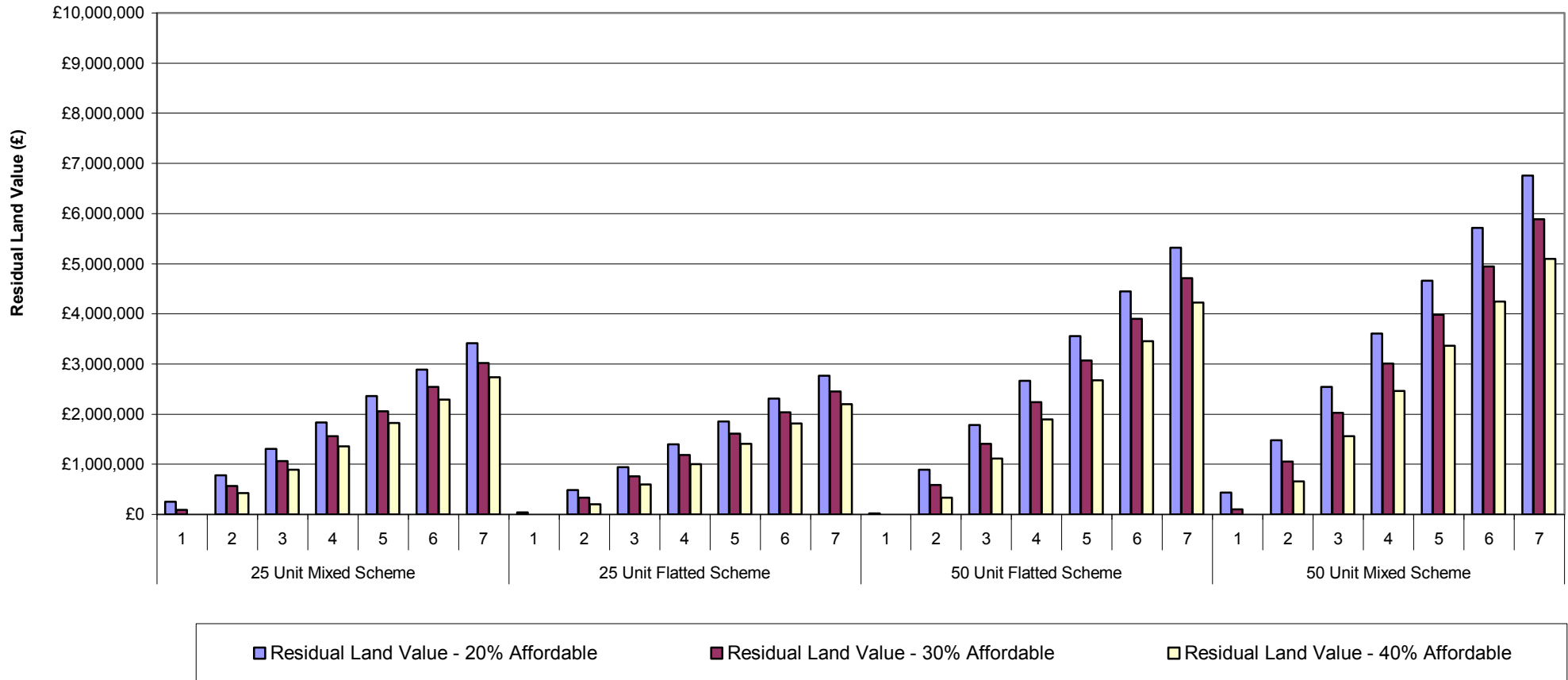
Residual Land Value Results (Sample Results Varying Developer's Profit – 50%/50% Tenure Mix)

**Table 15: Summary of Residual Land Value (£) Appraisals for
All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	£255,202	£92,922	£0
	2	£775,444	£570,767	£430,216
	3	£1,303,375	£1,062,566	£888,950
	4	£1,834,388	£1,559,892	£1,359,530
	5	£2,363,465	£2,054,059	£1,826,009
	6	£2,891,281	£2,545,435	£2,289,159
	7	£3,409,883	£3,021,095	£2,731,742
25 Unit Flatted Scheme	1	£41,459	£0	£0
	2	£489,089	£330,776	£204,275
	3	£945,015	£755,236	£601,974
	4	£1,400,863	£1,183,738	£1,006,903
	5	£1,855,564	£1,609,948	£1,408,546
	6	£2,310,586	£2,036,007	£1,810,107
	7	£2,761,134	£2,454,702	£2,202,310
50 Unit Flatted Scheme	1	£15,486	£0	£0
	2	£889,817	£582,734	£330,329
	3	£1,779,110	£1,412,882	£1,111,799
	4	£2,669,402	£2,244,053	£1,898,011
	5	£3,556,538	£3,070,916	£2,679,380
	6	£4,443,594	£3,897,831	£3,459,654
	7	£5,321,660	£4,711,165	£4,221,655
50 Unit Mixed Scheme	1	£437,774	£98,713	£0
	2	£1,479,384	£1,050,860	£658,614
	3	£2,538,613	£2,025,515	£1,555,827
	4	£3,601,925	£3,008,073	£2,463,143
	5	£4,662,056	£3,985,540	£3,363,510
	6	£5,714,433	£4,948,551	£4,243,652
	7	£6,753,885	£5,888,734	£5,094,392

Source: Adams Integra, July 2009

**Graph 22: Summary of Residual Land Values at 20%, 30% & 40% Affordable Housing Across All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit**

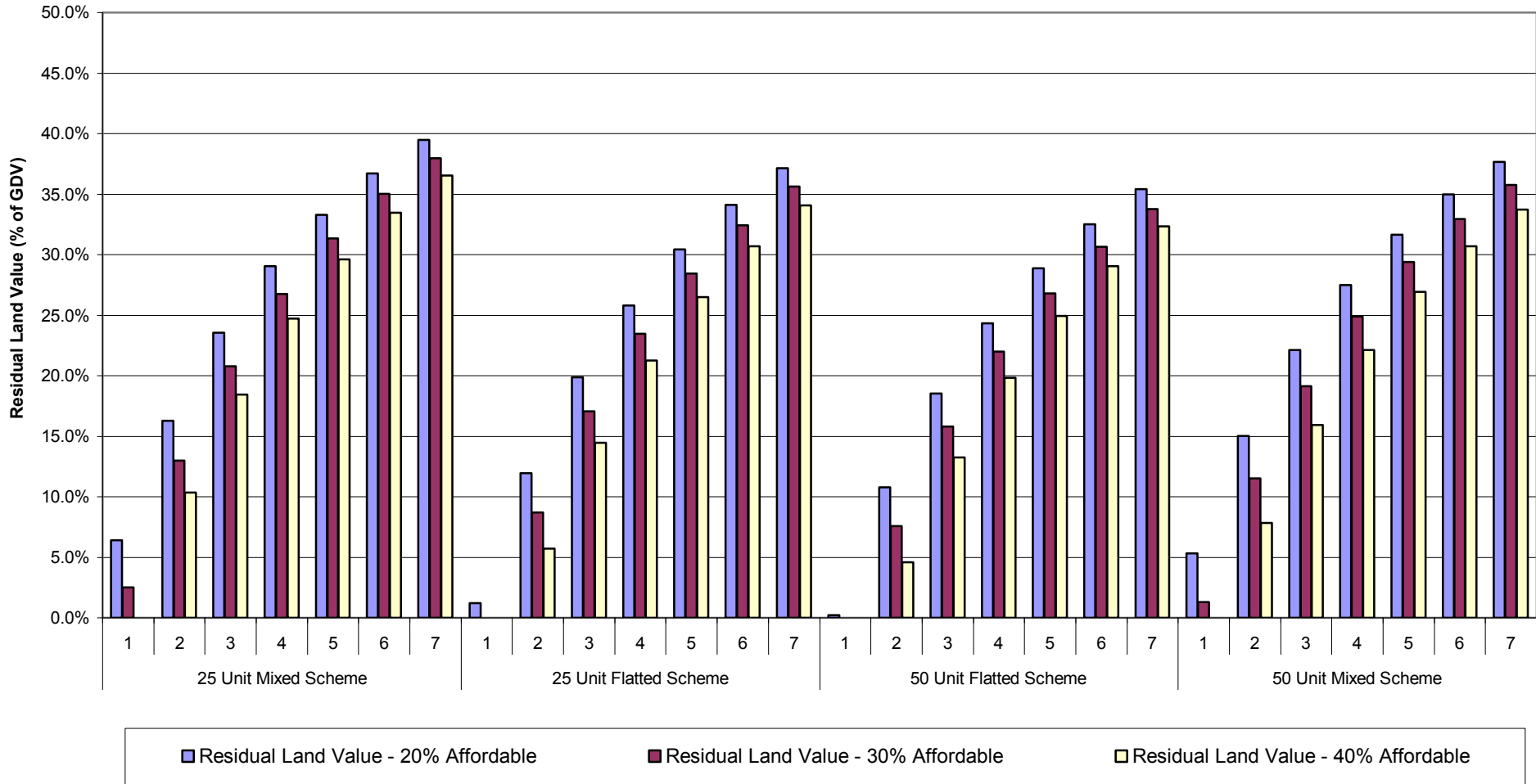


**Table 15a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points - 50% General Needs Rent/50%
Intermediate Tenure Mix
20% Developer's Profit**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	6.4%	2.5%	0.0%
	2	16.3%	13.0%	10.4%
	3	23.5%	20.8%	18.4%
	4	29.0%	26.7%	24.7%
	5	33.3%	31.4%	29.6%
	6	36.7%	35.0%	33.5%
	7	39.5%	38.0%	36.5%
25 Unit Flatted Scheme	1	1.2%	0.0%	0.0%
	2	12.0%	8.7%	5.7%
	3	19.9%	17.1%	14.5%
	4	25.8%	23.5%	21.2%
	5	30.4%	28.4%	26.5%
	6	34.1%	32.4%	30.7%
	7	37.1%	35.6%	34.1%
50 Unit Flatted Scheme	1	0.2%	0.0%	0.0%
	2	10.8%	7.6%	4.6%
	3	18.5%	15.8%	13.2%
	4	24.3%	22.0%	19.8%
	5	28.9%	26.8%	24.9%
	6	32.5%	30.7%	29.0%
	7	35.4%	33.8%	32.3%
50 Unit Mixed Scheme	1	5.3%	1.3%	0.0%
	2	15.0%	11.5%	7.8%
	3	22.1%	19.1%	15.9%
	4	27.5%	24.9%	22.1%
	5	31.7%	29.4%	26.9%
	6	35.0%	32.9%	30.7%
	7	37.7%	35.8%	33.7%

Source: Adams Integra, July 2009

**Graph 22a: Summary of Residual Land Values (as % of GDV) at 20%, 30% & 40% Affordable Housing
Across all Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit**

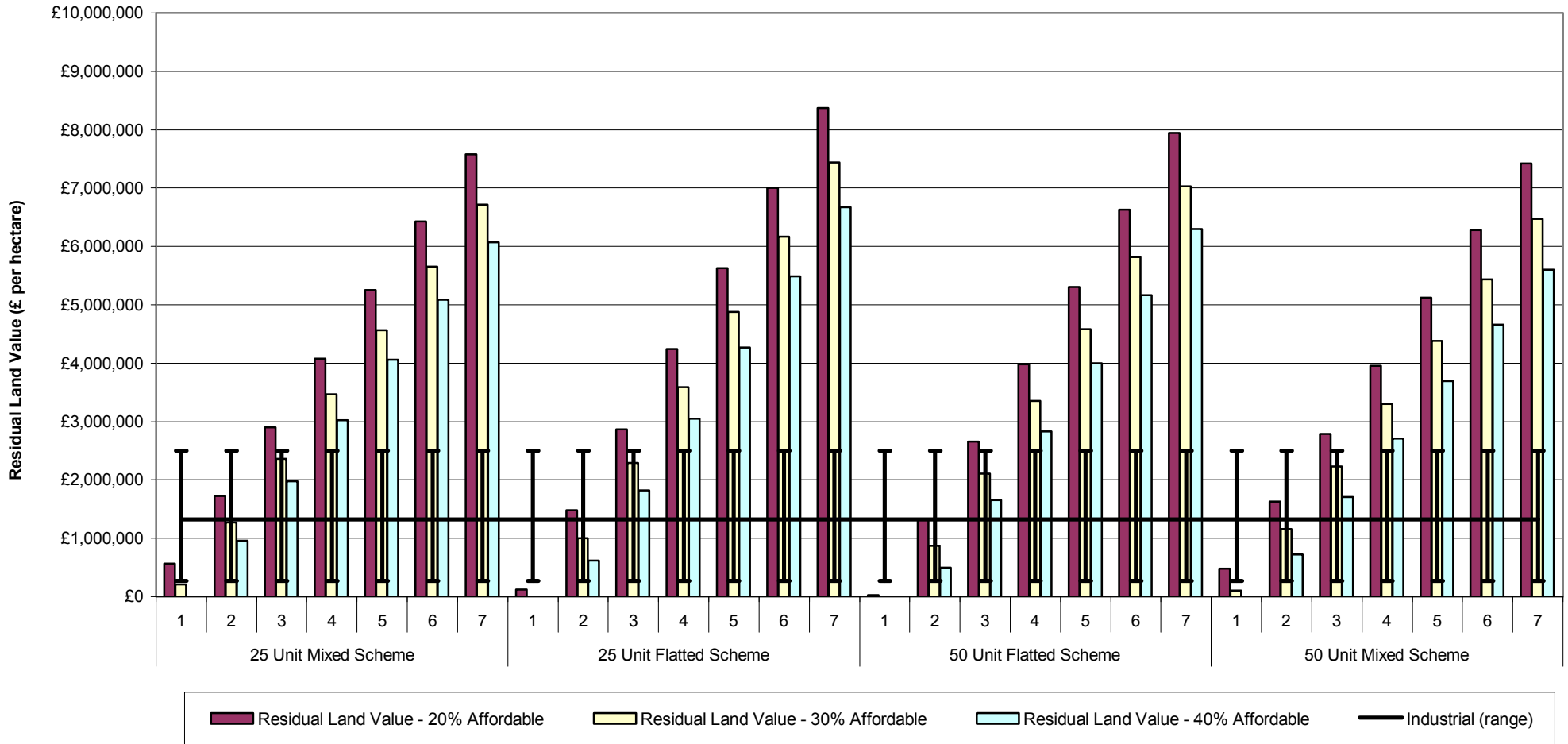


**Table 15b: Summary of Residual Land Value (£ /Ha) Appraisals for
All Value Points - 50% General Needs Rent / 50% Intermediate Tenure Mix - 20%
Developer's Profit**

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	0.45	£567,115	£206,493	£0
	2	0.45	£1,723,208	£1,268,371	£956,035
	3	0.45	£2,896,389	£2,361,258	£1,975,444
	4	0.45	£4,076,418	£3,466,426	£3,021,177
	5	0.45	£5,252,145	£4,564,576	£4,057,798
	6	0.45	£6,425,070	£5,656,523	£5,087,019
	7	0.45	£7,577,518	£6,713,544	£6,070,537
25 Unit Flatted Scheme	1	0.33	£125,634	£0	£0
	2	0.33	£1,482,087	£1,002,353	£619,014
	3	0.33	£2,863,683	£2,288,594	£1,824,164
	4	0.33	£4,245,039	£3,587,084	£3,051,222
	5	0.33	£5,622,922	£4,878,630	£4,268,323
	6	0.33	£7,001,774	£6,169,718	£5,485,173
	7	0.33	£8,367,074	£7,438,490	£6,673,666
50 Unit Flatted Scheme	1	0.67	£23,114	£0	£0
	2	0.67	£1,328,085	£869,752	£493,028
	3	0.67	£2,655,388	£2,108,779	£1,659,401
	4	0.67	£3,984,183	£3,349,332	£2,832,853
	5	0.67	£5,308,265	£4,583,456	£3,999,074
	6	0.67	£6,632,230	£5,817,658	£5,163,663
	7	0.67	£7,942,776	£7,031,590	£6,300,977
50 Unit Mixed Scheme	1	0.91	£481,070	£108,476	£0
	2	0.91	£1,625,697	£1,154,791	£723,752
	3	0.91	£2,789,685	£2,225,841	£1,709,700
	4	0.91	£3,958,159	£3,305,575	£2,706,751
	5	0.91	£5,123,139	£4,379,715	£3,696,164
	6	0.91	£6,279,597	£5,437,969	£4,663,354
	7	0.91	£7,421,852	£6,471,136	£5,598,233

Source: Adams Integra, July 2009

**Graph 22b: Summary of Residual Land Values (£ per Ha) at 20%, 30% & 40% Affordable Housing
Across All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit**



Appendix IIh

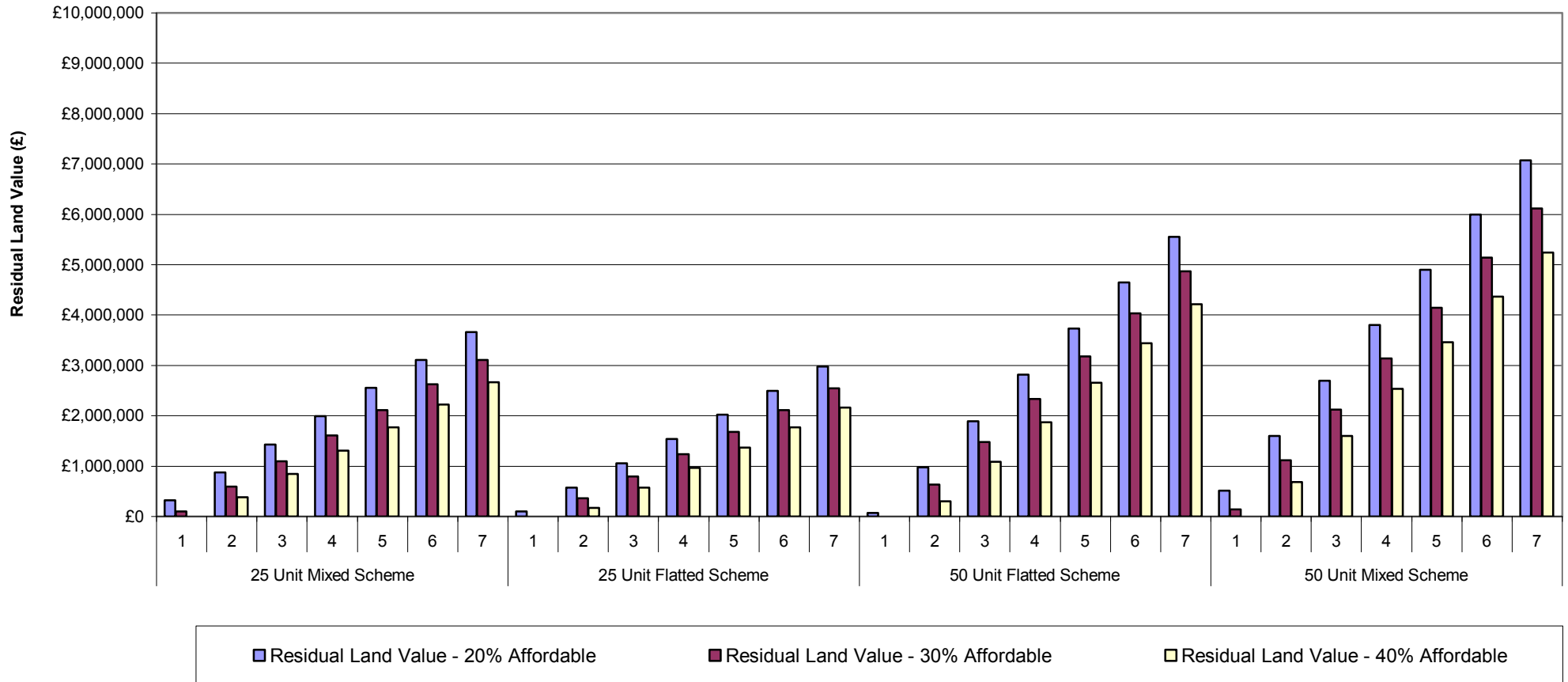
Residual Land Value Results (Sample Results CfSH Level 4 – 65%/35% Tenure Mix)

**Table 16: Summary of Residual Land Value (£) Appraisals for
All Value Points -
65% General Needs Rent/35% Intermediate Tenure Mix
CfSH Level 4**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	£320,851	£103,118	£0
	2	£871,346	£595,235	£386,050
	3	£1,430,206	£1,100,061	£841,088
	4	£1,992,149	£1,610,006	£1,305,864
	5	£2,552,155	£2,116,206	£1,766,180
	6	£3,110,901	£2,621,127	£2,225,486
	7	£3,660,432	£3,110,745	£2,666,777
25 Unit Flatted Scheme	1	£99,762	£0	£0
	2	£571,503	£361,275	£174,027
	3	£1,053,874	£798,404	£569,711
	4	£1,536,165	£1,238,796	£970,207
	5	£2,017,310	£1,677,838	£1,367,772
	6	£2,498,775	£2,117,268	£1,767,305
	7	£2,975,767	£2,549,441	£2,158,002
50 Unit Flatted Scheme	1	£72,906	£0	£0
	2	£976,633	£630,398	£299,945
	3	£1,895,039	£1,483,133	£1,085,597
	4	£2,813,001	£2,335,448	£1,873,846
	5	£3,728,148	£3,183,797	£2,657,028
	6	£4,645,186	£4,034,169	£3,442,540
	7	£5,553,734	£4,871,461	£4,210,676
50 Unit Mixed Scheme	1	£511,191	£136,713	£0
	2	£1,599,514	£1,121,249	£683,573
	3	£2,698,362	£2,127,233	£1,604,542
	4	£3,799,849	£3,139,677	£2,534,172
	5	£4,898,498	£4,147,372	£3,457,194
	6	£5,991,363	£5,142,581	£4,361,963
	7	£7,071,804	£6,115,461	£5,237,829

Source: Adams Integra, July 2009

Graph 23: Summary of Residual Land Values at 20%, 30% & 40% Affordable Housing Across All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix CfSH Level 4

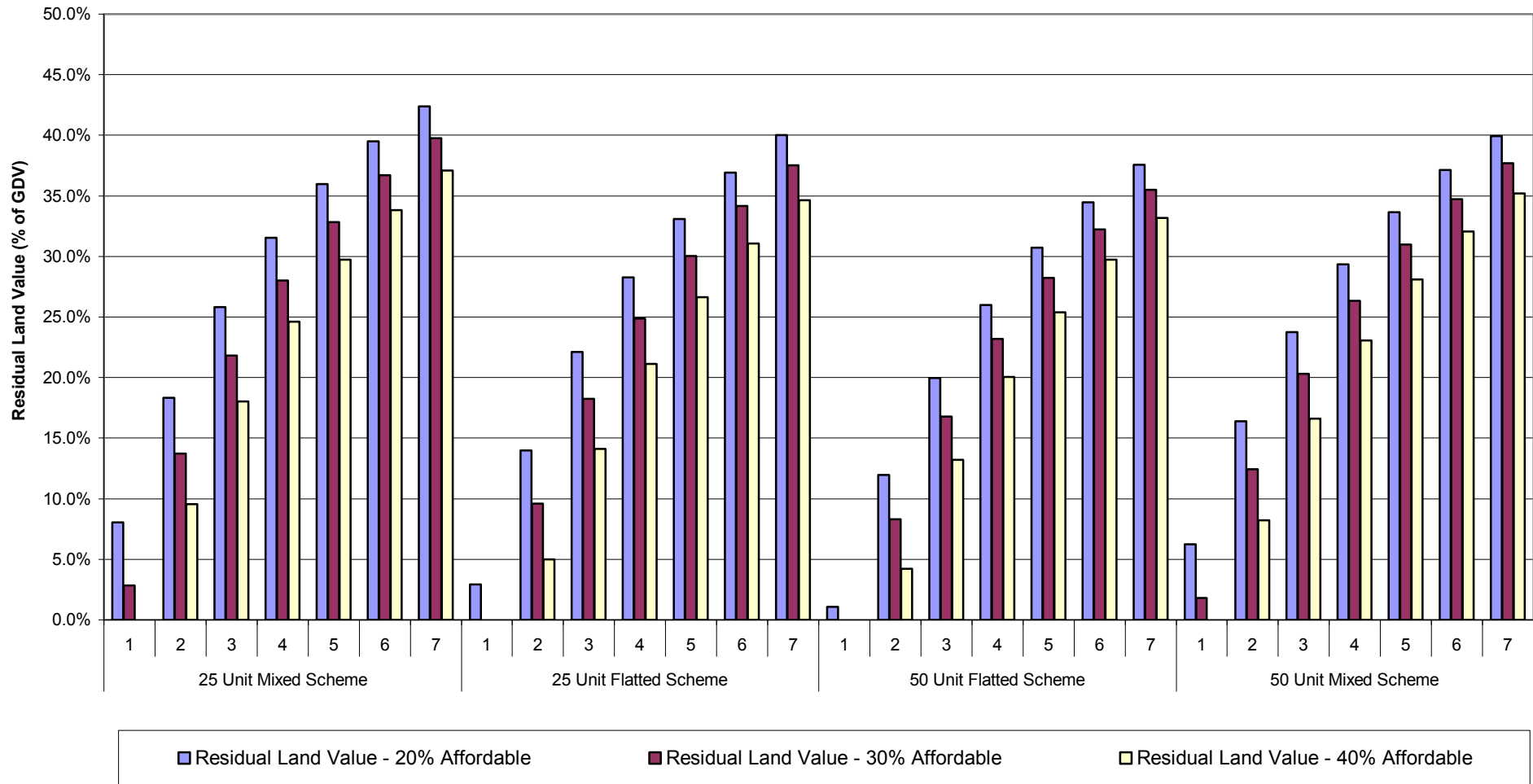


**Table 16a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points - 65% General Needs Rent/35%
Intermediate Tenure Mix
CfSH Level 4**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	8.0%	2.8%	0.0%
	2	18.3%	13.7%	9.6%
	3	25.8%	21.8%	18.0%
	4	31.5%	28.0%	24.6%
	5	36.0%	32.8%	29.7%
	6	39.5%	36.7%	33.8%
	7	42.4%	39.8%	37.1%
25 Unit Flatted Scheme	1	2.9%	0.0%	0.0%
	2	14.0%	9.6%	5.0%
	3	22.1%	18.3%	14.1%
	4	28.3%	24.9%	21.1%
	5	33.1%	30.0%	26.6%
	6	36.9%	34.2%	31.1%
	7	40.0%	37.5%	34.6%
50 Unit Flatted Scheme	1	1.1%	0.0%	0.0%
	2	12.0%	8.3%	4.2%
	3	20.0%	16.8%	13.2%
	4	26.0%	23.2%	20.1%
	5	30.7%	28.2%	25.4%
	6	34.5%	32.2%	29.7%
	7	37.6%	35.5%	33.2%
50 Unit Mixed Scheme	1	6.2%	1.8%	0.0%
	2	16.4%	12.4%	8.2%
	3	23.8%	20.3%	16.6%
	4	29.3%	26.3%	23.1%
	5	33.7%	31.0%	28.1%
	6	37.1%	34.7%	32.0%
	7	40.0%	37.7%	35.2%

Source: Adams Integra, July 2009

**Graph 23a: Summary of Residual Land Values (as % of GDV) at 20%, 30% & 40% Affordable Housing
Across all Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix
CfSH Level 4**

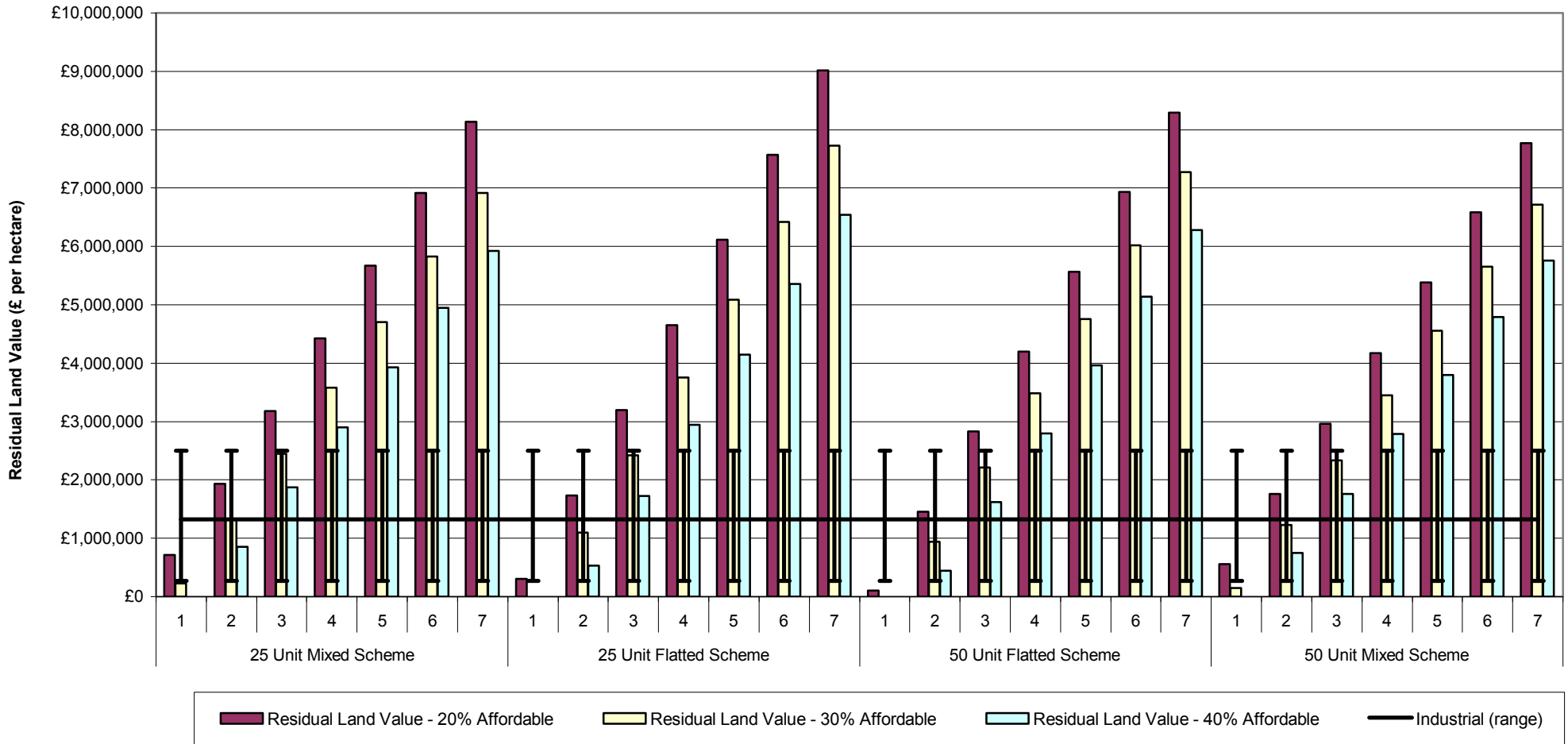


**Table 16b: Summary of Residual Land Value (£ / Ha) Appraisals for
All Value Points - 65% General Needs Rent/35% Intermediate Tenure Mix - CfSH
Level 4**

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	0.45	£713,003	£229,151	£0
	2	0.45	£1,936,324	£1,322,745	£857,890
	3	0.45	£3,178,236	£2,444,581	£1,869,086
	4	0.45	£4,426,997	£3,577,791	£2,901,919
	5	0.45	£5,671,456	£4,702,680	£3,924,844
	6	0.45	£6,913,112	£5,824,727	£4,945,525
	7	0.45	£8,134,292	£6,912,766	£5,926,171
25 Unit Flatted Scheme	1	0.33	£302,310	£0	£0
	2	0.33	£1,731,829	£1,094,773	£527,355
	3	0.33	£3,193,557	£2,419,406	£1,726,397
	4	0.33	£4,655,045	£3,753,926	£2,940,020
	5	0.33	£6,113,061	£5,084,357	£4,144,763
	6	0.33	£7,572,045	£6,415,963	£5,355,471
	7	0.33	£9,017,477	£7,725,579	£6,539,400
50 Unit Flatted Scheme	1	0.67	£108,815	£0	£0
	2	0.67	£1,457,662	£940,893	£447,678
	3	0.67	£2,828,416	£2,213,632	£1,620,295
	4	0.67	£4,198,509	£3,485,743	£2,796,785
	5	0.67	£5,564,400	£4,751,936	£3,965,714
	6	0.67	£6,933,113	£6,021,147	£5,138,119
	7	0.67	£8,289,155	£7,270,837	£6,284,590
50 Unit Mixed Scheme	1	0.91	£561,748	£150,234	£0
	2	0.91	£1,757,708	£1,232,142	£751,179
	3	0.91	£2,965,233	£2,337,619	£1,763,233
	4	0.91	£4,175,659	£3,450,194	£2,784,804
	5	0.91	£5,382,965	£4,557,551	£3,799,114
	6	0.91	£6,583,916	£5,651,188	£4,793,366
	7	0.91	£7,771,213	£6,720,287	£5,755,856

Source: Adams Integra, July 2009

**Graph 23b: Summary of Residual Land Values (£ per Ha) at 20%, 30% & 40% Affordable Housing
Across All Value Points -
65% General Needs Rent/35% Intermediate Tenure Mix
CfSH Level 4**



Appendix Ili

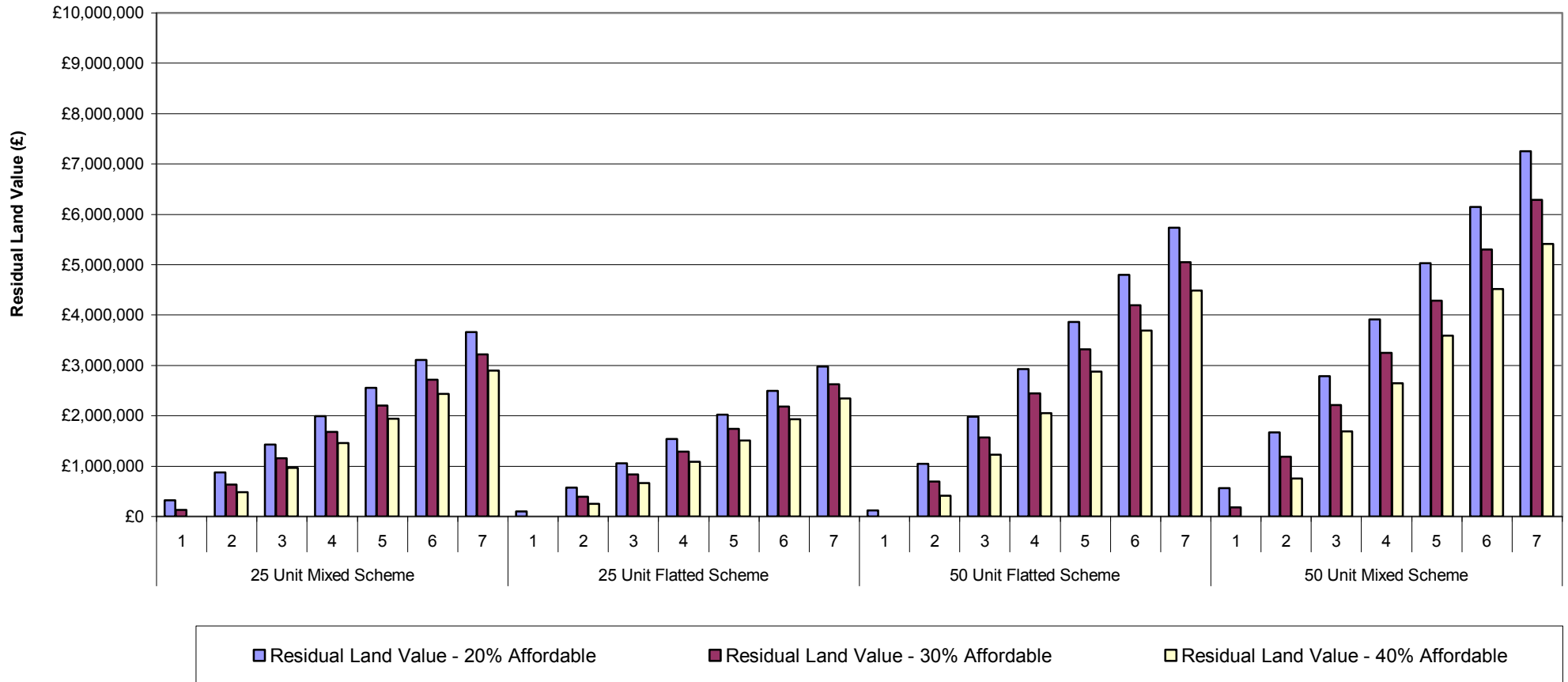
Residual Land Value Results (Sample Results CfSH Level 4 – 50%/50% Tenure Mix)

**Table 17: Summary of Residual Land Value (£) Appraisals for
All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
CfSH Level 4**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	£320,851	£135,348	£1,025
	2	£871,346	£637,577	£480,240
	3	£1,430,206	£1,155,457	£961,655
	4	£1,992,149	£1,678,863	£1,455,432
	5	£2,552,155	£2,199,111	£1,945,108
	6	£3,110,901	£2,716,567	£2,431,454
	7	£3,660,432	£3,218,307	£2,897,234
25 Unit Flatted Scheme	1	£99,762	£0	£0
	2	£571,503	£390,222	£247,236
	3	£1,053,874	£836,583	£663,285
	4	£1,536,165	£1,287,598	£1,087,865
	5	£2,017,310	£1,736,321	£1,509,160
	6	£2,498,775	£2,184,894	£1,930,372
	7	£2,975,767	£2,626,102	£2,342,226
50 Unit Flatted Scheme	1	£124,036	£0	£0
	2	£1,044,832	£698,597	£409,954
	3	£1,984,933	£1,573,027	£1,228,708
	4	£2,926,033	£2,448,480	£2,053,027
	5	£3,863,976	£3,319,625	£2,872,501
	6	£4,801,839	£4,190,822	£3,690,881
	7	£5,730,713	£5,048,439	£4,490,987
50 Unit Mixed Scheme	1	£560,276	£185,965	£0
	2	£1,667,713	£1,189,448	£751,772
	3	£2,788,256	£2,217,127	£1,694,436
	4	£3,912,881	£3,252,709	£2,647,204
	5	£5,034,326	£4,283,200	£3,593,022
	6	£6,148,017	£5,299,235	£4,518,617
	7	£7,248,783	£6,292,440	£5,414,808

Source: Adams Integra, July 2009

**Graph 24: Summary of Residual Land Values at 20%, 30% & 40% Affordable Housing Across All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
CfSH Level 4**

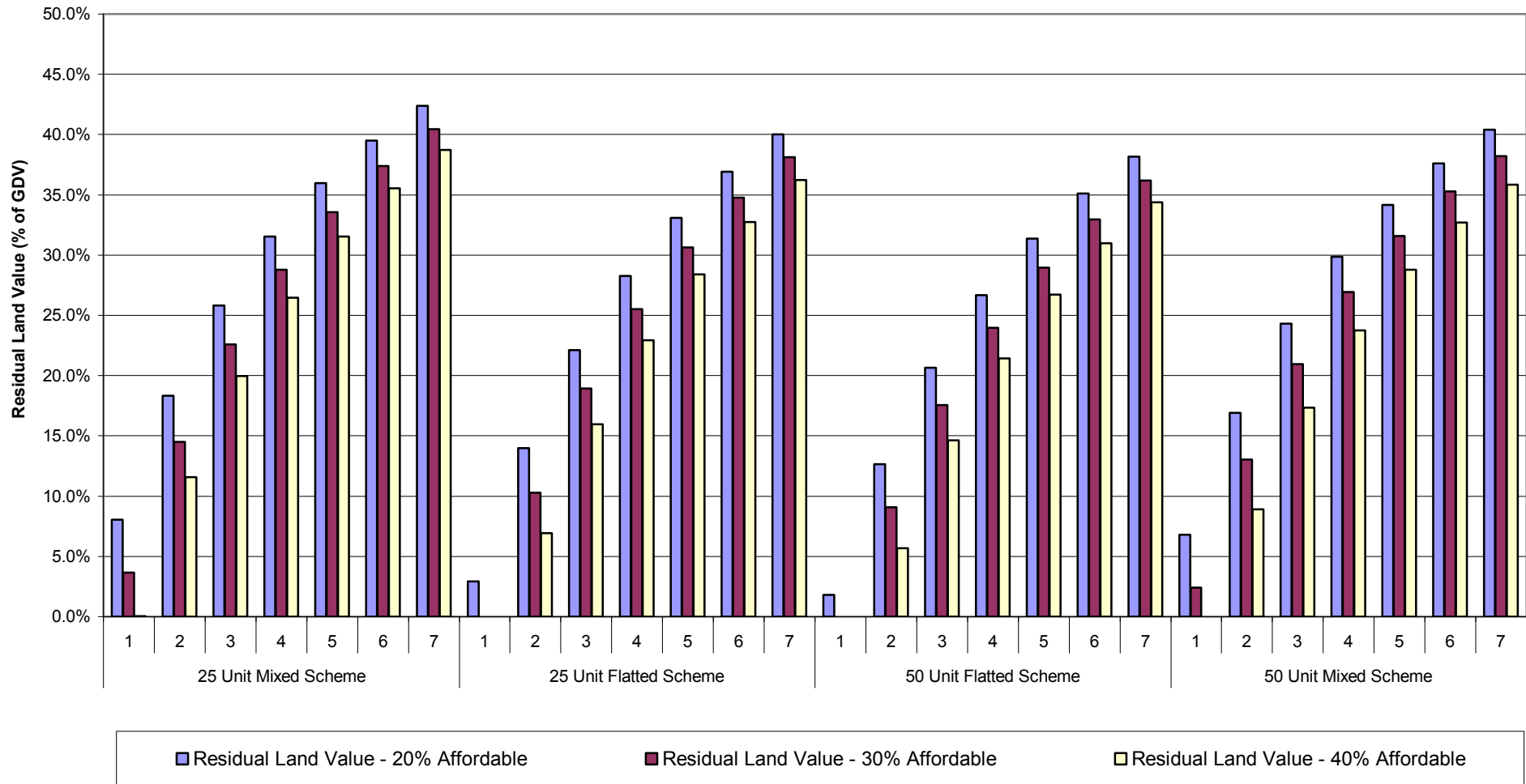


**Table 17a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points - 50% General Needs Rent/50%
Intermediate Tenure Mix
CfSH Level 4**

Development Scenario / Threshold	Value Point	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	8.0%	3.7%	0.0%
	2	18.3%	14.5%	11.6%
	3	25.8%	22.6%	20.0%
	4	31.5%	28.8%	26.5%
	5	36.0%	33.6%	31.5%
	6	39.5%	37.4%	35.6%
	7	42.4%	40.4%	38.7%
25 Unit Flatted Scheme	1	2.9%	0.0%	0.0%
	2	14.0%	10.3%	6.9%
	3	22.1%	18.9%	16.0%
	4	28.3%	25.5%	23.0%
	5	33.1%	30.7%	28.4%
	6	36.9%	34.8%	32.7%
	7	40.0%	38.1%	36.3%
50 Unit Flatted Scheme	1	1.8%	0.0%	0.0%
	2	12.7%	9.1%	5.7%
	3	20.7%	17.6%	14.6%
	4	26.7%	24.0%	21.4%
	5	31.4%	29.0%	26.7%
	6	35.1%	33.0%	31.0%
	7	38.2%	36.2%	34.4%
50 Unit Mixed Scheme	1	6.8%	2.4%	0.0%
	2	16.9%	13.1%	8.9%
	3	24.3%	20.9%	17.3%
	4	29.9%	26.9%	23.8%
	5	34.2%	31.6%	28.8%
	6	37.6%	35.3%	32.7%
	7	40.4%	38.2%	35.8%

Source: Adams Integra, July 2009

**Graph 24a: Summary of Residual Land Values (as % of GDV) at 20%, 30% & 40% Affordable Housing
Across all Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix
CfSH Level 4**

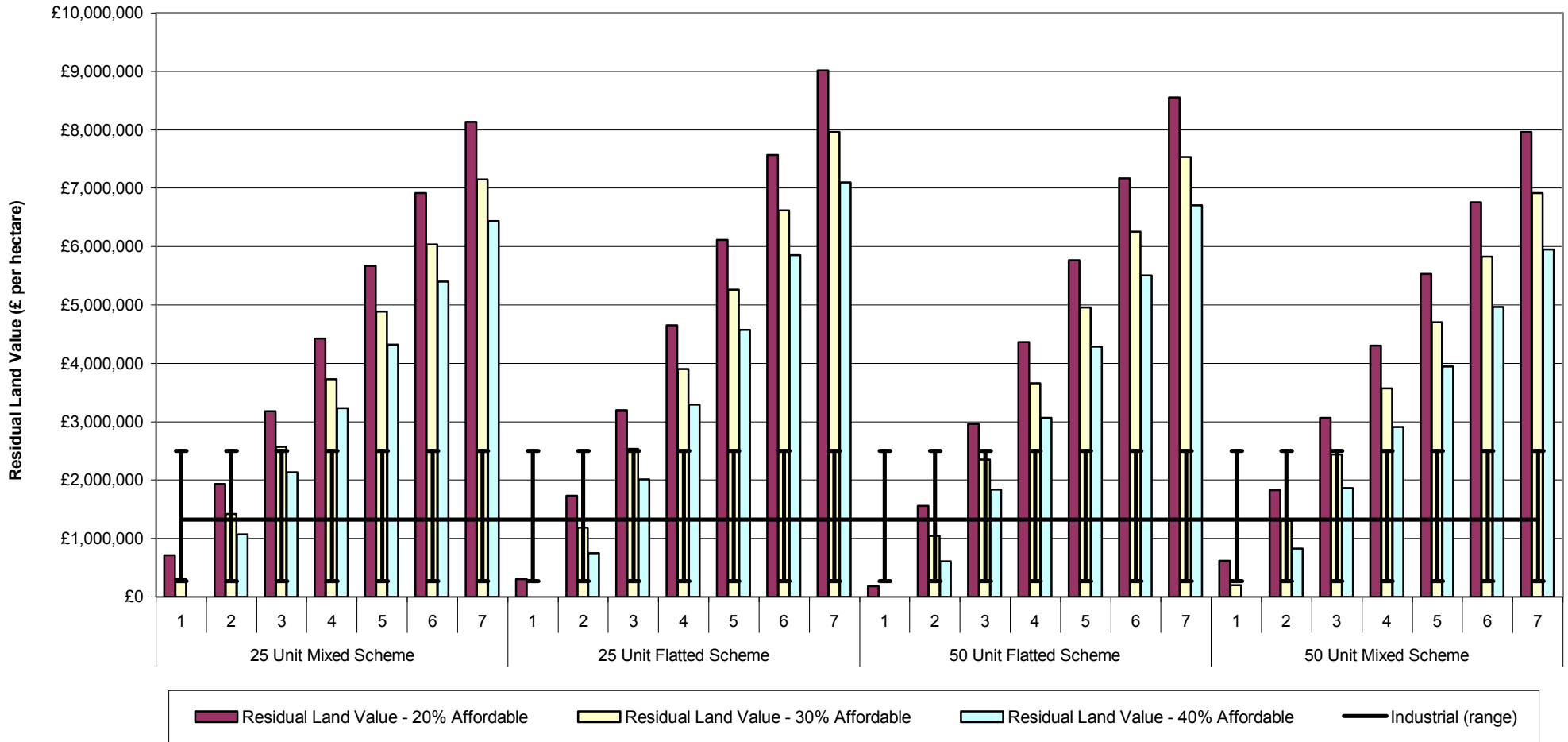


**Table 17b: Summary of Residual Land Value (£ / Ha) Appraisals for
All Value Points - 50% General Needs Rent / 50% Intermediate Tenure Mix -
CfSH Level 4**

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
25 Unit Mixed Scheme	1	0.45	£713,003	£300,774	£2,278
	2	0.45	£1,936,324	£1,416,837	£1,067,199
	3	0.45	£3,178,236	£2,567,681	£2,137,011
	4	0.45	£4,426,997	£3,730,806	£3,234,293
	5	0.45	£5,671,456	£4,886,913	£4,322,463
	6	0.45	£6,913,112	£6,036,816	£5,403,232
	7	0.45	£8,134,292	£7,151,794	£6,438,299
25 Unit Flatted Scheme	1	0.33	£302,310	£0	£0
	2	0.33	£1,731,829	£1,182,492	£749,201
	3	0.33	£3,193,557	£2,535,099	£2,009,955
	4	0.33	£4,655,045	£3,901,812	£3,296,562
	5	0.33	£6,113,061	£5,261,580	£4,573,212
	6	0.33	£7,572,045	£6,620,891	£5,849,611
	7	0.33	£9,017,477	£7,957,885	£7,097,653
50 Unit Flatted Scheme	1	0.67	£185,129	£0	£0
	2	0.67	£1,559,451	£1,042,682	£611,871
	3	0.67	£2,962,587	£2,347,802	£1,833,893
	4	0.67	£4,367,213	£3,654,448	£3,064,219
	5	0.67	£5,767,128	£4,954,665	£4,287,314
	6	0.67	£7,166,925	£6,254,959	£5,508,777
	7	0.67	£8,553,303	£7,534,984	£6,702,966
50 Unit Mixed Scheme	1	0.91	£615,688	£204,357	£0
	2	0.91	£1,832,652	£1,307,086	£826,123
	3	0.91	£3,064,017	£2,436,404	£1,862,017
	4	0.91	£4,299,869	£3,574,405	£2,909,015
	5	0.91	£5,532,227	£4,706,813	£3,948,376
	6	0.91	£6,756,062	£5,823,335	£4,965,513
	7	0.91	£7,965,696	£6,914,770	£5,950,339

Source: Adams Integra, July 2009

**Graph 24b: Summary of Residual Land Values (£ per Ha) at 20%, 30% & 40% Affordable Housing
Across All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
CfSH Level 4**



Appendix IIj

Residual Land Value Results (Value Point 4 variations – increasing costs)

**Table 18: Summary of Residual Land Value (£)
Appraisals for Value Point 4 Variations
Development Scenario/Threshold -
25 Unit Mixed Scheme**

Value Point 4 Variations	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
With Grant, 50/50 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	£2,246,466	£2,009,801	£1,846,632
No Grant, 50/50 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	£2,081,822	£1,768,536	£1,545,105
No Grant, 20% Developer's Profit, 50/50 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	£1,834,388	£1,559,892	£1,359,530
No Grant, 20% Developer's Profit, 65/35 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	£1,834,388	£1,491,035	£1,209,962
No Grant, 20% Developer's Profit, 65/35 Tenure Split, CfSH Level 4, 10% Renewables, £5,000 Infrastructure	£1,744,715	£1,401,362	£1,120,288
No Grant, 20% Developer's Profit, 65/35 Tenure Split, CfSH Level 4, 10% Renewables, £10,000 Infrastructure	£1,637,915	£1,294,562	£1,013,488

Source: Adams Integra, July 2009

Table 18: Summary of Residual Land Value (as % of GDV) Appraisals for Value Point 4 Variations Development Scenario/Threshold - 25 Unit Mixed Scheme

Value Point 4 Variations	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
With Grant, 50/50 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	34.4%	32.7%	31.4%
No Grant, 50/50 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	33.0%	30.3%	28.1%
No Grant, 20% Developer's Profit, 50/50 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	29.0%	26.7%	24.7%
No Grant, 20% Developer's Profit, 65/35 Tenure Split, CfSH Level 3, 10% Renewables, £5,000 Infrastructure	29.0%	25.9%	22.8%
No Grant, 20% Developer's Profit, 65/35 Tenure Split, CfSH Level 4, 10% Renewables, £5,000 Infrastructure	27.6%	24.4%	21.1%
No Grant, 20% Developer's Profit, 65/35 Tenure Split, CfSH Level 4, 10% Renewables, £10,000 Infrastructure	25.9%	22.5%	19.1%

Source: Adams Integra, July 2009

Appendix IIk
Residual Land Value Results (Financial Contributions)

Appendix III: Sevenoaks District Council Payments in lieu of on-site provision - Value Points 1 to 7: 0%, 10%, 20%, 30% and 40% Equivalent Affordable Housing Provision

Scheme Size	Mix	Value Point 1																			
		0% Affordable Equivalent				10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent				40% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	
1 House	1 x 3-bed house	£47,650	£1,906,008	22.4%	£9,482	£36,419	£1,536,765	18.1%	£18,964	£29,188	£1,167,522	13.7%	£28,445	£19,957	£798,278	9.4%	£37,927	£10,726	£429,035	5.0%	
2 Houses	2 x 3-bed houses	£95,300	£1,906,008	22.4%	£18,964	£76,838	£1,536,765	18.1%	£37,927	£58,376	£1,167,522	13.7%	£56,891	£39,914	£798,278	9.4%	£75,854	£21,452	£429,035	5.0%	
3 Houses	3 x 3-bed houses	£142,951	£1,906,008	22.4%	£28,445	£115,257	£1,536,765	18.1%	£56,891	£87,564	£1,167,522	13.7%	£85,336	£59,871	£798,278	9.4%	£113,781	£32,178	£429,035	5.0%	
4 Houses	4 x 3-bed houses	£188,602	£1,906,008	22.4%	£37,927	£153,676	£1,536,765	18.1%	£75,854	£116,752	£1,167,522	13.7%	£113,781	£79,828	£798,278	9.4%	£151,708	£42,904	£429,035	5.0%	
5 Houses	4 x 3-bed houses; 1 x 4-bed house	£236,652	£1,893,214	21.5%	£49,082	£189,083	£1,612,662	17.2%	£98,164	£142,943	£1,143,544	13.0%	£147,246	£94,893	£759,148	8.6%	£196,328	£46,844	£374,751	4.3%	
9 Houses	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses	£405,916	£1,804,072	21.0%	£86,451	£323,822	£1,439,211	16.7%	£172,903	£246,713	£1,096,501	12.7%	£269,354	£164,572	£731,431	8.5%	£345,805	£79,939	£355,285	4.1%	
10 Houses	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses	£460,374	£1,841,495	21.0%	£97,606	£367,687	£1,470,749	16.8%	£195,213	£275,001	£1,100,003	12.6%	£292,819	£186,073	£744,293	8.5%	£390,425	£92,400	£369,598	4.2%	
14 Houses	5 x 2-bed houses; 9 x 3-bed houses	£581,211	£1,860,604	20.4%	£127,167	£466,508	£1,332,881	16.4%	£254,334	£345,751	£987,860	12.1%	£381,501	£229,633	£656,093	8.1%	£508,668	£107,460	£307,029	3.8%	

Scheme Size	Mix	Value Point 2																			
		0% Affordable Equivalent				10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent				40% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	
1 House	1 x 3-bed house	£80,476	£3,219,045	31.6%	£11,378	£69,399	£2,775,953	27.2%	£22,756	£58,322	£2,332,862	22.9%	£34,134	£47,244	£1,889,770	18.5%	£45,512	£36,167	£1,446,678	14.2%	
2 Houses	2 x 3-bed houses	£160,952	£3,219,045	31.6%	£22,756	£138,798	£2,775,953	27.2%	£45,512	£116,643	£2,332,862	22.9%	£68,269	£94,489	£1,889,770	18.5%	£91,025	£72,334	£1,446,678	14.2%	
3 Houses	3 x 3-bed houses	£239,014	£3,186,855	31.2%	£34,134	£206,115	£2,748,194	26.9%	£68,269	£174,965	£2,332,862	22.9%	£102,403	£141,733	£1,889,770	18.5%	£136,537	£108,501	£1,446,678	14.2%	
4 Houses	4 x 3-bed houses	£312,247	£3,122,474	30.8%	£45,512	£269,267	£2,692,675	26.4%	£91,025	£230,953	£2,309,533	22.6%	£136,537	£187,087	£1,870,872	18.3%	£182,050	£144,668	£1,446,678	14.2%	
5 Houses	4 x 3-bed houses; 1 x 4-bed house	£393,577	£3,148,620	29.9%	£58,898	£337,646	£2,701,182	25.6%	£117,787	£281,718	£2,253,744	21.3%	£176,695	£230,444	£1,843,550	17.5%	£235,594	£173,361	£1,388,887	13.1%	
9 Houses	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses	£683,619	£3,038,307	29.4%	£103,742	£586,122	£2,604,987	26.2%	£207,483	£488,825	£2,171,667	21.0%	£311,226	£395,202	£1,758,455	17.0%	£414,966	£296,690	£1,318,822	12.8%	
10 Houses	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses	£773,888	£3,095,552	29.5%	£117,128	£663,811	£2,655,243	26.3%	£234,255	£553,733	£2,214,934	21.1%	£351,983	£448,278	£1,793,111	17.1%	£468,510	£337,054	£1,348,215	12.8%	
14 Houses	5 x 2-bed houses; 9 x 3-bed houses	£995,859	£2,845,312	29.1%	£152,600	£852,444	£2,435,555	24.9%	£305,201	£709,029	£2,025,798	20.7%	£457,801	£565,614	£1,616,041	16.5%	£610,402	£426,597	£1,218,849	12.5%	

Scheme Size	Mix	Value Point 3																			
		0% Affordable Equivalent				10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent				40% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	
1 House	1 x 3-bed house	£113,302	£4,532,083	38.1%	£13,274	£100,379	£4,015,142	33.7%	£26,549	£87,455	£3,498,202	29.4%	£39,823	£74,532	£2,981,262	25.1%	£53,098	£61,608	£2,464,322	20.7%	
2 Houses	2 x 3-bed houses	£226,604	£4,486,762	37.7%	£26,549	£198,750	£3,974,991	33.4%	£53,098	£174,910	£3,498,202	29.4%	£79,647	£149,063	£2,981,262	25.1%	£106,196	£123,216	£2,464,322	20.7%	
3 Houses	3 x 3-bed houses	£339,906	£4,396,120	36.9%	£39,823	£292,102	£3,894,888	32.7%	£79,647	£254,944	£3,393,256	28.5%	£119,470	£221,359	£2,951,449	24.8%	£159,293	£182,976	£2,439,678	20.5%	
4 Houses	4 x 3-bed houses	£439,612	£4,396,120	36.9%	£53,098	£389,469	£3,894,888	32.7%	£106,196	£339,326	£3,393,256	28.5%	£159,293	£289,182	£2,891,824	24.3%	£212,391	£243,968	£2,439,678	20.5%	
5 Houses	4 x 3-bed houses; 1 x 4-bed house	£549,559	£4,396,475	35.7%	£68,715	£484,981	£3,879,846	31.5%	£137,430	£424,781	£3,398,251	27.6%	£206,144	£359,530	£2,876,240	23.3%	£274,859	£294,279	£2,354,229	19.1%	
9 Houses	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses	£965,507	£4,291,141	35.8%	£121,032	£631,760	£3,795,601	31.4%	£242,064	£538,014	£3,280,062	27.2%	£363,095	£484,127	£2,774,522	23.0%	£484,127	£510,521	£2,268,982	18.8%	
10 Houses	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses	£1,062,148	£4,368,593	35.7%	£136,649	£735,724	£3,854,899	31.5%	£273,298	£614,205	£3,241,205	27.3%	£409,946	£576,878	£2,827,511	23.1%	£546,595	£578,454	£2,313,818	18.9%	
14 Houses	5 x 2-bed houses; 9 x 3-bed houses	£1,410,507	£4,030,019	35.4%	£178,034	£1,243,189	£3,851,970	31.2%	£356,068	£1,075,872	£3,073,920	27.0%	£534,101	£908,555	£2,595,870	22.8%	£712,135	£741,237	£2,117,820	18.6%	

Scheme Size	Mix	Value Point 4																			
		0% Affordable Equivalent				10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent				40% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	
1 House	1 x 3-bed house	£146,128	£5,845,120	43.0%	£15,171	£131,358	£5,254,331	38.6%	£30,342	£116,689	£4,663,542	34.3%	£45,512	£101,819	£4,072,753	29.9%	£60,683	£87,049	£3,481,965	25.6%	
2 Houses	2 x 3-bed houses	£292,256	£5,669,767	41.7%	£30,342	£254,835	£5,096,701	37.5%	£60,683	£230,845	£4,616,907	33.9%	£91,025	£201,601	£4,032,026	29.6%	£121,366	£174,098	£3,481,965	25.6%	
3 Houses	3 x 3-bed houses	£438,384	£5,669,767	41.7%	£45,512	£382,253	£5,096,701	37.5%	£91,025	£339,273	£4,523,636	33.3%	£136,537	£296,293	£3,950,571	29.0%	£182,050	£253,313	£3,377,506	24.8%	
4 Houses	4 x 3-bed houses	£584,512	£5,611,315	41.3%	£60,683	£504,416	£5,044,158	37.1%	£121,366	£452,364	£4,523,636	33.3%	£182,050	£395,057	£3,950,571	29.0%	£242,733	£337,751	£3,377,506	24.8%	
5 Houses	4 x 3-bed houses; 1 x 4-bed house	£709,599	£5,676,791	40.3%	£75,854	£635,795	£5,086,358	36.1%	£157,062	£561,991	£4,495,924	31.9%	£235,594	£448,186	£3,905,491	27.7%	£314,125	£418,699	£3,349,589	23.8%	
9 Houses	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses	£1,247,394	£5,543,975	40.2%	£138,322	£1,117,398	£4,966,215	36.0%	£276,644	£697,402	£4,388,456	31.9%	£414,966	£657,407	£3,810,696	27.7%	£553,288	£727,411	£3,232,936	23.5%	
10 Houses	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses	£1,410,408	£5,641,634	40.3%	£156,170	£1,263,639	£5,054,555	36.1%	£312,340	£1,116,869	£4,467,477	31.9%	£468,510	£970,599	£3,880,398	27.7%	£624,680	£823,330	£3,293,319	23.5%	
14 Houses	5 x 2-bed houses; 9 x 3-bed houses	£1,825,154	£5,214,727	40.0%	£203,467	£1,633,934	£4,668,384	35.8%	£406,934	£1,422,715	£4,122,042	31.6%	£610,402	£1,251,495	£3,575,699	27.4%	£813,869	£1,060,275	£3,029,357	23.3%	

Scheme Size	Mix	Value Point 5																			
		0% Affordable Equivalent				10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent				40% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	
1 House	1 x 3-bed house	£177,164	£7,086,576	46.3%	£17,067	£162,338	£6,493,520	42.4%	£34,134	£145,722	£5,829,883	38.1%	£51,201	£129,106	£5,164,245	33.8%	£68,269	£112,490	£4,498,688	29.4%	
2 Houses	2 x 3-bed houses	£347,171	£6,943,413	45.4%	£34,134	£314,936	£6,298,715	41.2%	£68,269	£282,701	£5,654,016	37.0%	£102,403	£250,466	£5,009,318	32.7%	£136,537	£222,731	£4,454,612	29.1%	
3 Houses	3 x 3-bed houses	£516,787	£6,871,831	44.9%	£51,201	£472,404	£6,298,715	41.2%	£102,403	£424,051	£5,654,016	37.0%	£153,604	£375,699	£5,009,318	32.7%	£204,806	£327,346	£4,364,619	28.5%	
4 Houses	4 x 3-bed houses	£685,394	£6,871,831	44.9%	£68,269	£623,378	£6,233,779	40.7%	£136,537	£559,573	£5,595,727	36.6%	£204,806	£495,768	£4,957,675	32.4%	£273,074	£436,462	£4,364,619	28.5%	
5 Houses	4 x 3-bed houses; 1 x 4-bed house	£869,638	£6,957,106	43.9%	£86,348	£786,609	£6,292,869	39.7%	£176,695												

**Average Residual Land Value as Percentage of GDV on Sites of 0% Affordable Housing -
Sevenoaks District Council Viability Study (Current Infrastructure Costs)**

	Value Point 1	Value Point 2	Value Point 3	Value Point 4	Value Point 5	Value Point 6	Value Point 7	Housing Mix
1 House	22.4%	31.6%	38.1%	43.0%	46.3%	49.3%	51.8%	1 x 3-bed house
2 Houses	22.4%	31.6%	37.7%	41.7%	45.4%	48.3%	50.8%	2 x 3-bed houses
3 Houses	22.4%	31.2%	36.9%	41.7%	44.9%	47.8%	50.2%	3 x 3-bed houses
4 Houses	22.2%	30.6%	36.9%	41.3%	44.9%	47.8%	50.2%	4 x 3-bed houses
5 Houses	21.5%	29.8%	35.7%	40.3%	43.9%	46.8%	49.2%	4 x 3-bed houses; 1 x 4-bed house
9 Houses	21.0%	29.4%	35.6%	40.2%	43.9%	46.7%	49.1%	2 x 2-bed houses; 5 x 3-bed houses; 2 x 4-bed houses
10 Houses	21.0%	29.5%	35.7%	40.3%	43.9%	46.8%	49.1%	2 x 2-bed houses; 5 x 3-bed houses; 3 x 4-bed houses
14 Houses	20.4%	29.1%	35.4%	40.0%	43.7%	46.6%	48.9%	5 x 2-bed houses; 9 x 3-bed houses
Average	21.7%	30.3%	36.5%	41.1%	44.6%	47.5%	49.9%	
Overall Average				38.8%				

Unit	Value Point 1	Value Point 2	Value Point 3	Value Point 4	Value Point 5	Value Point 6	Value Point 7
1-Bed Flat	£125,000	£150,000	£175,000	£200,000	£225,000	£250,000	£275,000
2-Bed Flat	£167,500	£201,000	£234,500	£268,000	£301,500	£335,000	£368,500
2-Bed House	£187,500	£225,000	£262,500	£300,000	£337,500	£375,000	£412,500
3-Bed House	£212,500	£255,000	£297,500	£340,000	£382,500	£425,000	£467,500
4-Bed House	£250,000	£300,000	£350,000	£400,000	£450,000	£500,000	£550,000

Appendix III

Sevenoaks District Council – Property Values Report (including post code map)

Appendix III

Property Values Report for Sevenoaks District Council

Viability Study 2009 - Background

Introduction

Adams Integra was asked to prepare an affordable housing development economics study on behalf of Sevenoaks District Council. This meant undertaking an informed assessment of economic viability, as impacted by a range of potential affordable housing requirements (alongside other obligations).

To underpin the viability study and as a key part of our methodology, research was required to determine the level of new build housing values within Sevenoaks District. As context for the viability study work, we needed to understand the level and range of values encountered, and likely to be seen as we move ahead, so as to make judgements as to the figures most appropriate to use in our appraisal modelling. We use a Values Points methodology. That looks at how viability varies as the key driver of the new build property values vary – either by location or with time (as potentially influenced by varying market conditions).

It is the new build values that are of key relevance to the viability study, given that such schemes are the supply source of the planning-led affordable housing being considered.

In addition to new build pricing and for general background purposes, desktop research was also undertaken to enable us to consider the state of the overall housing market in the District including existing (i.e. overall/re-sale market) values. The context of the national and regional pictures is also outlined.

The initial desktop research involved looking at an overview of values in different locations across the local authority areas using property websites (for example RightMove). Adams Integra's interpretation of the data is shown below, indicating the variation in values across the area. This process enabled us to develop a wider understanding of the local market, and to verify and supplement the new build property values research. It is acknowledged that much of this information is marketing price based. We acknowledge this, but combined with taking soundings from local agents and others, and making allowances in arriving at the range of values we apply, we consider this to give us a more up to date and dynamic picture than we get through relying on historic data which often does not clearly reflect property types and sizes, or latest knowledge and experience of market conditions. The key lies in selecting an appropriate range of values at which to study viability.

Wider market overview information has also been included, as drawn from market reports provided by the organisations such as the RICS and Land Registry.

The study process meant fixing assumptions in June/July 2009, so those were necessarily supported by such information as was available up to that date. Market reporting is included as

was available at that point, and that is set out first – see below. However, Adams Integra has been aware of market conditions throughout the study period. On closing the study, therefore, we have provided updated general market information and comment as well.

As this part of the work was kept open while the study proceeded, this Appendix may contain some incomplete information where details were not available or not received during that time. This is not an exhaustive piece of property market research, but aimed to sweep up information as was readily available.

Housing Market Reporting

*In this section the italic text is attributed to a range of sources – as stated in each case. Accompanying notes or comments by Adams Integra are not in italics. Emphasis using **Bold** text is by Adams Integra.*

Royal Institution of Chartered Surveyors (RICS) – 9 June 2009

The Royal Institution of Chartered Surveyors (RICS) published a Housing Market Survey for May 2009, its monthly update. The headline they ran with read *‘Increased buyer interest and lower new instructions provide support for house prices’*.

The survey reported the least negative picture since November 2007 in terms of the balance of surveyors reporting falling rather than rising house prices. It said: *‘The May survey provides **more evidence that activity in the housing market is beginning to pick up, albeit from historic lows**. New buyer enquiries have now increased for seven months in a row.....The survey also contains more definitive signs that the **rebound in enquiries is now feeding through in to increased transactions**....There was a further rise in the average number of sales per surveyor.’*

It went on to state: *‘Significantly, new **instructions to sell property fell** further in May. This series (of data) has now dropped in every single month over the last two years and, if anything, the picture appears to be becoming more acute.As a result the **number of unsold properties on surveyors’ books continues to decline**....’*

*And: ‘Meanwhile, the (data) series measuring **confidence in both the sales and price outlook improved further** over the month.*

Looking at the data from a regional perspective, the net price balance improved in most parts of the Country. London remained the strongest region, followed by Scotland, the **South East** and South West. The only region in England and Wales to show a deterioration in the net price balance was the West Midlands. Significantly the increase in new buyer enquiries in May was most marked in London and the South East.

The survey also includes surveyors’ market comments. While there were none from firms located within Sevenoaks District it is interesting to pick up on comments that were made by those operating in Kent and Surrey – in terms of the regional market flavour. These do seem to reflect the type of sentiment that currently comes through in the above reporting, and also the type of more mixed feelings we are picking up when speaking to local agents and developers’ sales staff.

The following are examples:

- Linay & Shipp, Orpington, Kent. *'Current values and the imposition of home information packs has severely reduced the number of instructions leading to buyer frustration and purchasers giving up buying and selling their own home as they can't find one to buy.'*
- Ibbett Mosely, Tonbridge, Kent. *'What a change in the market! Previously arranged sales now exchanging. More sales being arranged – pipeline rising. New instructions dropping. So supply and demand now balanced than for at least 18 months. Not that we are getting carried away but this is the best market we have had for quite a while.'*
- Sumner Pridham, Tunbridge Wells, Kent. *'Significantly better market especially for "family houses".....'*
- Michael Everett & Co, Ashted, Surrey. *'A shortage of new instructions combined with improving buyer enquiries has stabilised prices and in some cases we have seen small rises. Much more confidence in the market in general, but no continuity of activity which is frustrating a more general market recovery.'*
- Elgars, Canterbury, Kent. *'Buyers seem to be more confident than for some time and are making offers but vendors who need to buy from proceeds are still being cautious.'*
- Latchmere Properties, Dorking, Surrey. *'Consumer confidence and activity are now returning to the market place. Realistic offers are being made and despite a shortage of decent stock the recovery is well underway. Were the Government to do away with their latest hindrance, namely the latest form of HIPs, the problem of a shortage of stock could be solved.'*
- Elphick Estate Agents, Ashted, Surrey. *'Sporadic interest from good buyers and ongoing shortage of fresh instructions at the right price. Cautious optimism for improvement but market still fragile.'* (This statement sums up Adams Integra's current view of the market in general).

RICS Economics – May 2009 RICS housing market survey

RICS news release 15 June 2009:

The RICS announced: ***"Gap between asking and selling prices appears to be narrowing"***

This release stated:

- *Majority of surveyors (almost 60%) now reporting that the gap between asking and selling price is narrowing. In contrast last August results of the same survey revealed that the gap was widening.*
- *Across the UK, houses are selling at an average of 11% below the asking price.*
- *Vendors in London now achieving sales at around 93% of asking price (i.e. at 7% below asking price), with 55% of surveyors reporting that the gap had narrowed over the previous three months.*

It went on to include comments by an RICS senior economist:

*“The **improvement in sentiment** that has been captured in recent Housing Market Surveys is reflected in a narrowing in the gap between asking and selling prices. This is particularly interesting given that recent **reports from Rightmove suggest that asking prices have been relatively stable since February**. As new instructions continue to decline, a **lack of supply is providing some support to house prices** and that has helped to close the gap. **Even so, some caution is still warranted. While the pace of the downturn may be easing, the housing market will still be challenged by an uncertain economic backdrop, the threat of rising unemployment and continued restrictions on mortgage finance.**”*

RICS News Release – 15 June 2009

Land Registry – House Price Index May 2009 (released 26 June 2009)

This stated:

‘The Land Registry data for May data shows that while monthly house price change remains negative, the rate of decline is easing. England and Wales reported an annual (house price) movement of -15.9%. The average property in England and Wales is now worth £152,497 and the monthly change is now -0.2%. Property transactions averaged 31,091 sales per month in the months December 2008 to March 2009. In the same period a year earlier, the average was higher (approximately double) at 64,674 sales per month’ (Adams Integra recalls that in early 2007, sales were running at in excess of 100,000 per month).

And went on to add:

‘All regions in England and Wales experienced a decrease in their average property values over the last 12 months.’

The index shows that **South East** prices fell by 16.3% (change of -16.3%) over the year. However, in terms of monthly change, South East prices were noted to have increased by 0.5%. That trend is shared by approximately half of the regions, but balanced out in the national picture because London and a number of other regions still recorded monthly price falls. This left the South East average house price at £188,129.

In **Kent** the monthly price change reported was -0.2% (a very small fall), bring the yearly change to -17.1% and the average price to £169,796.

In the **Sevenoaks District context**, we feel that we should also be looking at **Surrey** as another comparison, as prices in Sevenoaks are higher than the Kent picture suggests. Here we are just as related to Surrey and the London fringe. Surrey prices changed by -0.1% (almost no change), to leave the annual change at -16.2 but average house prices at £260,401 (i.e. very similar market trends to Kent, but with significantly higher house prices).

Land Registry House Price Index May 2009

Housing Market Overview – Updated August 2009

Interest rates:

The Bank of England Base Rate remains at a historically low 0.5%. Despite this, finance for property (mortgages for purchase, and development finance) remains very constrained and is not generally available on favourable terms relative to this interest rates backdrop.

Mortgage approvals:

As at 14 September 2009, the Council of Mortgage Lender's mortgage 'Lending for house purchase and remortgage' website page stated as a headline:

'July house purchase lending up on a year ago for first time in two years.'

Although remortgaging remained unsurprisingly weak, lending for house purchase showed its first material annual growth in July for the first time since early 2007, according to the latest Council of Mortgage Lenders' survey.

At £14.5 billion, total gross lending rose significantly for the second month running, but was still 42% lower than in July last year. Within this, house purchase lending accounted for 56,000 loans totalling £7.5 billion - up from 47,000 loans totalling £7.1 billion in July last year.

Loans for house purchase and remortgage

	Number of house purchase loans	Value of house purchase loans £m	Number of remortgage loans	Value of remortgage loans £m
July 2009	56,000	7,500	41,000	4,700
<i>Change from June 2009</i>	<i>+24%</i>	<i>+27%</i>	<i>+21%</i>	<i>+12%</i>
<i>Change from July 2008</i>	<i>+19%</i>	<i>+6%</i>	<i>-53%</i>	<i>-61%</i>

The rise in house purchase lending in July was concentrated more heavily towards home movers than in June, when the largest rise was seen in first-time buyer activity. There were 20,400 first-time buyer loans and 35,700 home mover loans in July, up 18% and 28% respectively on June. But compared with a year earlier, the rise in first-time buyer numbers was higher, up 22% compared with a 17% rise in the number of movers.

Source: Council of Mortgage lenders website – statistics update 14 September 2009: www.cml.org.uk

General overview (RICS based):

At the beginning of 2009, the RICS had expected house prices to fall back a further 10-15% during the year. That would have left prices at around 25-30% less (typically) than their Autumn 2007 peak. This position has now been revised so that prices are likely to be slightly higher in Q4 of 2009 than they were in Q4 of 2008.

Reference to Land Registry information suggests that prices have risen recently in some areas (marginally), whilst they appear to have continued falling in others. Overall, it might be said that something of a levelling out had started to be seen since the early Spring of 2009.

In Adams Integra's experience, this has been borne out through mixed messages (broadly more positive overall) picked up from Estate Agents, some housebuilders (who have begun to pick up a level of activity) and others - since around March 2009.

Lack of supply (quantity of homes on the market), coupled with a lower interest rate climate (subject to mortgage availability – see below) and a feeling that better value can be had, are thought to have contributed to the supporting of prices in recent months. A significant change in sentiment has been felt.

However, there remain fundamental weaknesses in the market which are not going to be resolved short-term. While prices could continue to edge up, it is thought more likely, still (in some camps) that prices may fall further in 2010 – over the next 18 months. The downturn is of an unprecedented nature. This uncertain overview (little chance of quick return to boom times) is due to credit conditions remaining tight, transactions levels running at a historic low of around a third of the long run average (even though mortgage approvals have edged up) – underpinned by wider economic uncertainty with employment levels looking set to deteriorate further.

The implications for housebuilding have been severe. Completions for 2009 look set to make around 75,000 – around half of even the 2008 level, and less than a third of the 240,000 or so that Government figures have indicated are needed annually.

In essence the outlook remains clouded, a fairly flat, uncertain, inactive market looks more likely to continue through 2009 and 2010 than a quick return to a more buoyant position. Such forecasting is far from certain and can change quickly.

Principal Information Source: RICS Housing Market Forecast August 2009

Latest trends reported (update in outline)

Land Registry - House Price Index July 2009 (released 28th August 2009)

England & Wales -	Monthly change 1.7%; annual change -11.7%; average price £155,885
South East -	Monthly change 1.2%; annual change -12.1%; average price £193,239
Kent -	Monthly change 0.3%; annual change -15.1%; average price £171,396
Surrey -	Monthly change 0.6%; annual change -15.0%; average price £260,614

'Strong month on month performance has resulted in a reduced annual rate of price fall.'

'Sales volumes averaged 35,848 per month from February to May 2009. In comparison to this, during the same months a year earlier (2008), the figure stood at 61,743.' Adams Integra noted that the equivalent figure from early 2007, prior to the market peak, had stood at just over 100,000.

RICS (news release 15 September 2009)

Source via: www.moneyextra.com/news

House prices have turned positive for the first time in two years.

According to the Royal Institution of Chartered Surveyors RICS, the net balance of surveyors reporting rises rather than falls in house prices reached a positive reading of 10.7 percent in

August, from a negative of 5.7 percent in July.

The national average appeared to have been boosted by data from the south of England, with the net balance of surveyors reporting price rises in London up by 43 percent.

RICS spokesperson Jeremy Leaf said it was clear that house prices are now rising, but it continues to be the **lack of supply that is "underpinning the recovery in most parts of the country"**.

He added: "The more positive news flow will gradually encourage vendors to start putting property back on the market.

"This development should enable more potential purchasers to find desirable properties to buy but it could also present a challenge to the firmer trend in prices particularly when interest rates finally begin to move upwards."

Last week, the Halifax house price index reported that house prices rose by 0.8 percent in August 2009. (Note that Adams Integra does not rely on Bank and Building Society Indices as those tend to be influenced by their business base – can be skewed towards certain property types or geographies.

There is a **range of other reporting** available, giving **mixed views and forecasts**. It is important to consider a range of views and sources while thinking about the market. Some commentators believe that after a stabilising period, prices may fall again in 2010. An example is Jones Lang Lasalle, through their September 2009 'on.point' publication. That residential market forecast includes the following headline statements:

'The unforeseen and seemingly irrational pick-up in prices has altered the outlook for UK house prices.'

'Average house price growth will be close to 0% during 2009.' (The current increases looking like they may steadily cancel out the previous losses).

'In 2010 the housing market will weaken and prices will fall again.'

'A sustained housing market recovery is deferred until 2012.'

'UK house price growth is forecast to rise by 8%+ by 2014.'

'Regional housing markets will behave typically with London and southern regions recovering first and fastest'.

The firm's view is that **'the present recovery is quite fragile and that sometime over the next six months housing market sentiment and prices will fall back. This could occur quite naturally or have a trigger event.'**

Source: www.residential.joneslanglasalle.co.uk

Overall (resales dominated) property market and prices in Sevenoaks – June 2009

The tables below show the marketing (or, where available, subject to contract sale) price of various types of property within Sevenoaks District. The information was collected from www.rightmove.co.uk. It is likely that actual sales values were lower than the figures set out below, as is acknowledged in our study, however this exercise served to add to our understanding of local value levels and patterns. We prefer to source information in this way, because it is not historic and relates to recognised property types, rather than just being generically categorised (as is, for example, land registry house price data).

For each location reviewed there are two tables. The first table shows the average price of each dwelling type. The second table shows the information in terms of average, minimum, 1st quartile, median (2nd quartile), 3rd quartile and maximum price. This is so that the range of values, as well as typical value levels, within the overall market can be better understood.

BR8 (includes Hextable, Swanley, Crockenhill)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£278,321	£394,543
Semi-Detached		£206,704	£226,527	£272,269
Terraced		£177,770	£187,835	£192,999
Flats	£120,626	£173,319		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£120,626	£79,950	£118,995	£119,950	£129,995	£157,850
2-Bed Flats	£173,319	£150,000	£160,000	£179,950	£179,995	£220,000
2-Bed Houses	£184,521	£139,995	£174,995	£184,995	£199,950	£249,995
3-Bed Houses	£214,551	£139,950	£179,995	£212,498	£231,250	£399,995
4-Bed Houses	£332,629	£155,000	£261,249	£300,000	£400,000	£695,000

June 2009, www.rightmove.co.uk

DA4 (includes Enysford, Farningham, Horton Kirby, South Darent)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		£269,973	£350,000	£518,385
Semi-Detached		£289,000	£273,113	£270,000
Terraced		£214,992	£262,000	-
Flats	£136,181	£189,077		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£136,181	£95,000	£125,875	£142,475	£151,500	£165,000
2-Bed Flats	£189,077	£149,000	£168,746	£175,000	£199,996	£274,950
2-Bed Houses	£235,433	£150,000	£200,000	£220,000	£250,000	£349,995
3-Bed Houses	£279,660	£199,950	£242,500	£275,000	£300,000	£400,000
4-Bed Houses	£485,267	£265,000	£442,500	£495,000	£572,500	£665,000

June 2009, www.rightmove.co.uk

DA3 (including Hartley, New Ash Green)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£299,995	£346,562
Semi-Detached		-	£199,950	£244,975
Terraced		£166,711	£184,696	£213,497
Flats	-	£139,998		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	£139,998	£125,000	£130,000	£135,000	£147,498	£159,995
2-Bed Houses	£166,711	£135,000	£145,500	£155,000	£155,000	£234,950
3-Bed Houses	£189,197	£140,000	£168,995	£185,000	£199,950	£299,995
4-Bed Houses	£301,177	£175,000	£230,000	£270,000	£310,000	£565,000

June 2009, www.rightmove.co.uk

BR6 (not a main postcode area featured in the study text – including parts of rural areas such as Skeet Hill, Well Hill, Rushmore Hill – NW fringes of District)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	-	£675,000
Semi-Detached		£275,000	£330,000	-
Terraced		-	£280,000	-
Flats	-	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£275,000	£275,000	£275,000	£275,000	£275,000	£275,000
3-Bed Houses	£305,000	£280,000	£292,500	£305,000	£317,500	£330,000
4-Bed Houses	£675,000	£675,000	£675,000	£675,000	£675,000	£675,000

June 2009, www.rightmove.co.uk

TN15 (including Kemsing, Seal, West Kingsdown)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		£249,983	£342,681	£471,426
Semi-Detached		£233,050	£258,908	£415,050
Terraced		£217,066	£221,858	-
Flats	£127,500	£184,983		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£127,500	£110,000	£113,750	£117,500	£136,250	£155,000
2-Bed Flats	£184,983	£165,000	£177,500	£190,000	£194,975	£199,950
2-Bed Houses	£226,641	£169,950	£206,238	£219,975	£243,625	£315,000
3-Bed Houses	£264,844	£179,995	£216,238	£242,475	£278,750	£599,000
4-Bed Houses	£453,240	£250,000	£332,500	£420,000	£560,000	£695,000

June 2009, www.rightmove.co.uk

TN14 (including Shoreham, Knockholt, Halstead, Otford, Sevenoaks Weald, Sundridge)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		£299,950	£470,144	£532,318
Semi-Detached		£247,500	£308,795	£363,890
Terraced		£256,990	£294,238	£431,238
Flats	£145,980	£175,777		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£145,980	£117,995	£138,973	£159,950	£159,973	£159,995
2-Bed Flats	£175,777	£135,000	£160,000	£172,500	£195,000	£215,000
2-Bed Houses	£261,771	£195,000	£223,725	£250,000	£282,475	£375,000
3-Bed Houses	£367,161	£219,950	£295,000	£325,000	£425,000	£699,500
4-Bed Houses	£478,124	£295,000	£390,000	£425,000	£585,250	£699,950

June 2009, www.rightmove.co.uk

TN16 (including Westerham)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£437,133	£521,000
Semi-Detached		£250,613	£259,975	£349,974
Terraced		£236,666	£263,317	-
Flats	£156,467	£169,998		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£156,467	£129,950	£144,950	£159,950	£169,725	£179,500
2-Bed Flats	£169,998	£159,995	£164,996	£169,998	£174,999	£180,000
2-Bed Houses	£244,636	£175,000	£208,750	£235,000	£292,475	£299,999
3-Bed Houses	£302,400	£219,950	£259,950	£275,000	£300,000	£497,500
4-Bed Houses	£444,988	£299,950	£299,999	£425,000	£540,000	£695,000

June 2009, www.rightmove.co.uk

TN13 (including Sevenoaks, Riverhead – note that Riverhead values tend to be lower than Sevenoaks)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£554,075	£567,186
Semi-Detached		£263,206	£316,310	£443,911
Terraced		£262,209	£301,904	£387,498
Flats	£162,987	£196,638		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£162,987	£139,000	£143,750	£152,475	£186,249	£199,950
2-Bed Flats	£196,638	£164,950	£180,625	£199,950	£203,749	£249,950
2-Bed Houses	£262,500	£179,950	£227,988	£272,475	£282,488	£369,000
3-Bed Houses	£382,958	£199,950	£283,750	£325,000	£434,963	£699,950
4-Bed Houses	£518,137	£275,000	£429,950	£510,000	£625,000	£699,950

June 2009, www.rightmove.co.uk

TN8 (including Marlpit, Edenbridge)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		£189,950	£348,618	£499,041
Semi-Detached		£250,970	£277,289	£387,500
Terraced		£187,350	£217,793	£365,738
Flats	£148,974	£154,706		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£148,974	£130,000	£146,238	£149,950	£156,734	£159,950
2-Bed Flats	£154,706	£110,000	£134,950	£148,950	£162,450	£229,950
2-Bed Houses	£210,257	£149,950	£189,238	£204,975	£218,713	£299,950
3-Bed Houses	£267,009	£156,000	£212,500	£249,950	£305,000	£450,000
4-Bed Houses	£464,664	£239,000	£399,950	£440,000	£564,963	£665,000

June 2009, www.rightmove.co.uk

TN11 (including Leigh, Penshurst – rural areas, SE fringe of District)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£513,983	£475,000
Semi-Detached		-	-	-
Terraced		£203,750	£254,975	-
Flats	£120,000	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£120,000	£120,000	£120,000	£120,000	£120,000	£120,000
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	£203,750	£192,500	£198,125	£203,750	£209,375	£215,000
3-Bed Houses	£410,380	£220,000	£289,950	£362,500	£479,950	£699,500
4-Bed Houses	£475,000	£425,000	£450,000	£475,000	£500,000	£525,000

June 2009, www.rightmove.co.uk

Through this search we also encountered a number of particularly high value properties, which have been excluded from the above tables as they would distort the view of the more typical levels of pricing. We set no specific cut-off points beyond which to exclude these, but made judgments based on when they fell outside the typical price ranges. To illustrate the occurrence of these properties, they are listed separately in the following table:

High Value Properties within Sevenoaks District; excluded from postcode area table above.

Location	Property Type	Price
BR8	4 bed detached	£2,000,000
	4 bed detached	£899,950
DA4	4 bed detached	£975,000
	4 bed detached	£749,500
DA3	3 bed detached	£625,000
BR6	3 bed detached	£675,000
	4 bed detached	£999,500
	4 bed detached	£790,000
TN15	2 bed flat	£345,000
	3 bed detached	£795,000
	4 bed detached	£1,300,000
	4 bed detached	£999,000
	4 bed detached	£850,000
	4 bed detached	£850,000
	4 bed detached	£745,000
TN14	2 bed flat	£355,000
	2 bed flat	£299,995
	2 bed detached	£695,000
	3 bed detached	£850,000
	4 bed detached	£1,700,000
	4 bed detached	£1,699,500
	4 bed detached	£1,295,000
	4 bed detached	£1,150,000
	4 bed detached	£795,000
	4 bed detached	£795,000
	4 bed detached	£725,000
	4 bed detached	£725,000
	4 bed detached	£705,000
	4 bed terrace	£1,295,000
TN16	2 bed flat	£295,000
	4 bed detached	£975,000
	4 bed detached	£865,000
	4 bed semi detached	£725,000
TN13	1 bed flat	£250,000
	2 bed apartment	£495,000
	2 bed apartment	£495,000
	2 bed flat	£380,000
	2 bed flat	£330,000
	2 bed apartment	£295,000
	4 bed detached	£1,250,000
	4 bed detached	£815,000
	4 bed detached	£800,000
	4 bed detached	£799,995
	4 bed detached	£790,000
	4 bed detached	£775,000
	4 bed detached	£739,950
	4 bed detached	£735,000
	4 bed detached	£725,000
4 bed detached	£725,000	

	4 bed semi detached	£795,000
	4 bed semi detached	£775,000
TN8	2 bed detached	£795,000
	3 bed detached	£750,000
	3 bed detached	£695,000
	3 bed detached	£650,000
	4 bed detached	£725,000
	4 bed semi detached	£740,000

June 2009, www.rightmove.co.uk

The following table collates the average prices of the different property types for each of the locations considered in the individual post code based tables above (figures exclude the separately listed high value properties).

Average Asking Prices Analysis							
Rank	Settlement	1 Bed Flats	2 Bed Flats	2 Bed House	3 Bed House	4 Bed House	All Properties
1	BR6	-	-	£275,000	£305,000	£675,000	£390,000
2	TN14	£145,980	£175,777	£261,771	£367,161	£478,124	£360,591
3	TN13	£162,987	£196,638	£262,500	£382,958	£518,137	£358,013
4	TN11	£120,000	-	£203,750	£410,380	£475,000	£352,940
5	TN15	£127,500	£184,983	£226,641	£264,844	£453,240	£309,671
6	TN16	£156,467	£169,998	£244,636	£302,400	£444,988	£307,586
7	DA4	£136,181	£189,077	£235,433	£279,660	£485,267	£287,308
8	TN8	£148,974	£154,706	£210,257	£267,009	£464,664	£286,288
9	DA3	-	£139,998	£166,711	£189,197	£301,177	£226,311
10	BR8	£120,626	£173,319	£184,521	£214,551	£332,629	£219,429
-	Overall	£136,419	£180,126	£220,896	£275,893	£432,396	£289,569

This indicative hierarchy of values within the overall (resales dominated) Sevenoaks District market relates to key example settlements/areas as follows:

(Typically Highest)

- TN14 – Shoreham, Knockholt, Halstead, Otford, Sevenoaks Weald, Sundridge
- TN13 – Sevenoaks, Riverhead
- TN11 – Leigh, Penhurst (just in Sevenoaks' boundaries)
- TN15 – Kemsing, Seal, West Kingsdown
- TN16 – Westerham
- DA4 – Eynsford, Farningham, Horton Kirby, South Darent
- TN8 – Marlpit Hill, Edenbridge
- DA3 – Hartley, New Ash Green
- BR8 – Hextable, Swanley, Crockenhill

(Typically Lowest)

The table below is derived from the above individual post code area tables and shows the average prices, on this basis, within Sevenoaks District - by property type.

Average Asking Price Analysis		
1 Bed Flat	-	£136,419
2 Bed Flat	-	£180,126
2 Bed House	Terraced	£209,913
	Semi-Detached	£242,107
	Detached	£254,256
3 Bed House	Terraced	£219,251
	Semi-Detached	£264,663
	Detached	£417,815
4 Bed House	Terraced	£291,926
	Semi-Detached	£366,135
	Detached	£479,338

New Build property in Sevenoaks – June 2009

The new build pricing information was collated through on the ground (local area visits) and desktop research. The local research involved travelling throughout the area to view new developments as far as those were seen and, where on-site selling was occurring, speaking to those sales agents wherever possible. Where this was not possible and we felt further information was needed, we contacted housebuilders' sales staff by telephone or email, or reviewed their websites further, to supplement the information gathered where necessary.

In addition to speaking to on-site sales agents, Adams Integra also requested opinions from estate agents in Sevenoaks District with regard to the local market; together with any comments on new build schemes and sales values.

Information on new developments was also collected through desktop research using websites such as www.rightmove.co.uk, www.primelocation.com and www.smartnewhomes.com.

This review of new build pricing - of all advertised available properties at the time of the study research phase - enabled us to underpin our judgements on the various value levels (range of 'value points') to be assumed for the variety of dwelling types applied within our appraisal modelling.

New Builds being marketed in Sevenoaks – June 2009

Notes to accompany the following new builds information table:

The price information obtained (at column 5) was usually an asking (marketing) price. This, in our view, currently represents the likely market sale price level plus 10% (assuming approximately 10% gap between marketing and sale prices currently). This cannot be definitive.

That price level has been adjusted in columns 6, 7 and 8 to represent:

- Less 20% (estimated current market less 10%) – Column 6.
- Less 10% (estimated current sale price; i.e. approximately marketing price less 10%) – Column 7.
- Plus 10% (estimated current market plus 20%; i.e. approximately marketing price plus 10%) – Column 8.

In this way, we can consider how pricing might vary as the market does. We develop a scale of values which helps us to see how wide our range of Values Points could be.

In all cases the average prices expressed in £s in this particular table should be treated with caution – high values properties have not been excluded from these calculations (like they were for the overall resale dominated market data above).

We look at the £ per m² pricing, which smoothes out distortions from property types and sizes more effectively, and becomes a key driver for considering the Values Points. When reviewing the table below, those £ per m² figures and their range should be the focus.

1.Address	1.Description	3.Price	4.Size (m2)	5.Price per m2	6.Less 20%	7.Less 10%	8.Plus 10%	9.Developer/ Agent	10. Incentives/ comments
DA4									
Flats									
Gibson Place, High Street, DA4	2 x 2 bed flat	£274,950						Acorn, New Homes	
The Mill, Horton Kirby Paper Mill, Horton Road, South Darenth, Kent, DA4 9BD	2 bed apartments	POA						Fairview New Homes	See more info in further local research below
	1 bed apartments	POA							
Average									
Houses									
Gibson Place, High Street, DA4	2 bed terrace	£314,950	68.00	£4,632	£3,705	£4,168	£5,095	Acorn, New Homes	
	2 bed terrace	£314,950	67.00	£4,701	£3,761	£4,231	£5,171		
	2 bed terrace	£299,950	63.00	£4,761	£3,809	£4,285	£5,237		
	2 bed terrace	£274,950							
Average		£301,200	66.00	£4,698	£3,758	£4,228	£5,168		
DA3									
Houses									
Gorse Way, Hartley	5 bed detached	£825,000						Clifton & Co Estate Agents	
	5 bed detached	£825,000							
Average		£825,000							
TN15									
Houses									
Blackhall Lane, Sevenoaks, Kent, TN15	5 bed detached (Guide Price)	£2,750,000	426.10	£6,454	£5,163	£5,808	£7,099	Jackson-Stops & Staff	
Bowden Court, Childsbridge Lane, Kemsing, Kent	4 bed detached	£780,000	217.30	£3,590	£2,872	£3,231	£3,948	Chesterton	Part exchange subject to certain criteria. Developer find buyer for existing property.
	4 bed detached	£775,000	203.18	£3,814	£3,051	£3,433	£4,196	Hillreed Homes	
	4 bed detached	£735,000	218.14	£3,369	£2,696	£3,032	£3,706		
	4 bed detached	£710,000	214.14	£3,316	£2,652	£2,984	£3,647		
Romney Street, Otford Hills, Near Sevenoaks, Kent	3 bed detached	£450,000	139.9	£3,217	£2,573	£2,895	£3,538	John Kingston Estate Agents	
Botsam Lane, West Kingsdown, TN15	4 bed detached From	£349,995						Ward & Partners	

West Kingsdown, Sevenoaks, Kent	4 bed detached Offers in Excess of	£349,995						Ward & Partners	
	4 bed detached Offers in Excess of	£349,995							
	4 bed detached Offers in Excess of	£349,995							
Dynes Road, Kemsing, Sevenoaks, TN15	3 bed detached	£339,500						Your Move	
	3 bed detached	£339,500							
	3 bed detached	£339,500							
West Yoke, Ash	3 bed chalet	£310,000						Clifton & Co Estate Agents	
Average		£637,749	236.46	£3,960	£3,168	£3,564	£4,356		
TN14									
Flats									
Emmetts Lane, Ide Hill, TN14	3 bed apartment (Offers in Region of)	£875,000						P J Livesey Group Ltd	
	3 bed apartment (Guide Price)	£850,000	218.14	£3,897	£3,117	£3,507	£4,286		
	3 bed apartment (Offers in Region of)	£625,000	136.84	£4,567	£3,654	£4,111	£5,024		
Average		£783,333	177.49	£4,232	£3,386	£3,809	£4,655		
Houses									
Bramber Court, Shoreham Road, Otford TN14 5RL	5 bed detached (from)	£1,195,000	284.1	£4,206	£3,365	£3,786	£4,627	Savills New Homes	Approx. per rates verified by further local research below
	5 bed detached (from)	£1,150,000	284.1	£4,048	£3,238	£3,643	£4,453		
Orchard Place, Well Road, Otford TN14 5PT	5 bed detached (from)	£649,995	184.69	£3,519	£2,816	£3,167	£3,871	Savills New Homes	
	4 bed detached (from)	£419,995	115.14	£3,648	£2,918	£3,283	£4,012		
Average		£853,748	217.01	£3,855	£3,084	£3,470	£4,241		
TN16									
Houses									
Off High Street, Brasted, Kent, TN16 1JA	5 bed detached	£1,575,000						James Millard Estate Agents	Part exchange option available
	5 bed detached	£1,475,000	367.6	£4,013	£3,210	£3,611	£4,414		
	5 bed detached	£1,215,000	300.2	£4,047	£3,238	£3,643	£4,452		
	4 bed detached	£625,000							

	4 bed detached (from)	£589,950						Savills New Homes	Part exchange available
	4 bed house (from)	£475,000							
	2 bed house (from)	£375,000							
	4 bed house (from)	£349,950					Kings Estate Agents		
Westerham, Kent	5 bed terrace	£820,000						James Millard Estate Agents	
	5 bed terrace	£795,000							
	5 bed terrace	£795,000							
Brasted, Kent	4 bed detached	£500,000						James Millard Estate Agents	See more info in further local research below
	4 bed mews house	£475,000							
	3 bed mews house	£425,000							
	3 bed mews house	£399,000							
	2 bed mews house	£375,000							
	3 bed mews house	£349,950							
Westerham, Kent	3 bed terrace	£289,950						James Millard Estate Agents	
Westways, Westerham, TN16	3 bed end terrace	£289,950	87.6	£3,310	£2,648	£2,979	£3,641	Ibbett Mosely	
Average		£589,931	251.80	£3,790	£3,032	£3,411	£4,169		
TN13									
Flats									
Oak House, London Road, Sevenoaks, Kent, TN13 1BL	2 bed flat From	£270,000						Savills New Homes	See more info in further local research below
	1 bed flat from	£220,000							
Average		£245,000							
Houses									
Ashgrove Road, Sevenoaks, TN13	6 bed detached (from)	£2,100,000	474.6	£4,425	£3,540	£3,982	£4,867	Savills New Homes	
Austen Place, Hitchen Hatch Lane, Sevenoaks, TN13 3AU	5 bed detached (from)	£1,450,000	315.54	£4,595	£3,676	£4,136	£5,055	Savills New Homes	Property sizes uncertain –
	5 bed detached (from)	£1,400,000	282.28	£4,960	£3,968	£4,464	£5,456		See more & updated info in further local research below
	5 bed detached (from)	£1,300,000	330.64	£3,932	£3,145	£3,539	£4,325		
	5 bed detached (from)	£1,200,000	330.64	£3,629	£2,903	£3,266	£3,992		

Bessels Green, Sevenoaks	2 bed terrace From	£220,000						Kings Estate Agents	
Average		£1,278,333	346.74	£4,308	£3,447	£3,877	£4,739		
TN8									
Flats									
Tekram Close, Edenbridge, TN8 5RN	2 bed apartment	£165,000						Cubitt & West	
	2 bed apartment	£149,950							
	2 bed flat	£145,000							
	2 bed flat	£145,000							
Average		£151,238							
Houses									
Tekram Close, Edenbridge, TN8 5RN	4 bed town house (from)	£305,000	101.38	£3,008	£2,407	£2,708	£3,309	Cubitt & West	
	3 bed end terrace (from)	£255,000	68.14	£3,742	£2,994	£3,368	£4,117		
	2 bed end terrace	£230,000							
	2 bed terrace	£220,000	61.80	£3,560	£2,848	£3,204	£3,916		
	2 bed terrace	£205,000							
Spout Lane, Crockham Hill, Kent, TN8	5 bed detached	£1,725,000	382.5	£4,510	£3,608	£4,059	£4,961	Hamptons International	
	4 bed detached	£1,550,000	371.1	£4,177	£3,341	£3,759	£4,594		
Cow Lane, Horse Shoe Green, Mark Beech, TN8	4 bed terrace	£475,000						B J Babb Ltd	
	3 bed terrace	£425,000							
Edenbridge, Kent	3 bed end terrace	£255,000						Cubitt & West	
	3 bed terrace	£240,000							
Average		£535,000	196.98	£4,343	£3,475	£3,909	£4,778		

Further local research – Estate Agent’s and Developer’s sales offices sourced information and comments

Updated new build scheme examples – from further research and enquiries - June 2009 (and see commentary section below):

Pricing per (marketing)

Oak House, London Road, Sevenoaks unsold flats

beds	estimated size	guide prices	£ per m2
1	55	230,000	4181.82
1	55	235,000	4272.73
1	50	225,000	4500.00
1	50	230,000	4600.00
2	72	270,000	3750.00
2	75	285,000	3800.00

The Mill, Horton Kirby unsold flats

beds	estimated size	guide prices	£ per m2
1	42	145,000	3452.38
1	49	150,000	3061.22
2	58.5	175,000	2991.45
2	64	180,000	2812.50

Austen Place, Hitchen Hatch Lane, Sevenoaks unsold houses

beds	estimated size	guide prices	£ per m2
5	279.5	1,200,000	4293.38
5	280	1,300,000	4651.16
5	306	1,400,000	4575.16
5	307.5	1,450,000	4715.45

Bramber Court, Shoreham, Rd Otford unsold houses

beds	estimated size	guide prices	£ per m2
5	284	1,150,000	4049.30
5	325	1,275,000	3923.08
5	284	1,195,000	4207.75

Stone Court, Borough Green Flats and Houses

estimated			
beds	size	guide prices	£ per m2
Flat 1	43	129,995	3023.14
Flat 2	49	149,950	3060.20
2	58	200,000	3448.28
3	61	234,000	3836.07

Swan Cottage, Swan Place, Westerham

estimated			
beds	size	guide prices	£ per m2
3	59	295,000	5000.00
5	132	800,000	6060.61

Mulberry Place, Brasted

estimated			
beds	size	guide prices	£ per m2
4	132	500,000	3787.88
3	87	400,000	4597.70
3	109	425,000	3899.08

Centenary Close, Dunton Green (Moat)

estimated			
beds	size	guide prices	£ per m2
1	48	145,000	3020.83

Sycamore Place, Edenbridge (Moat)

estimated			
beds	size	guide prices	£ per m2
2	52.5	165,000	3142.86

Visits to Sevenoaks District Council area and research 1 June 2009 and 3 June 2009

Swanley:

Visit to **West Kent Housing Association** offices.

They provided information on Affordable Housing schemes in the area and beyond -completed and in the pipeline, those in the Sevenoaks District Council area are:

The Paper Mill, Horton – 29 x 2 bed flats for shared ownership part of a much bigger development – not yet completed.

London Road (Searles Ct) Swanley – 24 x 2 bed flats - close to completion.

Oliver Crescent, Farningham – 5 x 2 and 3 bed houses for shared ownership.

Watercress Drive, Sevenoaks – 2 x 2 bed houses for rent.

The Charne, Otford – 3 x 3 bed houses for shared ownership.

Charcott Green Rural Exception Scheme – 4 x 2 bed houses for rent.

Estate Agent Conversations:

Visited Robinson Jackson Estate Agents in Swanley

Tel: 01322 666444

swanley@rjea.net

Nothing new happening in the area at the moment that they are involved in.

Last new build scheme they were involved with was *Laxton Grange* for Rydon. No price list available but the agent remembered that prices started from £250K. Mixture of 17 x 3 and 4 bed top end houses and 6 x 1 bed apartments (subsequently emailed Rydon for developer input).

Went on to say that they had been selling homes in the last couple of months. Felt that prices generally had another 5-10% to drop. There are a few flats but mainly houses in the area – 2/3 beds. The location is a big help due to its closeness and good rail links to London.

They are selling at £175k and below but £300-£400k properties are not moving. They are selling at £500k and also at £1m plus. They cited the stamp duty threshold as a key issue affecting prices.

On planning they felt that Sevenoaks District Council should review their strict policy for green belt development. Reference made to just outside of the Swanley area – Hextable area.

Also felt that 1 and 2 bed flats in the centre of Swanley would be advantageous for 1st time buyers as commutable to London where many people work.

On the edge of Swanley Centre there is a fairly new development which is commercial on the ground floor and residential above – flats. The commercial was empty, but flats were all sold as far as we could tell.

On travels saw the London Road development but no sales office. This is a flatted development being undertaken for West Kent Housing Association. This was unusual as new developments appear to be typically mainly only houses.

Key new build development was

The Mill at Horton Kirby by Fairview New Homes. This is a very large refurbishment based scheme - existing former mill for commercial and new build homes, providing a mix of houses and apartments. Generally the new housing developments are smaller plots of land so the size of this redevelopment is unusual. There are Housing Association homes on the site - terraced houses and apartments in Blocks C, G and J.

Blocks B, C and D1 have already been sold, Block G is now on sale one or two sold and a number reserved; due for completion in December and Block A is due over in March. Little detail available but we were provided with a brochure and with guidance:

1 bed – sizes 42 – 49 m² – prices £145 – 150K (indicates £3,000+ per m²)

2 bed – sizes 58.5 – 64 m² – prices £175 - £180k (indicates circa £2,800 - £3,000 per m²)

Non-allocated parking; Maintenance £1000 pa; Ground rent £250 pa; Leasehold 125 years

They have nothing else in the Sevenoaks District Council area.

Sevenoaks:

Estate Agent Conversations:

Savills, High St Sevenoaks (one of many in the High Street)

01732 789700

sevenoaks@savills.com

They are selling off plan and, as always - location, location, location! Sevenoaks very popular area. Mid-range is selling. There are only small sites in the area for new build. Felt that the market may still drop a little more but not too much further. The agents provided some examples:

Oak House, London Road, Sevenoaks – mix of ground floor commercial and luxury residential apartments.

Floors 1- 4 with top floor penthouse flats. 4 x 1 bed sold prices @ £225k-£235k out of 7; with the remaining 16 x 1 and 2 beds flats including the penthouses reserved. Lease 125 years; ground rent £250/£300/£450 pa. No detail on service charges.

1 beds – between 50 – 55 m² – (one flat @ 64 m² – this one is reserved) - £220-£250K (indicates £3,900 + per m² asking).

2 beds – between 72 – 75 m² - £270 - £285K (indicates circa £3,750 per m² asking).

Penthouses – 90 and 112 m² – no prices quoted.

Austen Place, Hitchen Hatch Lane, Sevenoaks - 4 x Luxury 5 bed houses

Sizes between 279.5 and 307.5 m² (with 4 or 5 bathrooms) @ £1.2m to £1.45 – 2 reserved.

Bramber Court, Shoreham Road, Otford – 3 x luxury 5 bed detached houses

Sizes between 284 and 325 m² priced £1.195m to £1.275m – one reserved.

They advised that luxury houses are typical for the area.

Your Move, High Street, Sevenoaks
01732 456203
sevenoaks@your-move.co.uk

Say Sevenoaks is much more appealing to purchasers than other areas. Have only one new build scheme on their books:

Stone Court, Borough Green – 2 and 3 bed houses and 1 and 2 bed flats. Turnbull Homes developer.

Flats from £129k to £149K; Houses – 2 bed mid £199K; 2 bed end £209k; 3 bed semis £234k. 1 flat still available; 1 x 3 bed semi available; 5 x 2 bed houses available; off plan sales. Indicates circa £3,000 - £3,800 per m2.

Sizes: 3 bed - c61m2

2 beds – c58m2

1 bed flats – c43m2

2 bed flats – c49m2

Westerham:

Estate Agent Conversation:

James Millard, provided some brochures of new developments. Again just small plots of land available for new build development. Top end of what is available:

Swan Cottages and Place, Westerham – built in 2 phases

Cottages: Plots 1-4; 4 x 3 bed terrace of cottages c 59m2 sold @ £295k (indicates circa £5,000 per m2 sales price).

Place: Plots 5 – 10; Plot 5 detached 3 bed 2 bathroom c114 m2 - sold

Plots 6 – 9 terrace x 5 bed 2 en-suite + terrace approx 132 m2 - prices £795k to £865k (indicates £6,000 per m2).

Plot 10 – 4 bed all en-suite + terrace unusual shape unable to calculate size estimated @ c183m2 under offer no price given.

Brasted:

Mulberry Place – 1 x 4 bed + 4 x 3 bed luxury houses (Appledore Developments have been emailed as a developer).

4 bed 2 bathroom (one en-suite) c132m2 £500K.

3 bed 2 bathroom (one en-suite) c 87m2 £400k; c97m2 sold no price available; c109m2 £425k; c115m2 sold no price available.

The Grange – 12 houses x 2; 3; 4 and 5 bed

3 sold; 2 reserved. Still under development completion expected summer 2009.

Luxury end of the market with 2 beds terrace @ £375k; 3 bed no price available; 4 beds terrace and semi £475k to £625k; 5 beds detached £1.215m to £1.475m.

All houses have master bedroom en-suites.

Edenbridge:

Astor Place by Argyle Homes noted. New build completed and all occupied.
Otherwise see above and desktop research.

Additional points:

Part of web-based research > Moat's web pages and found examples of 2 shared ownership schemes in the area:

Centenary Close, Dunton Green, Sevenoaks. 22 homes; 19 of which are for shared ownership – 3 x 2 bed house, 10 x 2 bed flats and 6 x 1 bed flats, as a small village development with Croudace. It was completed in March. All but 4 have been sold or reserved for which no prices are available. Those unsold are 4 x 1 bed apartments sized between 48 - 56m² priced @ £145k (indicates circa £2,800 per m²).

Sycamore Place, Edenbridge. 18 x 2 bed apartments for shared ownership with Crest Nicholson (one of the developers contacted). Size approx 52.5m², all @ £165k. According to the web only 2 remain unsold (indicates approx £3,100 per m²).

Moat emailed as one of the RSLs - and zone agent for the area

Outcomes – Value Points

The results of the values research led to the formation of 7 'Value Points'. We consider that, when viewed overall, these points cover the range within which most new build values are seen currently, and would be likely to be seen given foreseeable future market movements. As most areas have a variety of property values, the results of this research can be used independently of location where approximate sales values can be estimated – so that the variations within the overall range might be seen through scheme type and/or location and/or with time – i.e. with varying market conditions as those influence values as we move in to the LDF period.

The Value Points are based on our dwelling type and size assumptions, but can also be applied to other dwelling types/sizes through use of the overall range of per m² values. Intermediate points, between value points, can also be considered through viewing appraisal outcomes for the points either side.

Considering all the information our judgements resulted in the following range of Value Points being settled and used in the appraisals for this study:

Value Point	Property Type	1-Bed Flat (50m ²)	2-Bed Flat (67m ²)	2-Bed House (75m ²)	3-Bed House (85m ²)	4-Bed House (100m ²)	£ per m ²
Value Point 1		£125,000	£167,500	£187,500	£212,500	£250,000	£2,500
Value Point 2		£150,000	£201,000	£225,000	£255,000	£300,000	£3,000
Value Point 3		£175,000	£234,500	£262,500	£297,500	£350,000	£3,500
Value Point 4		£200,000	£268,000	£300,000	£340,000	£400,000	£4,000
Value Point 5		£225,000	£301,500	£337,500	£382,500	£450,000	£4,500
Value Point 6		£250,000	£335,000	£375,000	£425,000	£500,000	£5,000
Value Point 7		£275,000	£368,500	£412,500	£467,500	£550,000	£5,500

Sevenoaks District – Information found on land sales/land for sale – residential and commercial (updated 19 and 24 August 2009)

For commercial and residential land information the following websites were reviewed:

Primelocation; Land and New Homes Countrywide; uklanddirectory;

There was little information on the limited land available, but we have included it in the table below.

On trawling the various websites there was virtually no commercial development land, and very little residential development land, shown for sale.

On reviewing **Locate in Kent**, which is a website for businesses looking to locate in the area everything shown suggests that it is the East Kent and the Medway Towns which offer most choice for re-locating. Sevenoaks was mentioned on the listing but when we undertook a search for development land it came back with nothing available in the area. This appears to correspond with information provided by Agent Glenny regarding Bromley and surrounding areas - when we have been working there recently. Clearly this may just be a reflection of the information available through that route.

Location	Existing Use/Planning Permission	Site Size (Ha)	Asking Price	£ per Ha
Kemsing	Detailed planning for 5 houses	0.182	£500,000	£2,747,253
Knockholt	No planning permission but a certificate of developing rights to an existing building and outbuildings?	1.619	£1,500,000	£926,498
Sevenoaks	Development land incl. Existing farmhouse in need of renovation. Detailed planning – thought ideal for live/work?	0.405	£425,000	£1,049,383
Orpington	Land with Planning Perm for 5 det houses	0.33	£1,100,000	£3,333,333
Sevenoaks	Land with potential for residential no Planning Perm	0.071	£22,000	£309,859
Sevenoaks	Demolition of existing + planning permission for 5 x 1 b + 4 x 2b flats		£875,000	Indicates land price expectation

				almost £100,000 per plot
Borough Green	Land light industrial	0.27	£1,400,000	£5,185,185
Horton's Way Westerham Sevenoaks - Karrison Commercial – further information sought	Land for development PP freehold c.6093 (B1 offices) - 5100 sqft net - current planning to provide 26 car parking spaces opportunity to improve current planning permission			

The above indicates a very wide potential range of land price expectations. Very limited information or other guides available as to current local land values to aid existing/alternative use value comparisons on a meaningful basis.

Generally, the RICS commercial market survey for Second Quarter 2009 echoed the type of sentiment seen in the residential market reporting, regarding a very weak and uncertain market. While there are now some signs of more confidence than of late, current commercial market features include:

- *Falling tenant demand, though falling at a reducing rate.*
- *High vacancy rates.*
- *Falling rents in many sectors.*
- *Investment deals falling further.*
- *Rising inducements continuing to point to weaker occupier fundamentals.*
- *But modest improvements in business confidence.*
- *Some very good deals for tenants (note: comments from one Westerham agent who contributed to the survey – Karrison Commercial - emphasised this point).*

Source for potential further general commercial market information:

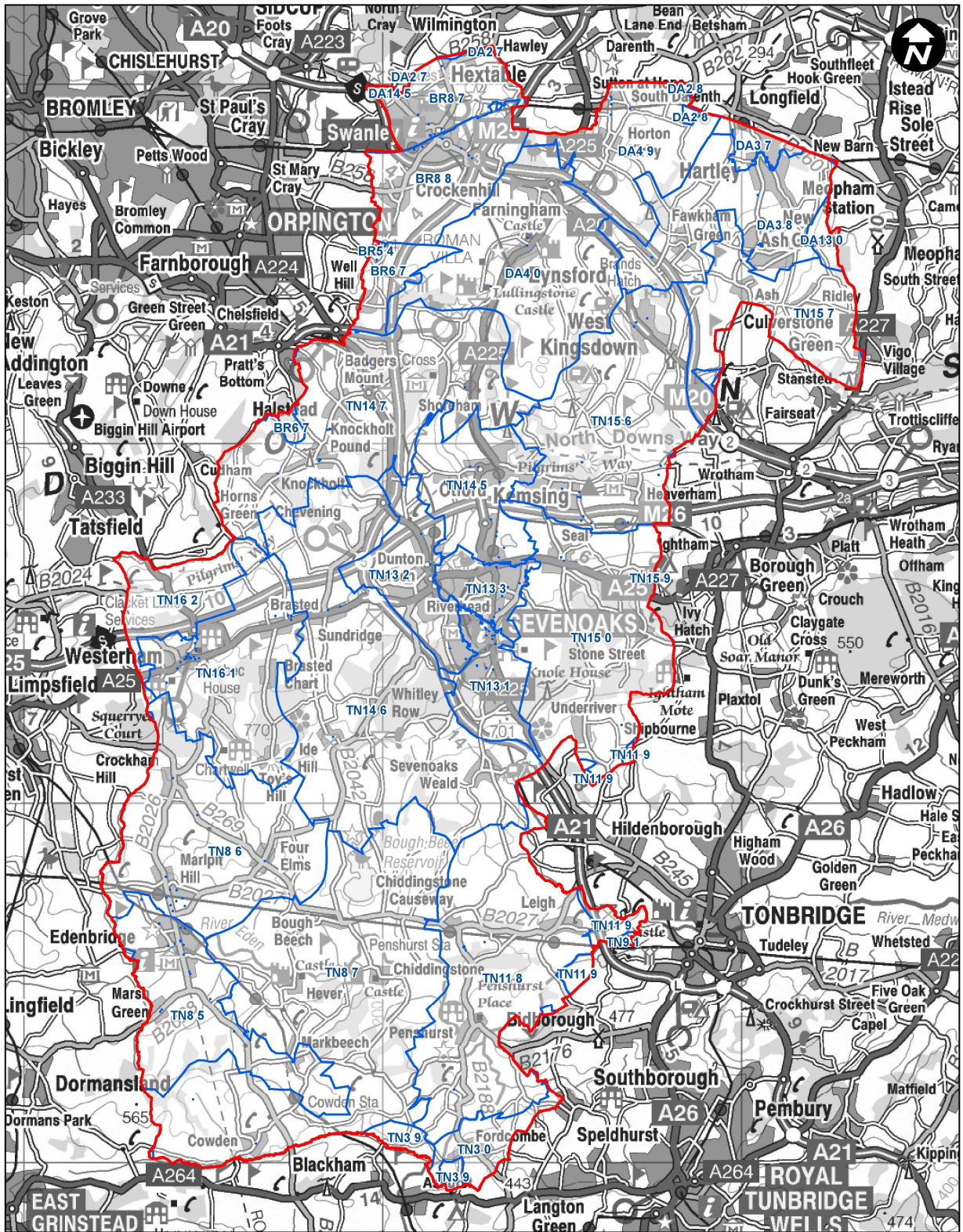
RICS Commercial market survey Second quarter 2009.

The type of comparisons that may be made between various uses and values will continue to change. Commercial values have suffered very badly, with often more dramatic falls than seen in the residential market.

Acknowledgement:

Adams Integra would like to thank those companies and individuals who have taken the time to respond to us, help with our enquiries and provide information – greatly appreciated.

**Sevenoaks District Council Property Values Report Appendix ends
(Completed September 2009)**



This map is based upon the Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office © Crown Copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings.
Sevenoaks District Council, 100019428, 2008.

Postcode Sectors in the Sevenoaks District

Scale: 1:100,000
Date: May 2009

Produced by the GIS Team, Sevenoaks District Council

Appendix IV
Glossary of Terms

SEVENOAKS DISTRICT COUNCIL

AFFORDABLE HOUSING DEVELOPMENT VIABILITY STUDY

GLOSSARY OF TERMS

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

A

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

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

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

B

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

C

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

Commuted Sum - See “Payment in lieu” below.

D

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

Development Plan Document (DPD) - Spatial planning documents that are subject to independent examination, and together with the relevant Regional Spatial Strategy, will form the development plan for a Local Authority. They can include a core strategy, site-specific allocations of land, area action plans and generic development control policies.

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

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

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

Development Viability (or "viability") - The viability of the development (in this case market-led housing scheme) – in financial terms. A viable development would normally be one which proceeds (or at least there is no financial reason for it not to proceed) – it would show the correct relationship between GDV (see below) and Development Cost. There would be a sufficient gap between the GDV and Development Cost to support a sufficient return (developer's profit) for the risk taken by the developer in pursuing the scheme, and a sufficiently attractive land value for

the landowner. An un-viable scheme is one where a poor relationship exists between GDV and Development Cost, so that insufficient profit rewards and/or land value can be generated.

E

F

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

Financial Contribution - see "Payment in lieu".

G

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

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

H

I

Intermediate Affordable Housing - "PPS3 Housing" defines intermediate affordable housing as Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.

J

K

L

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

planning application and sometimes infrastructure costs, land acquisition expenses and stamp duty land tax.

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

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

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

The local development framework will also comprise :

- The Statement of Community Involvement
- The Local Development Scheme
- The Annual Monitoring Report
- Any Local Development Orders or Simplified Planning Zones that may have been added

M

N

O

P

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

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

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

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

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

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

Proportion of Affordable Housing - The percentage or proportion of affordable housing sought on site. The appraisals model a range of scenarios within all the Value Band Areas investigating the impact of a range of proportions of affordable housing on scheme viability from 20% to 50%. Each model also investigates the “no affordable housing” position as a benchmark.

Q

R

Recycled Capital Grant - An internal fund within the accounts of an RSL used to recycle SHG in accordance with Housing Corporation policies and procedures.

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

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

Registered Social Landlord (RSL) - A housing association or a not-for-profit company registered by the Housing Corporation to provide social housing.

S

Scheme Type - The scheme (development project) types modelled in the appraisals consist of either entirely flatted or housing schemes or schemes with a mix of houses and flats.

Section 106 - (of the Town and Country Planning Act 1990). The legally binding planning agreement which runs with the interest in the land and requires the landowner (ultimately the developer becomes landowner) through covenants to agree to meet the various planning obligations once they implement the planning permission to which it relates. Sets out the principal affordable housing obligations, and is the usual tool by which planning-led affordable housing is secured by the Local Planning Authority. Section 106 of this Act refers to “agreements regulating development or use of land”.

Shared Ownership - Shared ownership is a way of buying a stake in a property where the purchaser cannot afford to buy it outright. They have sole occupancy rights.

Shared ownership properties are usually offered for sale by housing associations or RSLs (not-for-profit organisation). The purchaser buys a share of a property and pays rent to the housing association for the remainder. The monthly outgoings will include repayments on any mortgage taken out, plus rent on the part of the property retained by the housing association. Later, as the purchaser’s financial circumstances change, they may be able to increase their share until they own the whole property.

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

Social Rented Housing - “PPS3 – Housing” defines social rented housing as rented housing owned and managed by Local Authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the Local Authority or with the Housing Corporation as a condition of grant.

Stair-casing receipt - Payment to RSL when a shared ownership lessee acquires additional equity in a Dwelling pursuant to a Shared Ownership Lease. Normally receipts accruing from the sale of equity stakes in shared ownership accommodation.

Supplementary Planning Document (SPD) - Provide supplementary information in respect of the policies in Development Plan Documents. They do not form part of the development plan and are not subject to independent examination

I

Tenure mix - The tenure types of affordable housing provided on a site – refers to the balance between for example affordable rented accommodation and shared ownership.

Threshold - Affordable housing threshold i.e. point at which the Local Authority determines affordable housing provision should be sought or points at which the Local Authority wishes to test viability with a view to determining potential future policy.

U

V

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

Value Point - Adams Integra's usual viability study methodology is to make judgments on a range of new build property values (containing value "points") which represent typically found prices for ordinary new developments in the Borough at the time of the study research.

Viability – See *Development Viability*.

X

Y

Z