Emerging Local Plan
Viability Study

Peter Brett Associates
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61 Oxford Street, Manchester, M1 6EQ
T: +44 (0)161 245 8900 F: +44 (0)161 245 8901 E: manchester@peterbrett.com

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	Name	Position	Signature	Date
Prepared by:	James Ashford	Planner		
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For and on behalf of Peter Brett Associates LLP				

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1 INTRODUCTION

1.1 Peter Brett Associates LLP (PBA) has been commissioned by Stockton-on-Tees Borough Council (hereafter referred to as ‘the Council’) to provide specialist services for the testing of the viability of the Stockton-on-Tees Core Strategy and the revised sites allocation document.

1.2 Our objective in this study is to help inform the decisions by locally elected members about the risk and balance between the policy aspirations and the realities of economic viability. In making their decision on the balance, members are seeking guidance on

- The recommended level of affordable housing in policy that will work with the recommended CIL level; and
- The cumulative viability implications of these and other policy costs.

1.3 These factors need to be taken into account in order to ensure that development in Stockton-on-Tees Borough remains deliverable and viable.

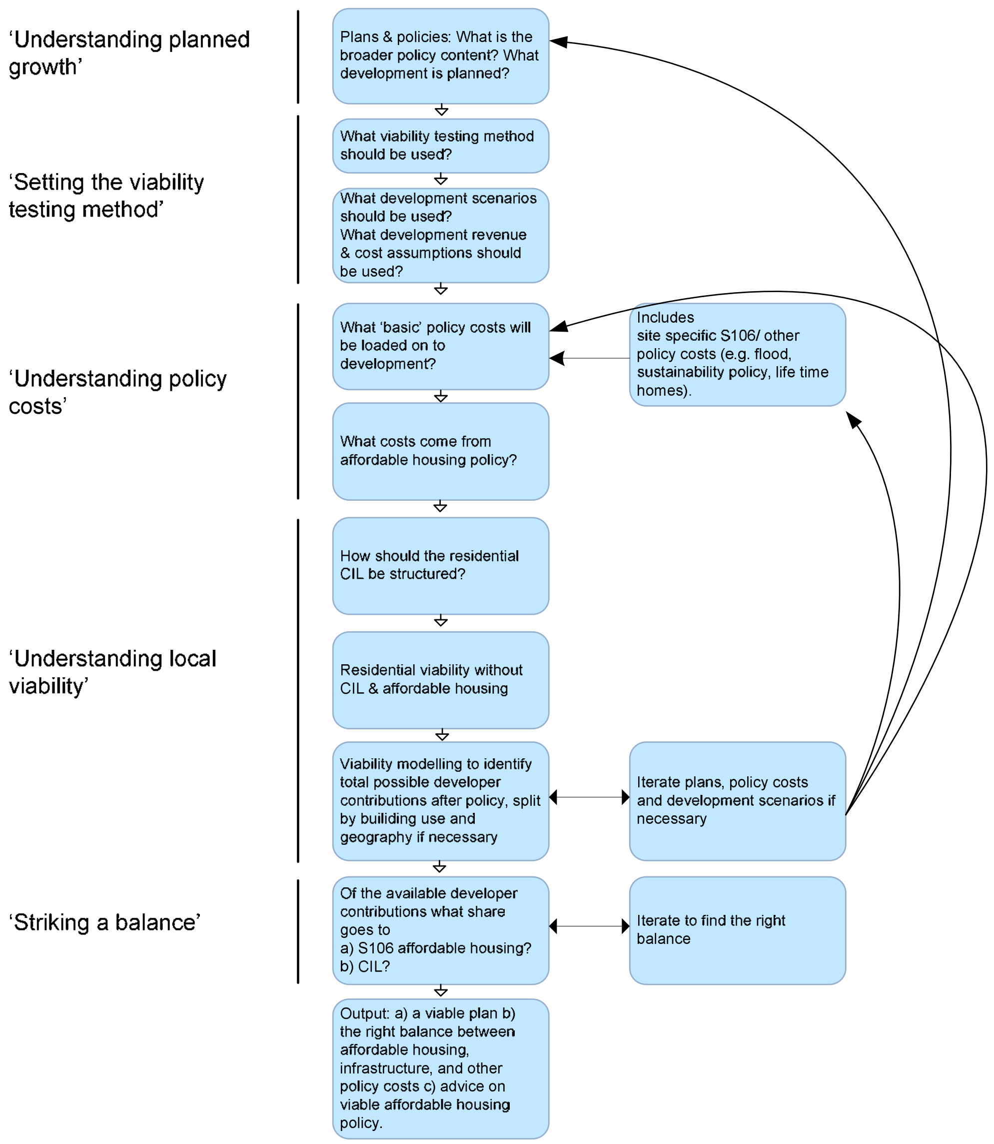
1.4 These are complex questions, and the only way to make the decision properly is to explicitly understand the trade-offs being made between those choices. We proceed by understanding total available development contributions, and then ‘sharing out’ the resulting viability pot between competing priorities.

1.5 Our method is set out over page.

1.6 This report and the accompanying appraisals have been prepared in line with RICS valuation guidance. However, it is first and foremost a supporting document to inform the drafting of the CIL evidence base and planning policy, in particular policy concerned with the planning, funding and delivery of infrastructure needed to support delivery of the plan.

1.7 As per Valuation Standards 1 of the RICS Valuation Standards – Global and UK Edition, the advice expressly given in the preparation for, or during the course of, negotiations or possible litigation does not form part of a formal “Red Book” valuation and should not be relied upon as such.

Figure 1.1 Our Approach



2 LEGAL REQUIREMENTS

2.1 The National Planning Policy Framework (NPPF) requires that ‘Plans should be deliverable’ and that the cumulative effects of policy should not render plans unviable. It is necessary, therefore, to demonstrate that Oldham’s allocations DPD is deliverable in the context of policy requirements. This section of the report summarises the relevant extracts of the NPPF in this regard.

2.2 The Community Infrastructure Levy (CIL) is a planning charge based on legislation that came into force on 6 April 2010. The levy allows local authorities in England and Wales to raise contributions from development to help pay for infrastructure that is needed to support planned development as a whole. It is still possible for S106 obligations to be used to fund site specific infrastructure, subject to limits on pooling obligations for particular purposes. Local authorities who wish to charge the levy must produce a draft charging schedule setting out CIL rates for their areas – which are to be expressed as pounds (£) per square metre, as CIL will be levied on the gross internal floorspace of the net additional liable development. Before it is approved by the Council, the draft schedule has to be tested by an independent examiner.

2.3 The requirements which a CIL charging schedule has to meet are set out in:

- The Planning Act 2008 as amended by the Localism Act 2011.
- The CIL Regulations 2010, as amended in 2011 , 2012, 2013 and 2014.
- The National Planning Practice Guidance on CIL (NPPG CIL) issued under S221 of the Planning Act 2008, which is statutory guidance, i.e. it has the force of law and the authority must have regard to the guidance.

2.4 Below, we summarise the key points from these various documents.

National Planning Policy Framework

2.5 The National Planning Policy Framework (NPPF) advises that cumulative effects of policy should not combine to render plans unviable (our emphasis):

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

2.6 With regard to non-residential development, the NPPF states that local planning authorities ‘should have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they should… understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.’

2.7 The NPPF aims to encourage the efficient use of land. This requires a level of responsiveness to market signals. The NPPF states that

- Employment land reviews should be 'undertaken at the same time as, or combined with, Strategic Housing Land Availability Assessments and should include a reappraisal of the suitability of previously allocated land'; and
- That LPAs should ensure the optimal use of land in the area, and then 'meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area'.

2.8 However, the NPPF never states that sites must be viable now in order to appear in the plan. The NPPF is most concerned to ensure that development is not rendered unviable by unrealistic policy costs. There is no indication that planners are held responsible for economic and market conditions. In a free market system, where development is undertaken for the most part by the private sector, the best a planning authority can perhaps do is to provide enough land to meet the needs of sustainable development (sustainable development as defined in the NPPF). Whether or not landowners, developers and occupiers choose to use this land is out of a planning authority's control.

Infrastructure in the NPPF

2.9 The NPPF also requires authorities to demonstrate that infrastructure will be available to support development:

[…]'It is equally important to ensure that there is a reasonable prospect that planned infrastructure is deliverable in a timely fashion. To facilitate this, it is important that local planning authorities understand district-wide development costs at the time Local Plans are drawn up.'

2.10 It is not necessary to prove that all funding for infrastructure has been identified. The NPPF states that standards and policies in Local Plans should 'facilitate development across the economic cycle,' suggesting that in some circumstances, it may be reasonable for a Local Authority to argue that viability is likely to improve over time, that policy costs may be revised, that some infrastructure is not required immediately, and that mainstream funding levels may recover.

Deliverability and developability in the NPPF

2.11 The NPPF creates the two concepts of 'deliverability' (which applies to sites which are expected in Years 0-5 of the plan) and 'developability' (which applies to year 6 onwards of the plan).

2.12 It is important to define these terms.

- To be deliverable, "sites should be available now, offer a suitable location for development now, and be achievable, with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable."

- To be developable, sites expected in Year 6 onwards should be able to demonstrate a “reasonable prospect that the site is available and could be viably developed *at the point envisaged*”.

2.13 The NPPF therefore advises that a more flexible approach may be taken to the sites coming forward in the period after the first five years. Sites coming forward after Year 6 might not be viable now – and might instead be only viable at that point in time. This recognises the impact of economic cycles and policy changes over time.

Summarising the key points

2.14 Standing back, then, it seems clear that the NPPF wishes Councils to ensure that they do not load policy costs onto land if it would hinder the land being developed, or withhold land for uses (say, employment) that may not come forward in the plan period where market signals might suggest that other uses (say, residential) could be considered.

2.15 The key point is that policy costs are kept sensible, the overall amount of infrastructure needed to support the plan over time will be affordable, that plans are backed by a thought-through set of priorities and delivery sequencing that allows a clear narrative to be set up around how the plan will actually be paid for and delivered.

2.16 This study confines itself to the question of development viability. It is for other elements of the evidence base to investigate the other ingredients in the definition of developability (i.e., location and prospects for development). We do not directly consider infrastructure requirements, although draw on this information to look at the impact of infrastructure requirements on site viability where relevant.

National Planning Practice Guidance

2.17 National Planning Policy Guidance (NPPG) supports the NPPF and adds detail on how viability should be taken into account in plan making. It states that plans should be based on a clear and deliverable vision of the area. It identifies that viability assessment can assist with the development of plans and plan policies, providing high level assurance that plan policies are viable.

2.18 The guidance states that evidence on viability should be proportionate, to ensure plans are underpinned by a broad understanding of viability. It does not require individual testing of every site or assurance that individual sites are viable; site typologies may be used to determine viability at policy level.

2.19 The guidance suggests greater focus where viability is known to be in areas of known to be marginal or where viability might be an issue. This might include in relation to strategic sites which require high infrastructure investment and some brownfield sites, the re-use of which the guidance emphasises should continue to be a priority.

2.20 The over-arching message of the NPPG in respect of viability is that the cumulative cost of development should not cause development types or strategic sites to be unviable. This includes the costs imposed through national and local standards, local policies and the Community Infrastructure Levy, as well as a realistic understanding of the likely cost of Section 106 planning obligations and Section 278 agreements for highways works.

2.21 In re-enforcing this point, it also states that plan makers should not plan to the margin of viability but should allow for a buffer to respond to changing markets and to avoid the need for frequent plan updating. It also emphasises that current costs and values, rather than and expectation or projection of likely future change, should be considered when assessing the viability of plan policy.

Assumptions

2.22 Development viability is essentially a function of the relationship between the value generated by development and the cost associated in developing it. The guidance discusses the key assumptions that must be made in assessing the viability of development.

2.23 In respect of development value, it states that Gross development Value (GDV) should be calculated by assessing total sales and/or capitalised rental income from developments and that values should be based on comparable, market information, using average figures based on the types of development that the plan is seeking to bring forward, where appropriate. Wherever possible, specific evidence from existing developments should be used after adjustment to take into account types of land use, form of property, scale, location, rents and yields.

2.24 In respect of development costs, NPPG states that the assessments should be based on robust evidence, reflect local market conditions and include all costs of development including:

- build costs;
- known abnormal costs;
- infrastructure costs;
- the cumulative costs of policy requirements and standards;
- finance costs; and
- professional, project management, sales and legal costs.

2.25 The guidance also recognises that consideration of land value is central to viability assessment. It states that the most appropriate way to assess land or site value will vary but there are common principles which should be reflected. These include that land value assumptions should reflect emerging policy requirements and planning obligations in all cases. In addition, the assumptions made will also need to allow for a competitive return to willing developers and land owners.

2.26 The NPG recognises that this return will vary between projects to reflect the size and risk profile of the development and the risks to the project. It states that '*A competitive return for the land owner is the price at which a reasonable land owner would be willing to sell their land for the development. The price will need to provide an incentive for the land owner to sell in comparison with the other options available. Those options may include the current use value of the land or its value for a realistic alternative use that complies with planning policy.*'

Local Planning Policy

2.27 The Stockton-on-Tees Core Strategy Development Plan Document (DPD) was adopted on 24 March 2010. The Core Strategy DPD sets out the vision and objectives that will underpin all the council's development plan documents. It sets out the spatial strategy for meeting known and anticipated development requirements to 2024, including the number of dwellings required.

2.28 The Council is now in the process of developing the Regeneration and Environment Local Development Plan Document (LDD). This document will contain the planning policies and the revised site allocations that will shape the future development of Stockton-on-Tees until 2029.

2.29 The Council consulted on its Preferred Options draft in the summer of 2012 and is now in the process of progressing the document to the Publication Draft stage.

Uses Central to the Delivery of the Plan

2.30 The delivery of new homes in Stockton-on-Tees is the major land use that will take account for the largest amount of development proposed in the document. With a number of strategic sites proposed to be allocated there is a strong emphasis on delivering the numbers of houses needed in the area.

2.31 In addition to the dwelling numbers proposed, there is a significant amount of employment land proposed for allocation. In total 118ha of employment land is being suggested to me the growing demands in the area.

2.32 Whilst residential and employment allocations are the central strand in the Plan, it also takes account of uses ancillary to these developments that are likely to come forward in addition to the core development proposals.

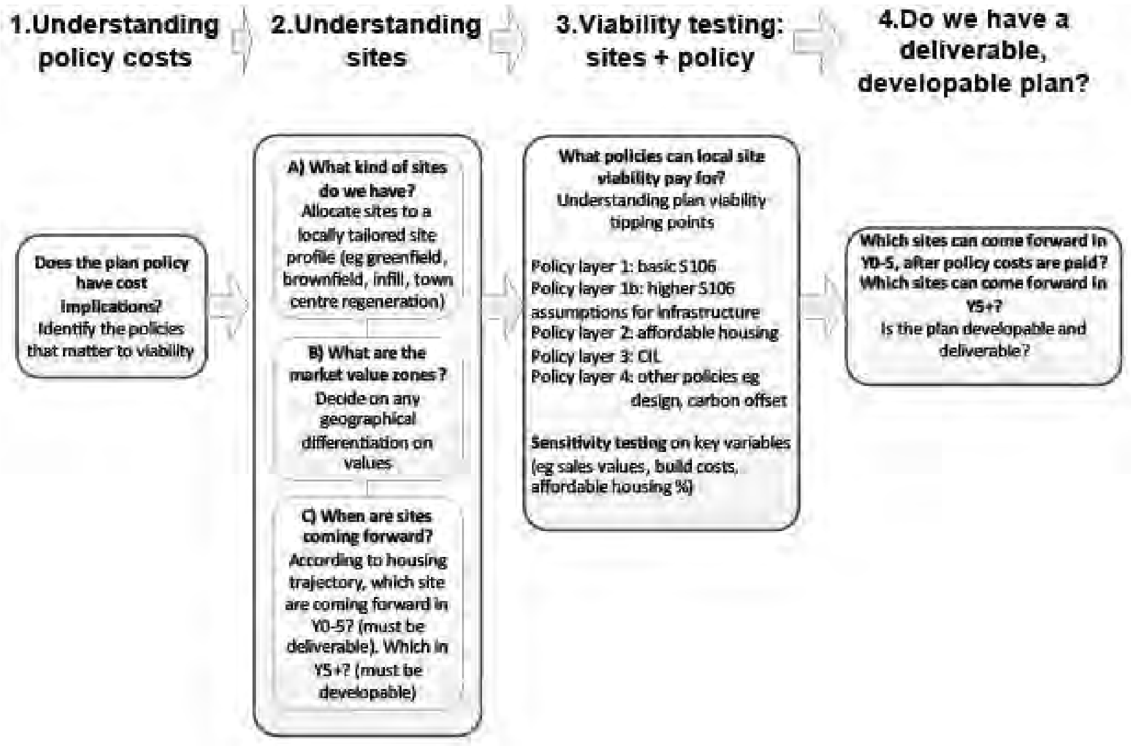
3 METHODOLOGY

Introduction

3.1 This chapter sets to explain the methodology behind the approach to assessing the viability of the emerging Local Plan. In coming to the methodology undertaken for the project we have taken Government and industry guidance.

The Method

Figure 3.1 Whole Plan Viability Testing Process



Source: PBA

3.2 To put it simply, we have created a set of site typologies and tested them at gradually escalating levels of policy cost. This enables us to come to a view at which point the policy costs impact on the viability of developments. Each stage of the process is explained in detail below.

Understanding Policy Costs

3.3 The initial stage of the process is to review the policies being outlined in the draft document and identifying potential costs associated with them. This provides us with a starting point from which our analysis can begin.

Understanding the Sites

3.4 Following on from identifying the policies that are going to have implications on development we seek to understand the site typologies. This is based on emerging sites through the planning process and the typologies being allocated. In order to understand sites, we ask three further questions.

- What are the market value zones for the area? An otherwise identical development may have a very different value, depending on its location. We seek to understand how this economic geography might affect site viability in the area. We allocate planned sites to these market value zones.
- What kind of sites are emerging through the plan? Different sites might have different viabilities depending on the existing use or condition of the site. We take this into account. We allocate planned sites to different categories tailored to local conditions.
- When are sites coming forward? We take the emerging housing trajectory to understand the time period that different developments are expected, and explore whether the NPPF would require a site to be 'deliverable' in Years 0-5 of the plan, or 'developable' in Years 6 onwards.

3.5 By this stage, then, we have a good understanding of how location and policy costs might combine to affect viability. In effect, we have a typology of sites. The next stage is to look at the issue of viability itself.

Viability Testing the Sites

3.6 We undertake viability testing of the site typologies. Our approach is to add gradually escalating levels of policy costs in order to judge the point at which policy costs make development unviable. These policies are taken from the list developed in Stage 1.

3.7 We start with understanding the basic viability of sites, including very minimal policy costs (eg, a simple £500 S106 contribution), and then add factors such as affordable housing, CIL, and any other policy requirements.

3.8 These policy costs risk negatively affecting viability, but may deliver valuable benefits.

3.9 We seek to understand the trade-offs involved with these policy choices, in order that elected members and their officers may arrive at a reasoned and prioritised set of policy choices.

3.10 The viability testing has involved a number of iterations in order to arrive at the combination of policies that most accurately serve local aspiration. We do not describe these iterations in the report.

Do we have a developable and deliverable plan?

3.11 This output forms the answer to the central question of the study. As set out above, with regards to housing supply, the National Planning Policy Framework states that evidence must show the Inspector that the plan is 'deliverable' for the first five year period following adoption. The approach required for land for years 6-10 and beyond is different to that adopted for the sites expected in Years 0-5 of the plan. These residential sites need to be 'developable'.

3.12 Finally, we briefly investigate whether the overall amount of infrastructure needed to support the plan over time will be affordable, that plans are backed by a thought-through set of priorities and delivery sequencing that allows a clear narrative to be set up around how the plan will actually be paid for and delivered. More work is likely to be needed on this subject before examination.

Consultation

3.13 An integral part of the process is to engage with stakeholders who have an active interest in the area, as well as those individuals who have an in-depth knowledge of the area in terms of values and so on. To date, two methods of consultation have taken place.

3.14 The first has been a series of informal telephone consultations with residential agents, commercial agents and developers. These were carried out at a relatively early stage in the project, to help us corroborate (or give cause to amend) our initial assumptions, based on analysis of transactional and other market data.

3.15 The second method was a more formal 'stakeholder workshop' for developers, agents, registered providers and other interested parties. The workshop was focussed around a presentation which set out the approach to the viability assessments and the assumptions that underpin them. Discussions took place in respect of each key assumption and adjustments were made to some assumptions following the workshop, where appropriate evidence was provided to warrant doing so.

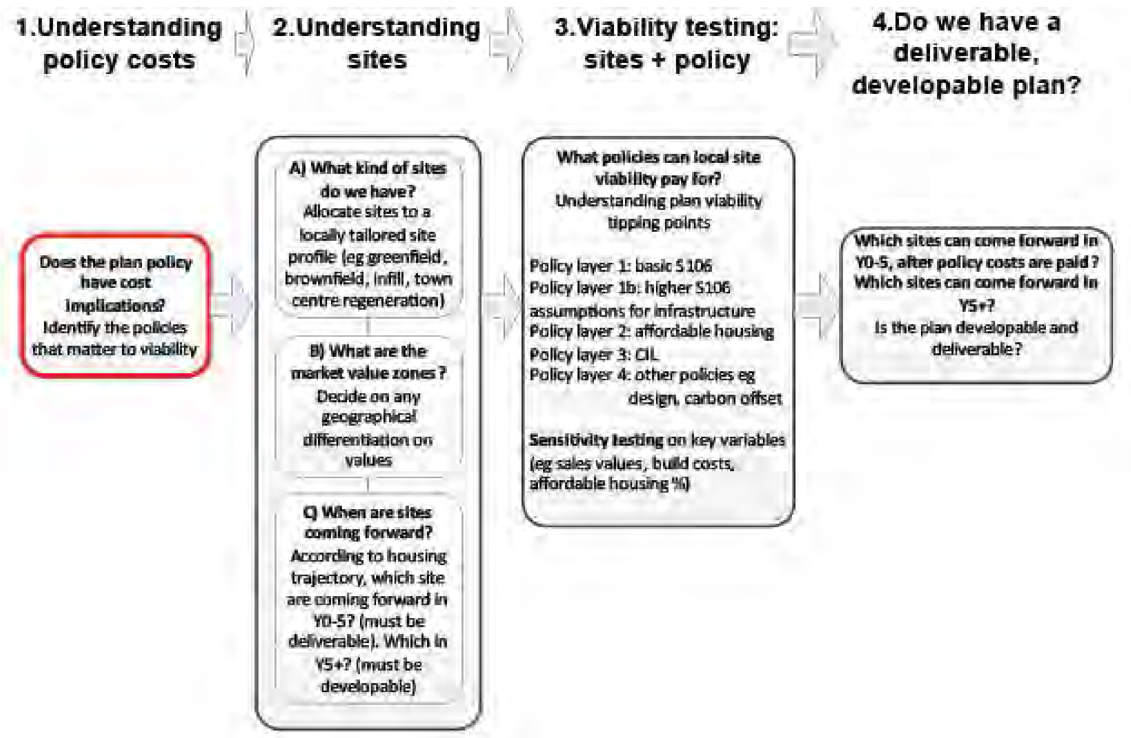
4 THE POLICY COSTS

Introduction

4.1 This chapter identifies the policies contained within the Publication Draft plan that may have an additional cost implication for developments and therefore their viabilities. The policies identified have been arrived at through a range of discussions with policy officers.

4.2 To avoid duplication, we explain the content of the identified policies and their impact on viability at a later stage.

Figure 4.1 Process Flow Stage 1



Identified Policies with a Cost Implication

Affordable Housing Policy

4.3 Policy H3 of the Publication Draft identifies the affordable housing requirements. Affordable housing policy is a central and integral part, of the Plan. It is also one of the policy costs that have the greatest impact on the viabilities of development. Any affordable housing policy must strike the balance between achieving the needs of the local housing market with maintaining the viability of developments and achieving overall dwelling number provisions.

Housing Densities

4.4 Policy H3 also identifies the suggested densities of development the Council will like to achieve in different areas across Stockton-on-Tees. These density aspirations are taken into consideration through our modelling.

S106 Developer Contributions

4.5 The Council will levy Section106 contributions in the now tightly controlled circumstances set out in CIL legislation. These controls apply equally to residential and non-residential development. Two of these requirements exist whether or not a Council adopts a CIL. First, the CIL Regulations 2010 (as amended) Regulation 122(2) tests state that any S106 charge must meet three tests of being:

- Necessary to make the development acceptable in planning terms. For the LPA to take account of S106 in granting planning permission it needs to be convinced that, without the obligation, permission should be refused. [1]
- Directly related to the development. If the LPA fails to show a real connection to the development in question, then it will be unlawful for the LPA to take account of S106 in granting permission.
- Fairly and reasonably related in scale to the development proposed.

4.6 If a planning obligation does not meet all of these tests it cannot legally be taken into account in granting planning permission. In other words, the benefit offered is not a material consideration unless it passes these tests.

4.7 Also, any benefits offered are not enforceable if they do not pass these tests.

4.8 In addition, CIL Regulation 123 (3) ensures that, from April 2014, or when CIL is introduced in an area if that is sooner, no more than five planning obligations may be pooled towards a single project, or type of infrastructure. If an obligation exceeds this limit it cannot legally be taken into account in granting planning permission. In other words, the benefit offered is not a material consideration. Also, any benefits offered are not enforceable. This restriction does not apply to affordable housing secured via S106 planning obligations.

4.9 The government has recently consulted on the possibility of extending the implementation of this restriction to April 2015.

4.10 Regarding non-residential development, the emerging plan is unlikely to subject non-residential development to systematically applied policy costs. The Council is well aware of the dangers of rendering valuable employment development unviable. There is therefore no substantial risk that the emerging plan itself will impose ‘obligations and policy burdens that their ability to be developed viably is threatened’. [2]

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[1] Planning Officers Society (2011) *Section 106 Obligations and the Community Infrastructure Levy* accessed 7 June
http://www.planningofficers.org.uk/downloads/pdf/POS_Advice_Note_S106_and_CIL_final_version_Apr2011.pdf

[2] DCLG (2012) NPPF para 173

4.11 However, in individual cases, some S106 costs may be levied to make development acceptable in planning terms. These will be subject to the statutory restrictions introduced by the CIL Regulations 2010 (as amended).

Community Infrastructure Levy (CIL)

4.12 In this report it has been assumed that CIL will be the primary method of paying for the strategic infrastructure. There has been no final decision made in relation to the adoption of CIL however, we have assumed S106 will be confined to dealing with small site-specific issues.

4.13 The possible levels of CIL have been investigated under a separate report accompanying this report. The assumption taken here may need to be revisited depending on the decisions taken on the outcomes of this additional report.

Striking the appropriate balance

4.14 The revised Regulation 14 requires that a charging authority '*strike an appropriate balance*' between:

- The desirability of funding from CIL (in whole or in part) the… cost of infrastructure required to support the development of its area… and
- The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

4.15 By itself, this statement is not easy to interpret. The June 2014 statutory guidance explains its meaning. A key feature of the 2014 Regulations is to give legal effect to the requirement in this guidance for an authority to 'show and explain…' their approach at examination. This explanation is important and worth quoting at length:

'The levy is expected to have a positive economic effect on development across a local plan area. When deciding the levy rates an appropriate balance must be struck between additional investment to support development and the potential effect on the viability of developments. This balance is at the centre of the charge-setting process. In meeting the regulatory requirements (see Regulation 14(1)), charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area. As set out in the National Planning Policy Framework in England (paragraphs 173 – 177), the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened'.[3]

4.16 In other words, the 'appropriate balance' is the level of CIL which maximises the delivery of development in the area. If the CIL charging rate is above this appropriate level, there will be less development than planned, because CIL will make too many potential developments unviable. Conversely, if the charging rates are below the

[3] DCLG (June 2014) *NPPG CIL* (para.009)

appropriate level, development will also be compromised, because it will be constrained by insufficient infrastructure.

4.17 Achieving an appropriate balance is a matter of judgement. It is not surprising, therefore, that charging authorities are allowed some discretion in this matter. Regulation 14 requires that in setting levy rates, the Charging Authority (our underlining highlights the discretion):

'must strike an appropriate balance…' ie. it is recognised there is no one perfect balance;

and the June 2014 statutory guidance says

A charging authority must use 'appropriate available evidence'… to inform their draft charging schedule… A charging authority's proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence… There is room for some pragmatism.'[4]

4.18 The statutory guidance sets the delivery of development in the area firmly in the context of implementing the Core Strategy. This is linked to the plan viability requirements of the NPPF, particularly paragraphs 173 and 174. This point is given emphasis throughout the guidance. For example, in guiding examiners, the guidance makes it clear that the independent examiner should establish that:

'…..evidence has been provided that shows the proposed rate (or rates) would not threaten delivery of the relevant Plan as a whole.'[5]

4.19 This also makes the point that viability is not simply a site specific issue but one for the plan as a whole.

4.20 The revised Regulation 14 effectively continues to recognise that the introduction of CIL may put some potential development sites at risk. The focus is on seeking to ensure development envisaged by the Core Strategy can be delivered. Accordingly, when considering evidence the guidance requires that charging authorities should '*use an area-based approach, involving a broad test of viability across their area*', supplemented by sampling *'…an appropriate range of types of sites across its area…'* with the focus *'...on strategic sites on which the relevant Plan… relies…'* [6]

4.21 This reinforces the message that charging rates do not need to be so low that CIL does not make any individual development schemes unviable. The levy may put some schemes at risk in this way so long as, in aiming strike an appropriate balance overall, it avoids threatening the ability to develop viably the sites and scale of development identified in the Core Strategy.

Keeping clear of the ceiling

4.22 The guidance advises that CIL rates should not be set at the very margin of viability, partly in order that they may remain robust over time as circumstances change:

[4] DCLG (June 2014) *NPPG CIL* (para 019)
[5] DCLG (June 2014) *NPPG CIL* (Para 038)
[6] DCLG (June 2014) *NPPG CIL* (Para 019)

'It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust'[7]

4.23 We would add two further reasons for a cautious approach to rate-setting, which stops short of the margin of viability:

- Values and costs vary widely between individual sites and over time, in ways that cannot be fully captured by the viability calculations in the CIL evidence base.
- A charge that aims to extract the absolute maximum would be strenuously opposed by landowners and developers, which would make CIL difficult to implement and put the overall development of the area at serious risk.

Varying the charge

4.24 CIL Regulations (Regulation 13) currently allow the charging authority to introduce charge variations by geographical zone in its area, by use of buildings, or both. (It is worth noting that the phrase 'use of buildings' indicates something distinct from 'land use').[8] The 2014 Regulations also allow variations by 'intended gross internal area of development' (where 'development' means buildings) or by 'the intended number of dwellings or units'. As part of this, some rates may be set at zero (which could still allow some infrastructure to be provided through S106 agreement(s), where appropriate). But variations must reflect differences in viability; they cannot be based on policy boundaries. Nor should differential rates be set by reference to the costs of infrastructure.

4.25 The guidance also points out that there are benefits in keeping a single rate, because that is simpler, and charging authorities should avoid 'undue complexity'.[9]

4.26 Moreover, generally speaking, 'differential rates should not have a disproportionate impact on particular sectors, or specialist forms of development'; otherwise the CIL may fall foul of State Aid rules.[10]

4.27 It is worth noting, however, that the guidance is clear that 'If the evidence shows that the area includes a zone, which could be a strategic site, which has low, very low or zero viability, the charging authority should consider setting a low or zero levy rate in that area.'[11]

[7] DCLG (June 2014) *NPPG CIL* (Para 019)

[8] The Regulations allow differentiation by "uses of development". "Development" is specially defined for CIL to include only 'buildings', it does not have the wider 'land use' meaning from TCPA 1990, except where the reference is to development of the area, in which case it does have the wider definition. See S 209(1) of PA 2008, Reg 2(2), and Reg 6.

[9] DCLG (June 2014) *NPPG CIL* (Para 021)

[10] DCLG (February 2014) *NPPG CIL* (Para 021)

[11] DCLG (February 2014) *NPPG CIL* (Para 021)

Supporting evidence

4.28 The legislation requires a charging authority to use '*appropriate available evidence'* to inform their charging schedules[12]. The statutory guidance expands on this, explaining that the available data 'is unlikely to be fully comprehensive'.[13]

4.29 These statements are important, because they indicate that the evidence supporting CIL charging rates should be proportionate, avoiding excessive detail. One implication of this is that we should not waste time and cost analysing types of development that will not have significant impacts, either on total CIL receipts or on the overall development of the area as set out in the Core Strategy. This suggests that the viability calculations may leave aside geographical areas and types of development which are expected to see little or no development over the plan period.

Chargeable floorspace

4.30 CIL will be payable on most buildings that people normally use. It will be levied on the net additional floorspace created by any given development scheme[14]. Any new build that replaces existing floorspace that has been in use for six months in the last three years on the same site will be exempt from CIL, even if the new floorspace belongs to a higher-value use than the old.

What the examiner will be looking for

4.31 According to statutory guidance, the independent examiner should check that:

- The charging authority has complied with the requirements set out in legislation.
- The charging authority's draft charging schedule is supported by background documents containing appropriate available evidence.
- The proposed rate or rates are informed by and consistent with, the evidence on economic viability across the charging authority's area.
- Evidence has been provided that shows the proposed rate would not threaten delivery of the relevant Plan as a whole.15

Policy and other requirements

4.32 Above, we have dealt with legal and statutory guidance requirements which are specific to establishing a CIL. More broadly, the guidance says that charging authorities '*should consider relevant national planning policy… when drawing up their charging schedules*[16]'. In addition, where consideration of development viability is concerned, the guidance draws specific attention to paragraphs 173 to 177 of the NPPF.

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[12] Section 211 (7A) of the Planning Act 2008
[13] DCLG (February 2014) *NPPG CIL* (Para 019)
[14] DCLG (February 2014) *NPPG CIL* (para 002)
[15] DCLG (June 2014) *NPPG CIL* (Para 038)
[16] DCLG (June 2014) *NPPG* (Para 011)

4.33 The only policy requirements which relate directly to CIL are set out at paragraph 175 of the NPPF, covering, firstly, working up CIL alongside the plan making where practical; and secondly placing control over a meaningful proportion of funds raised with neighbourhoods where development takes place. Since April 2013[17] this policy requirement has been complemented with a legal duty on charging authorities to pass a specified proportion of CIL receipts to local councils, to spend it on behalf of the neighbourhood if there is no local council for the area where development takes place. Whilst important considerations, these two points are outside the immediate remit of this study.

[17] http://www.legislation.gov.uk/uksi/2013/982/pdfs/uksi_20130982_en.pdf

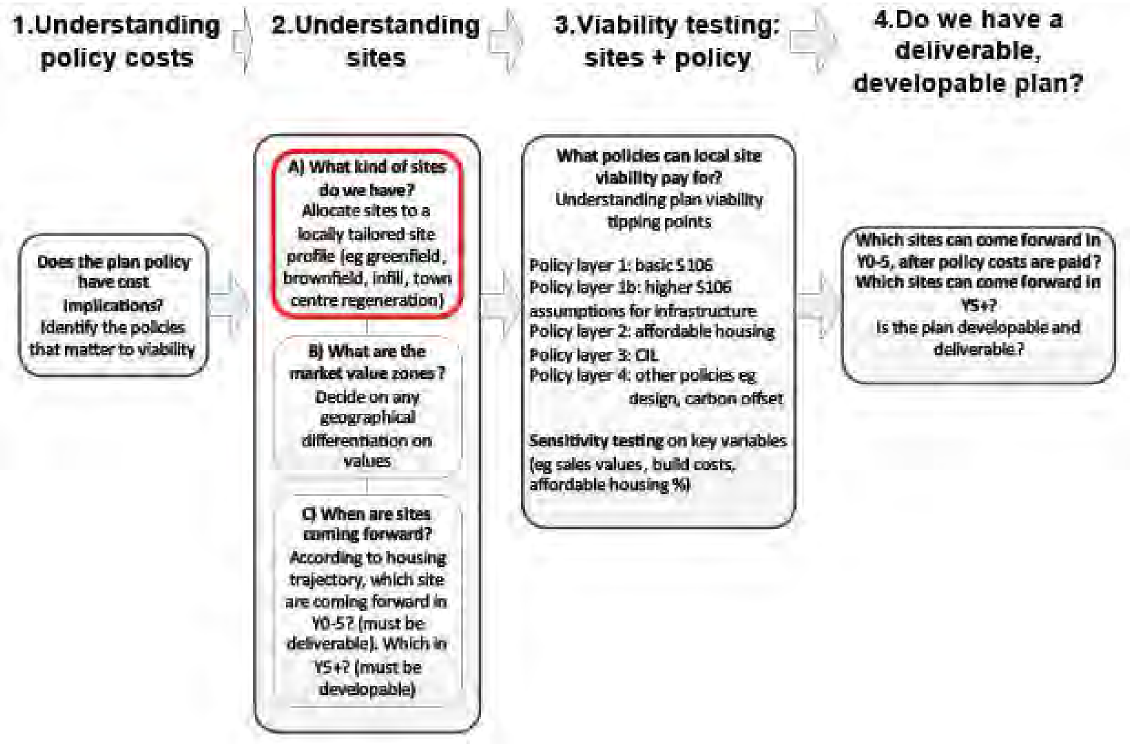
5 SITE TYPOLOGIES

Introduction

5.1 Our objective is to allocate development sites to an appropriate development category. This allows the study to deal efficiently with the very high level of detail that would otherwise be generated by an attempt to viability test each site. This approach is suggested by the Harman Report, which suggests 'a more proportionate and practical approach in which local authorities create and test a range of appropriate site typologies reflecting the mix of sites upon which the plan relies'. [18]

5.2 We have also looked in detail at specific sites later in the report.

Figure 5.1 Process Flow Stage 2A



Source: PBA

Developing Site Profile Categories

5.3 We reviewed the area's development trajectory and worked with the local authority to develop locally relevant site categories. The resulting categories are as follows:

- **Greenfield/brownfield**. This category affected the level of abnormal costs each site was deemed to have. Brownfield sites were assumed to have the highest abnormals costs, greenfield sites the lowest, with mixed brownfield and greenfield sites having a central value between these two bookends.

[18] Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans* (9)

- **Large/moderate/small**. Sites were allocated to 'large' (100 units and above), 'medium' (25 to 100 units) or 'small' (Less than 25 units) categories. Small sites were modelled at developments delivering 5 units. Medium sites were modelled at developments delivering 25 units. Large sites were modelled at delivering 100 units.
- S**trategic sites**. There are three strategic sites that we have tested in addition to the archetype sites identified above. We have been in discussions with the various site promoters and developers to identify the most effective way of assessing the viability of these sites.

5.4 The site typologies that have been tested are set out below:

Site Type	Site Typology	Site Size	Site Capacity
Greenfield	Small	circa 3ha	100
	Medium	circa 1ha	25
	Large	circa 0.15ha	5
Brownfield	Small	circa 3ha	100
	Medium	circa 1ha	25
	Large	circa 0.15ha	5

5.5 The strategic sites have been tested in line with the following:

Site	Site Size	Site Capacity
Harrowgate Lane	58ha	2,000
Yarm Back Lane	15ha	500
Wynyard Expansion area	20ha	600

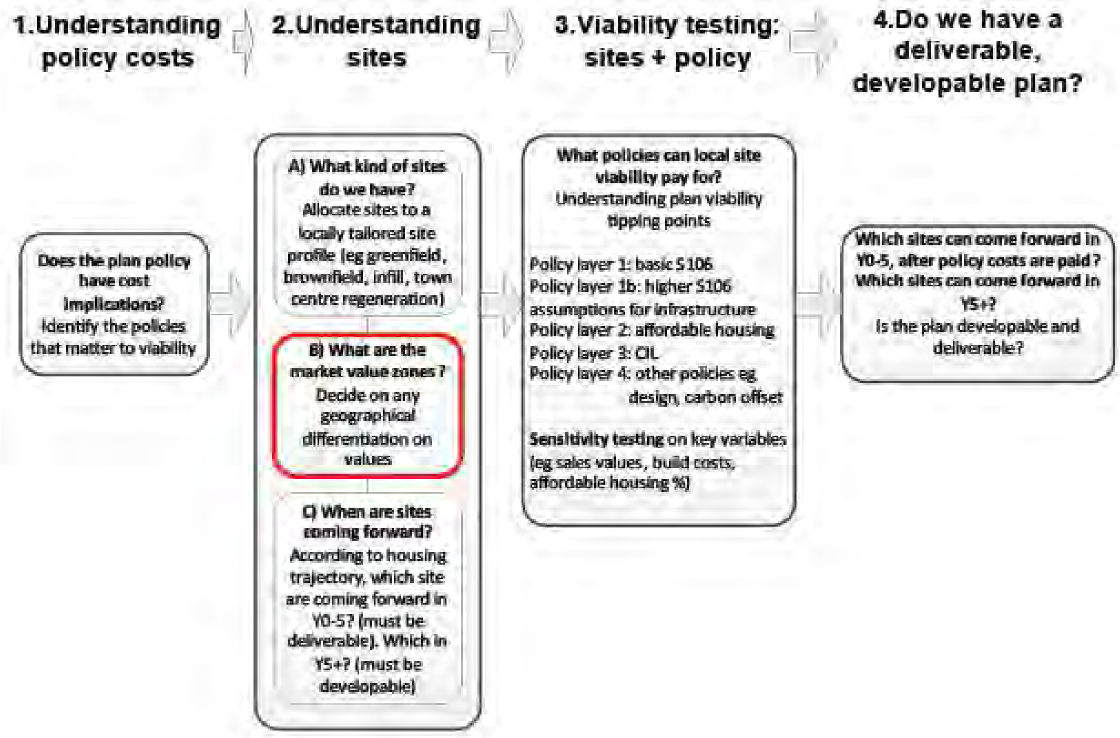
6 MARKET VALUE ZONES

Introduction

6.1 Site locations affect viability through the interaction of supply of, and demand for, land in a particular location. This feeds through into housing sales price and land values, and thus site viability, assuming that other things are equal.

6.2 In this chapter, we look at the make-up of these market value zones for residential development only. We concentrate on residential development because its viability is especially sensitive to precise location. By contrast, the viability of supermarkets, for example, is driven by occupier covenant rather than store location.

Figure 6.1 Process Flow Stage 2B



Setting Residential Market Areas

6.3 No final decision has been made on whether Stockton-on-Tees will pursue a CIL charge. However, CIL Regulations (Regulation 13) are helpful in helping structure a robust way forward on this issue, particularly given that this evidence may be used to structure a geographically varied affordable housing policy.

6.4 CIL Regulations state that all geographical differences in charges need to be justified by reference to the underlying viability evidence. There should be no other influences brought to bear – so, for example, the zones should not be set on policy preferences which wish to see development in a certain area encouraged or discouraged. Setting up a CIL which levies different amounts on development in different places increases the complexity of evidence required, and may be contested at examination; this logic also applies to the creation of a geographically varied affordable housing charge.

Principles

6.5 Identifying different charging zones - whether for CIL or an affordable housing charge - has inherent difficulties. One reason for this is that house prices are an imperfect indicator; we are not necessarily comparing like with like. Even within a given type of dwelling, such as terraced houses, there will be variations in, say, quality or size which will impact on price.

6.6 Another problem is that even a split that is correct 'on average' may produce anomalies when applied to individual houses – especially around the zone boundaries. Even between areas with very different average prices, the prices of similar houses in different areas may considerably overlap.

6.7 A further problem with setting charging area boundaries is that they depend on how the boundaries are defined, as well as the reality of actual house prices. Boundaries drawn in a different place might alter the average price of an area within the boundary, even with no change in individual house prices.

6.8 To avoid these statistical and boundary problems, it is our view that a robust set of differential charging zones should ideally meet two conditions:

- The zones should be separated by substantial and clear-cut price differences.
- They should also be separated by substantial and clear-cut geographical boundaries – for example with zones defined as individual settlements or groups of settlements, as urban or rural parts of the authority. We should avoid any charging boundaries which might bisect a strategic site or development area.

6.9 We have held to these principles in devising value zone boundaries in Stockton-on-Tees.

Method

6.10 Setting value zones requires us to marshal the 'appropriate available evidence' available from a range of sources in order to advise on the best way forward. We took the following steps.

- Our first step was to look at home prices. Sales prices of homes are a good proxy for viability. We downloaded Land Registry data to do this. This generated a range of options or hypotheses.
- Our second step was to look at likely patterns of future development to investigate whether it was worthwhile to set up additional zones.
- Step 3 saw us talking to developers and local authority officers.

6.11 We explain this process below.

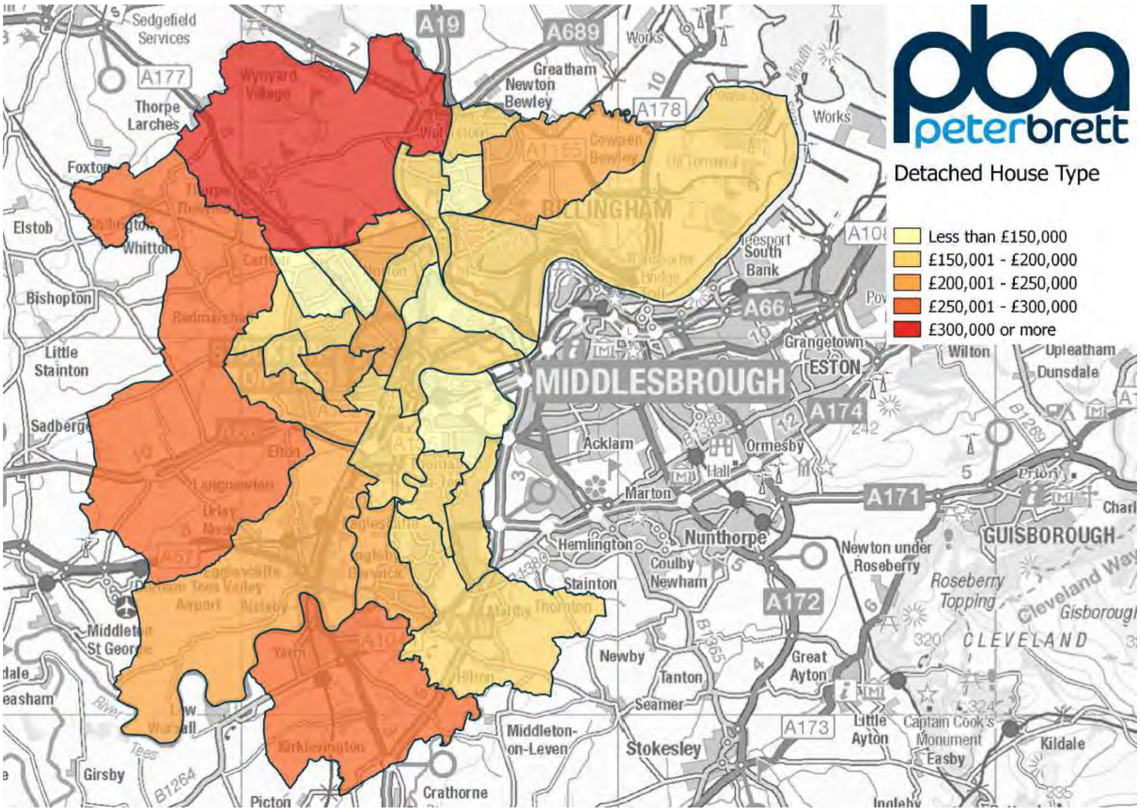
Market Overview

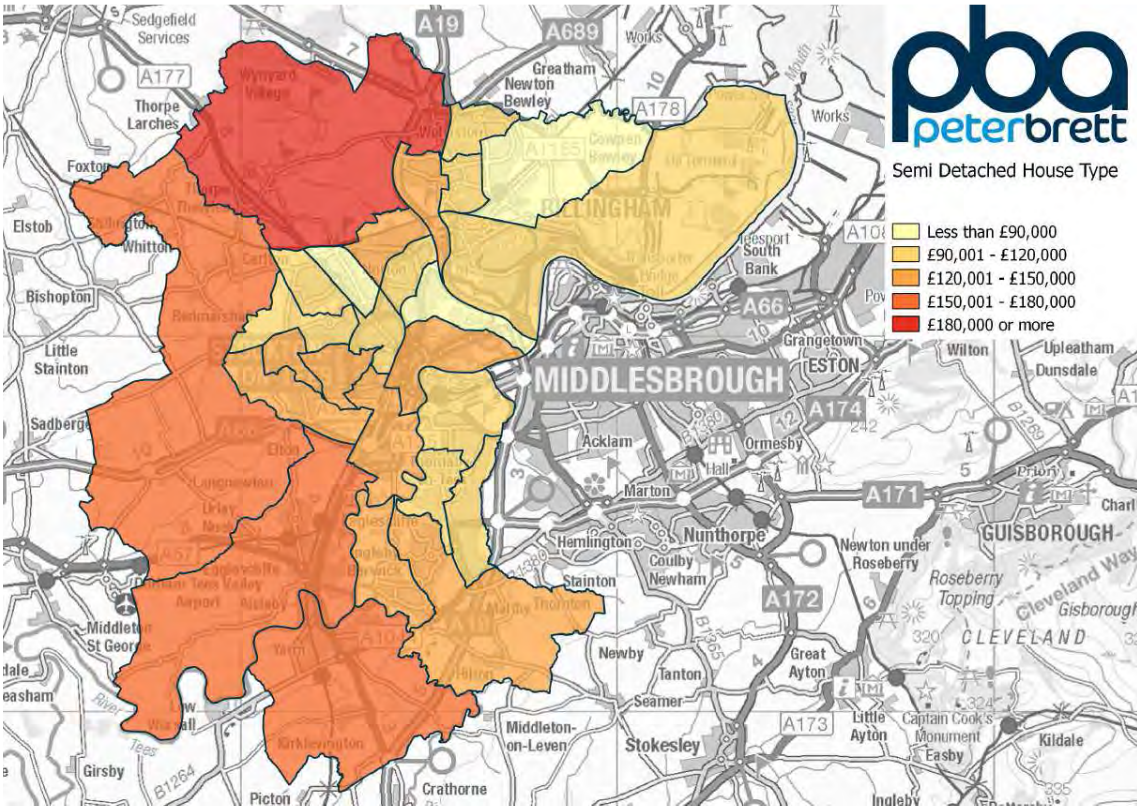
6.12 Stockton-on-Tees has a clear distribution pattern between the various housing types. There is a significant difference between the highest values achieved in the high value areas and the lowest values in the low value areas.

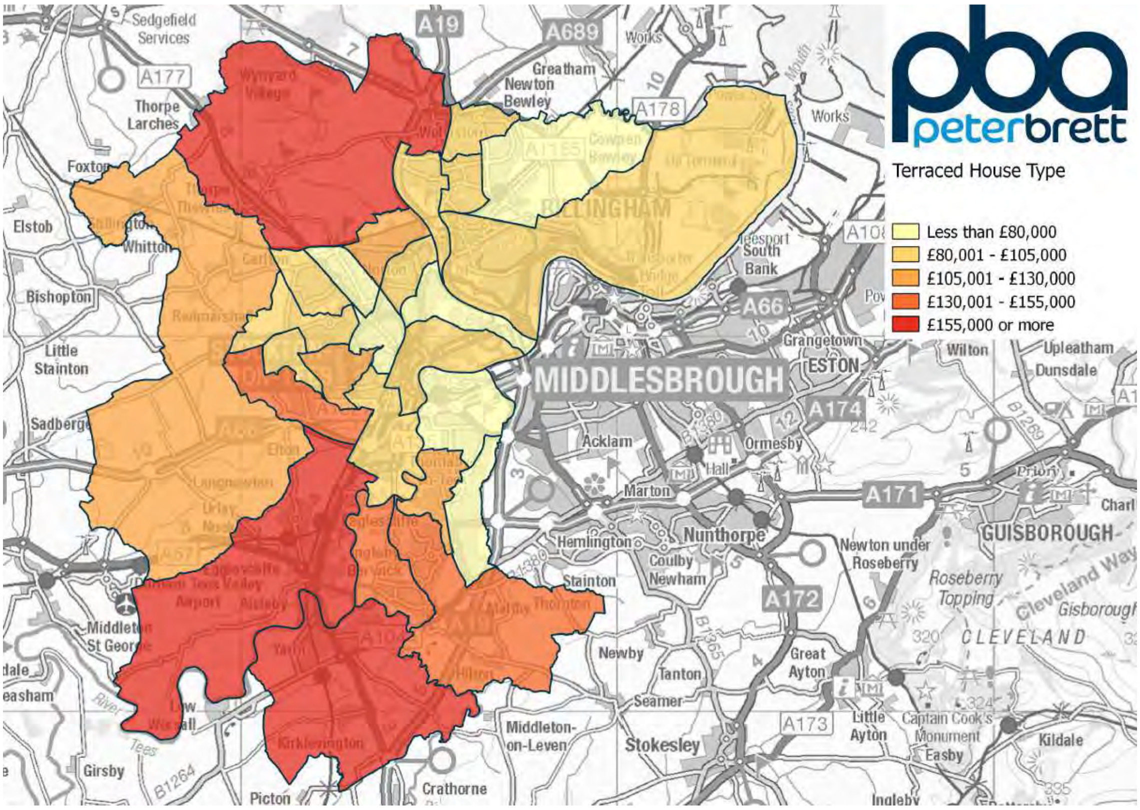
6.13 The heat maps below show how sales prices vary across Stockton-on-Tees, using Land Registry data for the three year period from June 2011 to June 2014 to provide a statistically robust data set. The achieved sales prices are analysed with outliers being removed, the data is then averaged by ward and banded. The results are shown separately for each residential type, so that there is no skewing of the data by an over-representation of a particular house type. Where a ward is blank there is not enough data to provide a meaningful result and so it is excluded from the analysis.

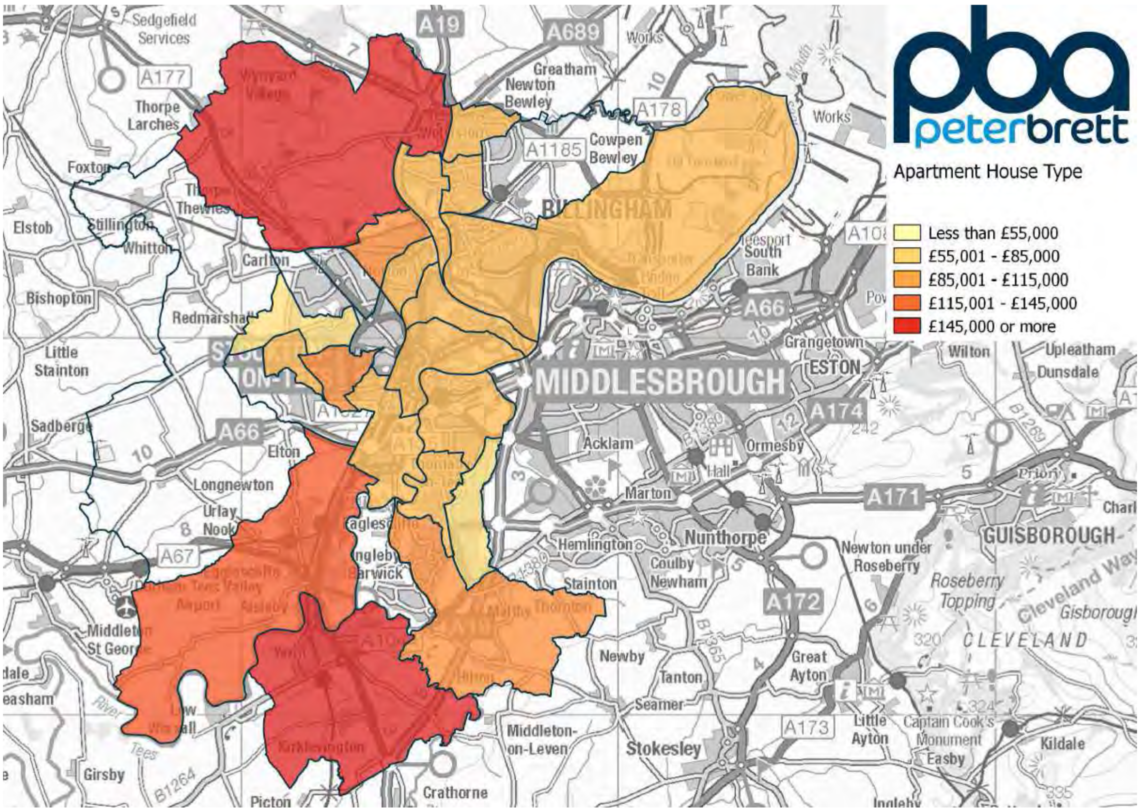
6.14 Larger versions of the mapping are shown at Appendix A.

Figure 6.2 Heat Mapping




peterbrett
Semi Detached House Type
Less than £90,000
£90,001 - £120,000
£120,001 - £150,000
£150,001 - £180,000
£180,000 or more
MIDDLESBROUGH
GUISBOROUGH
Stokesley
Sedgefield Services
Thorpe Larches
Elstob
Bishopton
Little Stainton
Sadberge
Greatham
Newton Bewley
Acklam
Marton
Nunthorpe
Hemlington
Coulby Newham
Stainton
Newby
Tanton
Seamer
Great Ayton
Little Ayton
Middleton-on-Leven
Crathorne
Picton
Girsby
Kildale
Newton under Roseberry
Roseberry Topping
CLEVELAND
Captain Cook's Monument
Easby
Ormesby
ESTON
Grangetown
Wilton
Upleatham
Dunsdale
Works
A19
A689
A177
A178
A66
A174
A171
A172
A173
B1264


peterbrett
Terraced House Type
Less than £80,000
£80,001 - £105,000
£105,001 - £130,000
£130,001 - £155,000
£155,000 or more
MIDDLESBROUGH
GUISBOROUGH
Stokesley
Sedgefield Services
Thorpe Larches
Elstob
Bishopton
Little Stainton
Sadberge
Greatham
Newton Bewley
Acklam
Marton
Nunthorpe
Hemlington
Coulby Newham
Stainton
Newby
Tanton
Seamer
Great Ayton
Little Ayton
Middleton-on-Leven
Crathorne
Picton
Girsby
Kildale
Newton under Roseberry
Roseberry Topping
CLEVELAND
Captain Cook's Monument
Easby
Ormesby
ESTON
Grangetown
Wilton
Upleatham
Dunsdale
Works
A19
A689
A177
A178
A66
A174
A171
A172
A173
B1264



Using house prices to understand value zones

6.15 In advising on value zones, our first step was to look at residential sales prices. In Figure 6.2 above, we looked at the average sales prices of all homes over a three year period. Average prices are shown for each ward[19].

6.16 We have presented this data on a map because it allows us to understand the broad contours of residential prices in the Stockton-on-Tees area. Sales prices are a reasonable, though imperfect, proxy for development viability, so the mapping provides us with a broad idea of which areas would tend to have more viable housing developments, other things being equal.

6.17 It is worth noting that new homes are typically more expensive than second hand homes, but the prices we have mapped include both second hand and new homes. We used data on both new and second hand homes because, firstly, datasets on sales values for new homes only would be very much smaller (and so more unstable), and secondly, because at this stage it is the differentials between areas that we are seeking to identify, not the absolute price levels.

6.18 However, we must also look to the future profile of development to inform our decision about charging boundaries. Before coming to a decision on charging boundaries, it is important to analyse:

[19] ST wards are used because very precise boundary mapping exists which shows ward boundaries, and is not subject to the degree of change that electoral wards or postcode boundaries are subject to.

- The location of future development: if all development was going in a single price area, making geographical distinctions in the charging schedule would not be necessary.
- The likely viability profile of future development. If future development is likely to bring a new type of housing product to the market with a very different viability profile, then this should be taken into account.

6.19 Understanding the patterns of future development is therefore the next stage in our analysis. If we overlay a rough approximation of the likely housing development areas (see Figure 6.3) we can better understand how we might structure charging bands for residential development.

Deciding on the value zone boundaries

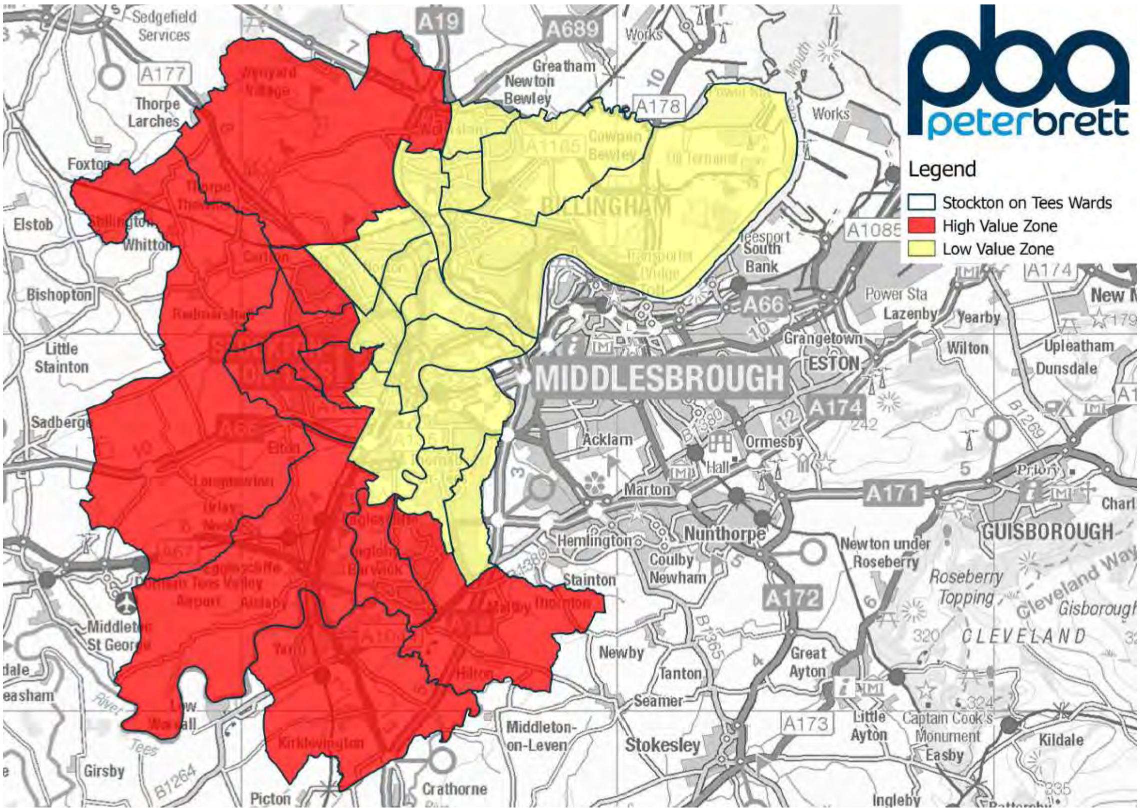
6.20 As explained above, for this exercise we need to resolve the complexities of market values in the area into a relatively simple summary.

6.21 The summary we arrived at needs to incorporate a view not only on market values, but on the location of future growth in the area, and the likely impact of prices on site viability.

6.22 Given these considerations, there appeared to be arguments in favour of seeing the Stockton-on-Tees market as being in two areas. A low value area where development viability may be more challenging and a high value area where development will likely show stronger viability.

6.23 Using market and developer input, we arrived at the following value zones.

Figure 6.3 Value Zone Mapping

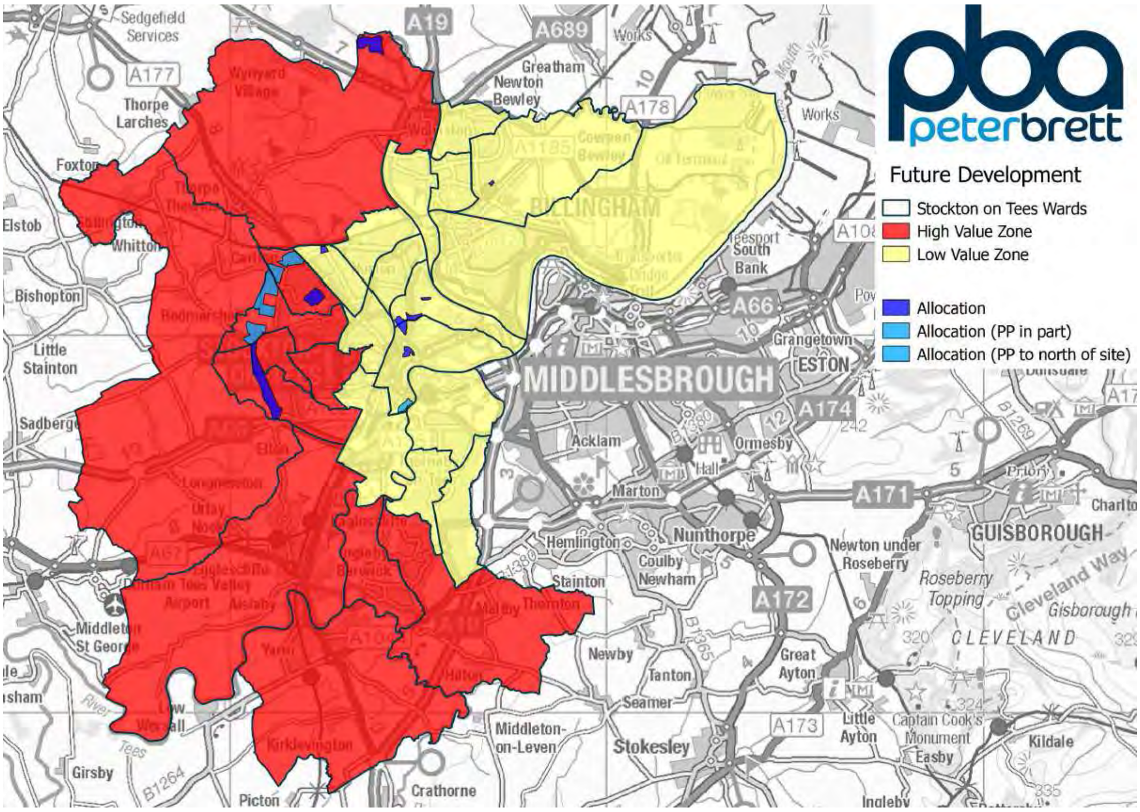


Location of Future Development

6.24 The Publication Draft Plan identifies a number of strategically important sites that will deliver a large volume of the housing numbers. We have overlaid these sites on the value zone mapping to help to understand and inform the modelling. The mapping is shown in figure 6.4 below.

6.25 The dark blue sites are those that are allocated but have no planning permission in place. The light blue sites are those that are allocated and part of the site has an extant planning permission in place.

Figure 6.4 Value Zones Mapped with Proposed Site Allocations



Understanding Threshold Land Values

6.26 The above analysis looks at sales prices for residential properties. Other things being equal, it can provide some insight into the price of residential land. This is important, because we need to derive a ‘threshold’ land value (ie, the amount of money a landowner will need in order to sell his or her land) in order to calculate what level of policy costs might be afforded by development in the area.

6.27 We have set our method in estimating threshold land values in detail in Appendix B. In the Appendix, we explain that we use information on both a) existing use values and b) market transactions as starting points in order to estimate this threshold value.

Existing and alternative use values

6.28 Regarding existing use values, sites coming forward for development in Stockton-on-Tees typically comprise agricultural or cleared brownfield land. The existing use value of these types of sites is quite low: the VOA in 2011 reported agricultural land values in North Yorkshire of £20,995 per ha and industrial land values in Newcastle of £235,000 per ha (no information was produced by the VOA specifically for Stockton-on-Tees) .

6.29 As well as the existing use of the site, credible alternative uses should also be taken into account. Should an alternative use derive a higher land value it is logical that a landowner would seek this higher value.

6.30 The alternative use depends on planning policy to a good degree. If a landowner knows that his site appears (or is likely to appear) in the development plan for residential land, he or she would only sell for this value (if greater than the existing use). The alternative use value sought will be particularly high in areas where the landowner is aware that high sales values for residential properties make land particularly valuable.

6.31 If sites in Stockton-on-Tees have a realistic alternative use value for residential development (having been allocated in the emerging Local Plan) then landowners will anticipate this in the value sought for the site. We do not foresee other use types coming forward on the sites. In Stockton-on-Tees land values for residential development are higher than the existing use values: it is therefore prudent to also understand market values, as described in greater detail below.

Market values minus policy costs

6.32 The second approach we use in estimating a sensible threshold land value is to look at market comparibles of residential land traded. This market performance will inform landowners' 'hope values' for sites. After adjustment for various factors (such as time and various flavours of risk, such as whether the land had planning permission) we can start to make judgements about how comparable sites might trade.

6.33 We have been able to obtain a number of comparibles from developers and local authorities in the area. Some developers have been particularly helpful in this effort. We have also researched actual site prices paid using the Land Registry. Our findings are summarised as follows:

- Land values vary greatly across the area. Generally greenfield sites have sold for a premium over brownfield sites.
- There is little transactional evidence in low value areas. Viability is a major issue with little development coming forward.
- Land values in low value areas are typically between £500,000 and £700,000 per ha.
- On average land values in standard value areas were found to be £1,000,000 per ha for a serviced site. In the very strongest parts of the standard value area, land values could reach £1,400,000 per ha.
- Land values in standard value areas range greatly between £800,000 and £2,000,000 per ha.
- Values can reach £2,000,000 per ha for very prominent sites in highly desirable areas (high value zone) when they are allocated for high value, executive housing.

Setting a threshold land value

6.34 Having observed market transactions, the RICS guidance paper notes that we need to deduct an amount in order to take account of policy requirements. Where an adjustment is made, RICS guidance requires us to set out our 'professional opinion underlying the assumptions adopted. These include, as a minimum, comments on the state of the market and delivery targets as at the date of assessment'.

6.35 The question, therefore, is how much we should adjust the land value downwards, in order to take account of policy costs such as the continuing imposition of affordable housing charges. As set out above, RICS guidance requires us to comment on the state of the market and delivery targets as at the date of assessment'.

- If we look at the state of the market, our discussions with developers showed that effective demand for homes (ie, demand from people willing and able to pay) is relatively weak in the area, suggesting that landowners holdings will not be as sought after as they might be in, say, the south-east of England. We also note that, compared to VOA data from similar places such as Stoke or Hull, the prices paid in the area seem high. If we over-value land, RICS points out that we will reduce the amount available for planning contributions: this comparable data might suggest that a relatively significant reduction might bring threshold land values into line with those in similar places elsewhere, perhaps without grave risk of damaging housing delivery rates.
- The highest values achieved are for small, prestige developments, where a residual valuation showed that developers could afford to pay high land values. However, given that this is a higher level, area wide study, we are testing a more standard estate-style housing product, which will not command the same sales values - and thus the same site values for landowners.
- We deal with delivery targets at the date of assessment in Chapter 7.

Threshold residential land values used

6.36 We have used the analysis in this chapter to arrive at an understanding of the economic geography of the area. We have used this to inform our views on how sales values and threshold land values of residential properties vary spatially within the area. This will represent an important input to our viability testing in later chapters of this report.

6.37 In suggesting a threshold residential land value, we have reviewed the evidence above, and triangulated between existing use value, alternative use value and market value. Using our professional judgement, we believe that a sensible threshold residential land value assumption for the area is as follows:

- High value area: £650,000 to £1,000,000 per ha (large brownfield to small greenfield).
- Low value area: £375,000 to £575,000 per ha (large brownfield to small greenfield).

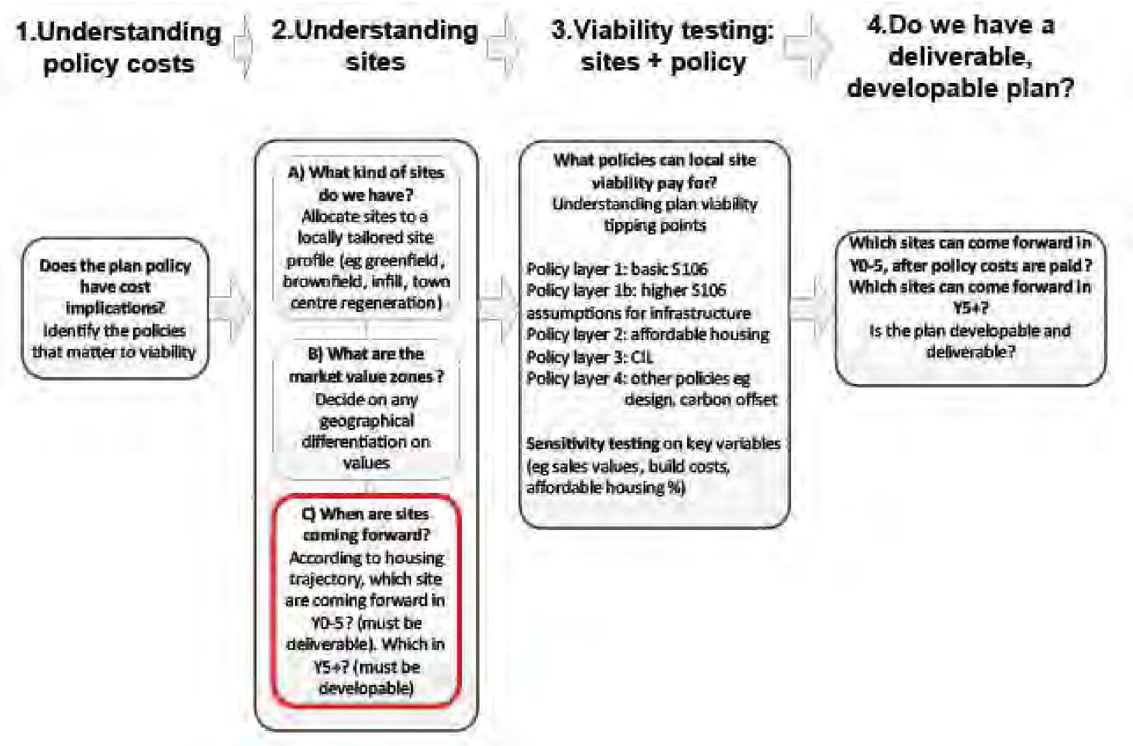
7 WHEN ARE THE SITES COMING FORWARD

Introduction

7.1 Our objective in this chapter is to understand when the emerging plan expects that each site is coming forward.

7.2 We take the emerging housing trajectory to understand the time period that different developments are expected, and explore whether the NPPF would require a site to be 'deliverable' in Years 0-5 of the plan, or 'developable' in Years 6 onwards.

Figure 7.1 Process Flow Stage 2C



Findings

7.3 A review of the housing trajectory figures suggest that only a limited amount of development is expected to come forward in the first five years of the plan (2015-2019).

7.4 The trajectory shows that over the plan period there will be a total of 10,234 gross completions through to 2030, of this total there is provision made for 3,179 coming forward in the period to 2019. A total of 31% of the overall figure.

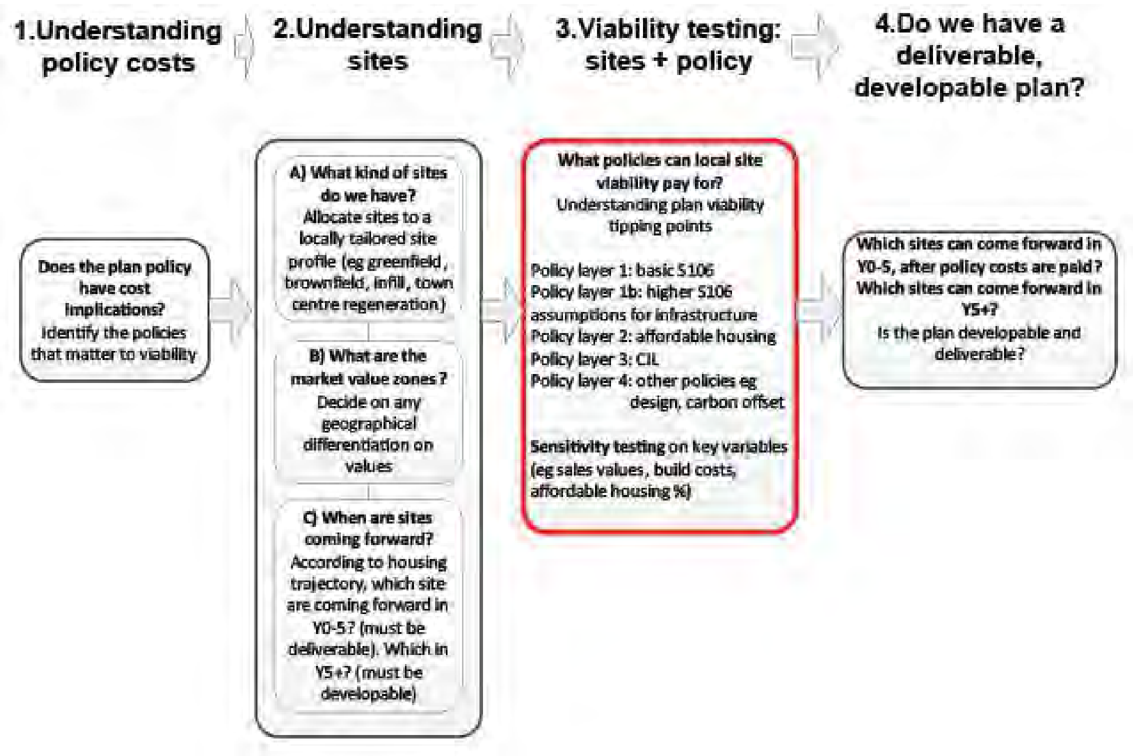
8 RESIDENTIAL VIABILITY ANALYSIS

Introduction

8.1 By this stage, we have a good understanding of how location and policy costs, site types and location might combine to affect viability. In effect, we have sites allocated to site profile typologies, incorporating policy costs, existing use values and local market sales values with planned delivery period.

8.2 We are now at the stage that we can viability test the site profile typologies.

Figure 8.1 Process Flow Stage 3



Viability Testing the Site Profiles

8.3 At this stage, we need to introduce more information into the process, because we need to test the viability of development within the value zones.

8.4 To test viability, we need to undertake development appraisals. This is for the following reasons:

- Firstly, development appraisals use recent sales prices, and relate to new dwellings specifically. To arrive at these prices we consulted with developers and agents who have been selling new housing. (By contrast, Land Registry prices presented earlier cover the last two years and second-hand as well as new houses).

- Secondly, the results of the development appraisal (which shows the price that a developer can afford to pay for land) can be compared with prevailing threshold land values (in effect, what the landowner will accept in order to sell the land). Threshold values have an important bearing on the amount of developer contributions assumed to be available.

8.5 This process identifies an amount of developer contributions available. This sum of money can be targeted at either paying for affordable housing (via Section 106 affordable housing payments), CIL (where desired - which funds infrastructure to support growth), or for a mixture of the two.

8.6 Viability tests can only look at the viability of speculative development for investment purposes. Bespoke development may be viable in places where speculative development is not if an occupier business may have particular reasons for wanting to locate a specific place. To account for such individual circumstances is beyond the scope of our analysis.

Viability Testing Method

8.7 The purpose of the assessment is to ensure that the policy costs do not render the bulk of development proposed in the plan financially unviable.

8.8 To do this, we need to be able to estimate two things.

- The threshold land value. This is the estimated value at which the landowner will sell the site.
- The residual land value. This is the value of the land to the developer, assuming that affordable housing and other policy costs are paid, and the developer makes a target profit.

8.9 If the residual land value exceeds the threshold land value, the site is viable. If the residual land value does not exceed the threshold land value, then the site is not viable. and the scheme will not take place.

8.10 Theoretically, if residual land values exceed the threshold by a large amount, the scheme will be very viable, and developers will be keen to take the scheme forward. They will make a profit in excess of their target figure.

8.11 Fundamentally, this study is attempting to judge the ability of local developments to pay for policy costs (which will force down residual land values), whilst simultaneously making it worthwhile for a landowner to sell his or her land. This will allow development to happen, and wider benefits to society to be delivered.

Using the Site Typologies and Site Sampling

8.12 Our approach to understanding site viability is two-fold. In both cases, we use current costs and values.

8.13 We undertake work in two phases.

- Phase 1: Work in the previous stages allows us to understand the types of sites in the area, and how location might affect their viability. When added to a set of locally based assumptions on new-build sales values, land values and developer profits, we are able to run area-wide development viability tests of these typologies. This allows us to take a general view of the viability of sites in an area, which is particularly important where we cannot anticipate the detail of a forthcoming application. Harman says this site typologies approach is sensible.[20]
- Phase 2: Sampling larger sites in detail. Both Harman and CIL Guidance (April 2013) state that the viability of particular development sites should be sampled.[21] [22] Whether or not a CIL policy is being pursued, this sampling process is desirable as it allows us to reality-test the assumptions we have made in the typologies approach above.

8.14 Both area-wide and site specific testing are intended to be high level.[23]

Viability testing assumptions

8.15 Viability testing requires us to make a series of assumptions about the developments in question.

8.16 We have explained the assumptions we have used in Appendix C.

Testing Viability with Policy 'Layers'

8.17 Taking the site typologies as a basis, we add policies in 'layers' in order judge the cumulative impact of policies.

- The first policy 'layer' is to test the viability of development assuming a basic £500 per unit of S106/278 is paid for requirements such as connections to existing roads. We do not add on any affordable housing or other requirements at this stage. We have also added a variant of this layer, where we add higher S106 costs to cover some sites’ requirements for the provision of particular infrastructure that will affect site viability.
- The next policy layer is the addition of affordable housing at policy rates. This requirement can have a significant effect on values.
- The third policy layer is the CIL, if any.

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20 Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans* (11)

21 DCLG (December 2012) *Community Infrastructure Levy Guidance* (page 9)

22 Although PPS12 is no longer current, it has a useful definition of strategic sites. It states that ‘strategic sites…[are] those sites considered central to achievement of the strategy.’ DCLG Planning Policy Statement 12 (para 4.6)

23 Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans* (15)

- The fourth policy layer is not applicable in Stockton. It exists in order that we may model the impacts of policies such as design requirements, carbon offset payments and so on which may have cost implications, if they are suggested in future. No such policies are suggested now.

8.18 We display the results in a table. A green colour means that the development is viable. A red colour means it is unviable.

8.19 In Stockton, the current emerging plan does not anticipate charging CIL or making any further policy requirements. We have retained these as part of the process in case additional viability was revealed that could be captured through these policy mechanisms.

8.20 We have set our analysis using a 'traffic light' system. Red indicates that developments in a given category are not viable. Green indicates that they are viable.

Policy layer 1: Basic S106 costs

8.21 Table 8.1 shows that, with these very basic policy costs. Even at a very small policy amount, there are sites in the lower value area that are showing unviability.

8.22 It is important to point out that there may be individual sites within these site profile categories which may struggle to be viable immediately. This is a high level view only.

Table 8.1 Policy Layer 1

		S106 + 0% affordable
Higher Value	**Units**	
Greenfield - Large	100	
Greenfield - Medium	25	
Greenfield - Small	5	
Brownfield - Large	100	
Brownfield - Medium	25	
Brownfield - Small	5	
Lower Value		
Greenfield - Large	100	
Greenfield - Medium	25	
Greenfield - Small	5	
Brownfield - Large	100	
Brownfield - Medium	25	
Brownfield - Small	5	

8.23 In summary, we have reason to believe that at this level of policy cost, the plan is both deliverable and developable.

8.24 Two sites show unviability at these low levels of policy costs, both are greenfield sites in the low value are. These sites are not necessarily likely to come forward in

Stockton-on-Tees. The low value area is primarily an urban area and so greenfield sites are in fact unlikely to come forward for development.

Policy Layer 2: Affordable Housing

8.25 The next policy cost layer to test is affordable housing. The Council has asked for various levels of affordable housing provision to be tested in order to understand where a balance lies.

8.26 Existing policy requirements aim for sites to achieve between 15% and 20% on sites that deliver more than 15 units or cover an area of greater than 0.5ha. We have used this as a starting point for our discussions on the future levels of affordable housing to be delivered through sites.

8.27 We have tested affordable housing requirements across the same range of sites as policy level 1 including the same S106 costs. The results of the exercise are shown below in table 8.2. It is important to note at this stage that the small sites are not subject to affordable housing contributions, therefore the viabilities on these sites remains the same throughout.

Table 8.2 Policy Layer 2

		S106 + 5% affordable	S106 + 10% affordable	S106 + 10% affordable	S106 + 15% affordable	S106 + 20% affordable
Higher Value	**Units**					
Greenfield - Large	100					
Greenfield - Medium	25					
Greenfield - Small	5					
Brownfield - Large	100					
Brownfield - Medium	25					
Brownfield - Small	5					
Lower Value						
Greenfield - Large	100					
Greenfield - Medium	25					
Greenfield - Small	5					
Brownfield - Large	100					
Brownfield - Medium	25					
Brownfield - Small	5					

8.28 The results show that the lower value areas are unable to support an affordable housing contribution. However, it does show that all development typologies in the higher value area can support up to the 20% level of affordable housing.

Policy Layer 3: Community Infrastructure Levy

8.29 The final policy layer that will have a cost implication on developments will be the potential for CIL to be introduced as a way for funding strategic infrastructure requirements across Stockton-on-Tees.

8.30 As the sites in the lower value areas cannot afford to contribute towards affordable housing requirements, it is clear therefore they will also be unable to contribute to CIL.

8.31 All sites tested in the higher value areas can afford to pay CIL with affordable housing requirements at 20%. However when the data is looked at more closely a number of the sites are taken close to the margins of viability. We therefore propose as a balance of affordable housing and CIL that the testing be undertaken at 15% affordable housing.

8.32 Development in the higher value area is able to pay for both affordable housing and a CIL contribution. For information the level of potential contribution is shown in table 8.2 below. This table shows the potential maximum charges that could be adopted by the sites.

8.33 The CIL levels recommended will be discussed further in a separate CIL report that accompanies this plan viability study.

Table 8.3 Policy Layer 3

		S106 + 15% affordable	*Potential CIL charge (incorporating buffer)*																			
			£0	*£5*	*£10*	*£15*	*£20*	*£25*	*£35*	*£35*	*£40*	*£45*	*£50*	*£55*	*£60*	*£65*	*£70*	*£75*	*£80*	*£85*	*£90*	*£100*
Higher Value	**Units**																					
Greenfield - Large	100																					
Greenfield - Medium	25																					
Greenfield - Small	5																					
Brownfield - Large	100																					
Brownfield - Medium	25																					
Brownfield - Small	5																					
Lower Value																						
Greenfield - Large	100																					
Greenfield - Medium	25																					
Greenfield - Small	5																					
Brownfield - Large	100																					
Brownfield - Medium	25																					
Brownfield - Small	5																					

9 STRATEGIC SITE TESTING

Introduction

9.1 In this section, we have attempted to comply with the Harman Report's suggestion that we provide an additional level of detailed testing on specific sites[24]

9.2 It is not our objective in this chapter to make a definitive statement on the viability of particular sites. We will need to have additional discussions with various site promoters to be able to understand the intricacies of each of the sites identified. The analysis undertaken for this report to date has been high level and based on our own assumptions.

Site Selection

9.3 We worked through the list of sites in order to decide which sites might be usefully tested. In doing this, we looked for sites

- That would meet the NPPF's requirement to focus the greatest amount of attention on sites which are coming forward in the first five years (which must be viably 'deliverable').
- That would allow us follow the CIL guidance, which states that the 'focus should be in particular on strategic sites on which the relevant Plan relies and those sites (such as brownfield sites) where the impact of the levy on economic viability is likely to be most significant.'[25]
- Where we had particularly detailed information that would add to our existing viability testing assumptions. (If we did not have such additional information, the case studies would simply repeat the earlier appraisals.)

9.4 There are three strategic sites, identifiable in figure 6.4 above, that are allocations but do not have any planning permission in place. They have been identified as sites that should be tested further as they are potentially going to be liable for CIL and therefore their viabilities need to be assessed.

9.5 The three sites identified are as follows:

- Harrowgate Lane;
- Yarm Back Lane; and
- Wynyard Expansion Area.

[24] Local Housing Delivery Group (June 2012) *Viability Testing in Local Plans* (38): '*it may also help to include some tests of case study sites, based on more detailed examples of actual sites likely to come forward for development if this information is available'.*

[25] DCLG (2014) CIL Guidance June 2014

Policy Layer Testing

9.6 In line with the testing undertaken in the previous section we have sought to test the policies against the three sites to understand the cumulative impact on viability.

Policy layer 1: Basic S106 costs

9.7 Table 9.1 shows that, with these very basic policy costs. Even at a very small policy amount, there are sites in the lower value area that are showing unviability.

9.8 It is important to point out that there may be individual sites within these site profile categories which may struggle to be viable immediately. This is a high level view only.

Table 9.1 Policy Layer 1

		S106 + 0% affordable
Strategic sites		
Harrowgate Lane	2000	
Yarm Back Lane	500	
Wynyard Expansion area	600	

9.9 In summary, we have reason to believe that at this level of policy cost, the plan is both deliverable and developable.

Policy Layer 2: Affordable Housing

9.10 The next policy cost layer to test is affordable housing. The Council has asked for various levels of affordable housing provision to be tested in order to understand where a balance lies.

9.11 Existing policy requirements aim for sites to achieve between 15% and 20% on sites. We have used this as a starting point for our discussions on the future levels of affordable housing to be delivered through sites.

9.12 We have tested affordable housing requirements across the same range of sites as policy level 1 including the same S106 costs. The results of the exercise are shown below in table 9.2.

Table 9.2 Policy Layer 2

		S106 + 5% affordable	S106 + 10% affordable	S106 + 10% affordable	S106 + 15% affordable	S106 + 20% affordable
Strategic sites						
Harrowgate Lane	2000					
Yarm Back Lane	500					
Wynyard Expansion area	600					

Policy Layer 3: Community Infrastructure Levy

9.13 The final policy layer that will have a cost implication on developments will be the potential for CIL to be introduced as a way for funding strategic infrastructure requirements across Stockton-on-Tees.

9.14 All sites tested in the can afford to pay CIL with affordable housing requirements at 15%. We therefore propose as a balance of affordable housing and CIL that the testing be undertaken at 15% affordable housing.

9.15 Table 9.3 shows the outputs of the analysis showing the maximum possible levels of CIL that could be achieved on the strategic sites.

9.16 As with the archetype testing undertaken in the previous section, the level at which a proposed CIL rate could be charged will be discussed in an accompanying report.

Table 9.3 Policy Level 3

		S106 + 15% affordable	Potential CIL charge																			
			£0	*£5*	*£10*	*£15*	*£20*	*£25*	*£35*	*£35*	*£40*	*£45*	*£50*	*£55*	*£60*	*£65*	*£70*	*£75*	*£80*	*£85*	*£90*	*£100*
Strategic sites																						
Harrowgate Lane	2000																					
Yarm Back Lane	500																					
Wynyard Expansion area	600																					

10 NON-RESIDENTIAL VIABILITIES

Introduction

10.1 In this chapter we discuss the main non-residential uses likely to emerge through the Local Plan.

10.2 Detailed appraisals are at Appendix D.

Office viability

10.3 The market in Stockton-on-Tees is focused on demand from small businesses reflecting the wider structure of the local economy. Given the muted levels of demand and difficulties in securing bank finance, there is no market appetite for such speculative development.

10.4 In the current climate development is generally not viable. We do not expect that this situation will alter for the foreseeable future.

Industrial and warehousing viability

10.5 We understand that the industrial market in Stockton is currently very quiet. Comparables are scarce, and there is little evidence of new build accommodation being brought forward in the current market.

10.6 Typically speculative development is unable to achieve a sensible threshold land value, and so is generally not viable in Stockton.

Retail

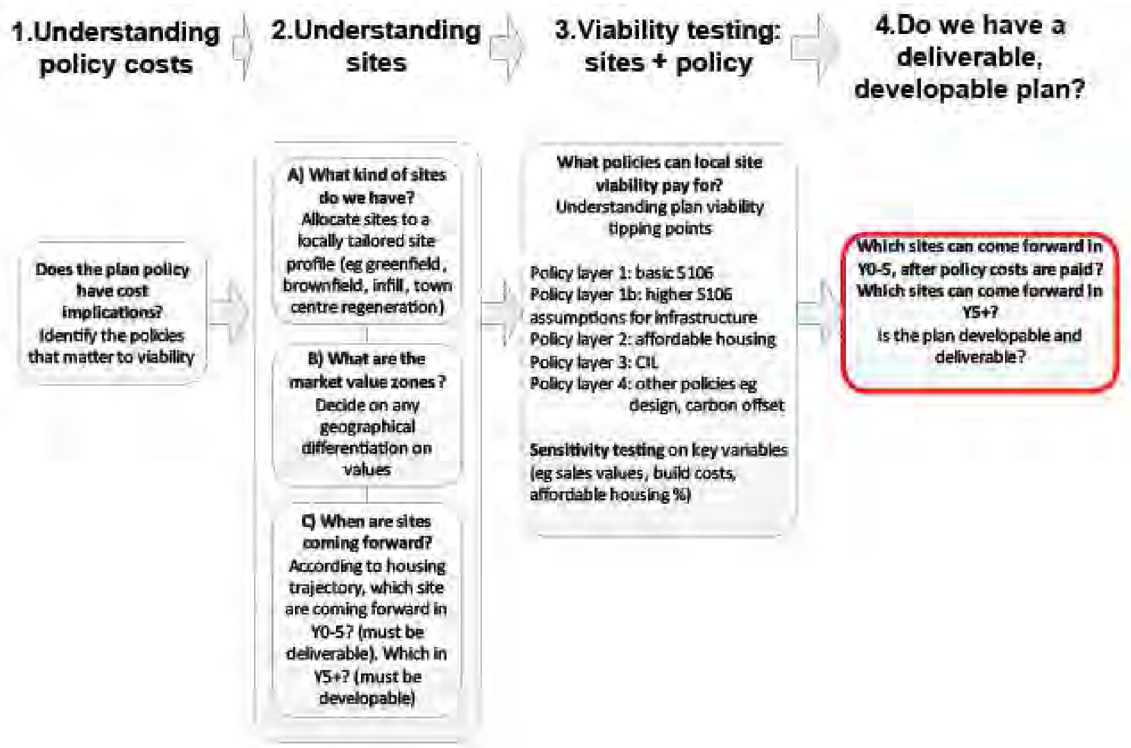
10.7 Research undertaken for CIL suggests that convenience retail is viable, whilst comparison retail is not. For more detail please refer to the CIL Viability Report, which is provided under separate cover.

11 CONCLUSION

Introduction

11.1 At this point in the process we aim to summarise our findings in the previous sections of the report and answer the central question that is – whether the emerging plan is both 'deliverable' and 'developable'.

Figure 11.1 Process Flow Stage 4



Residential Site Viabilities in the First 5 Years

11.2 Our analysis suggests that the site typologies that would be anticipated in the first 5 years of the plan, as well as the three strategic sites, are generally deliverable. This analysis is based on current values, costs and policy charges as tested.

11.3 Sites in the lower value area are generally viable without a basic S106 policy cost tested against them, however become unviable when affordable housing contributions are introduced.

11.4 Our findings suggest that the small and medium sized greenfield sites fall into the margins of viability. This should not however be of concern as it is unlikely that greenfield sites will come forward in the lower value area. It is characterised by previously developed sites, therefore the brownfield assumptions should be considered as likely site typologies.

11.5 The higher value area on the other hand can accommodate a basic S106 cost, affordable housing up to 20% (although further testing has been undertaken at 15%

as previously stated) as well as a potential CIL levy. The level of the maximum CIL rate varies with site typologies, the level at which CIL should be set will be discussed under a separate cover.

11.6 Table 11.1 outlines the findings of our assessments, including the maximum potential level of CIL before a buffer is introduced. The table provides a comprehensive summary of both the archetype sites that have been tested along with the strategic sites.

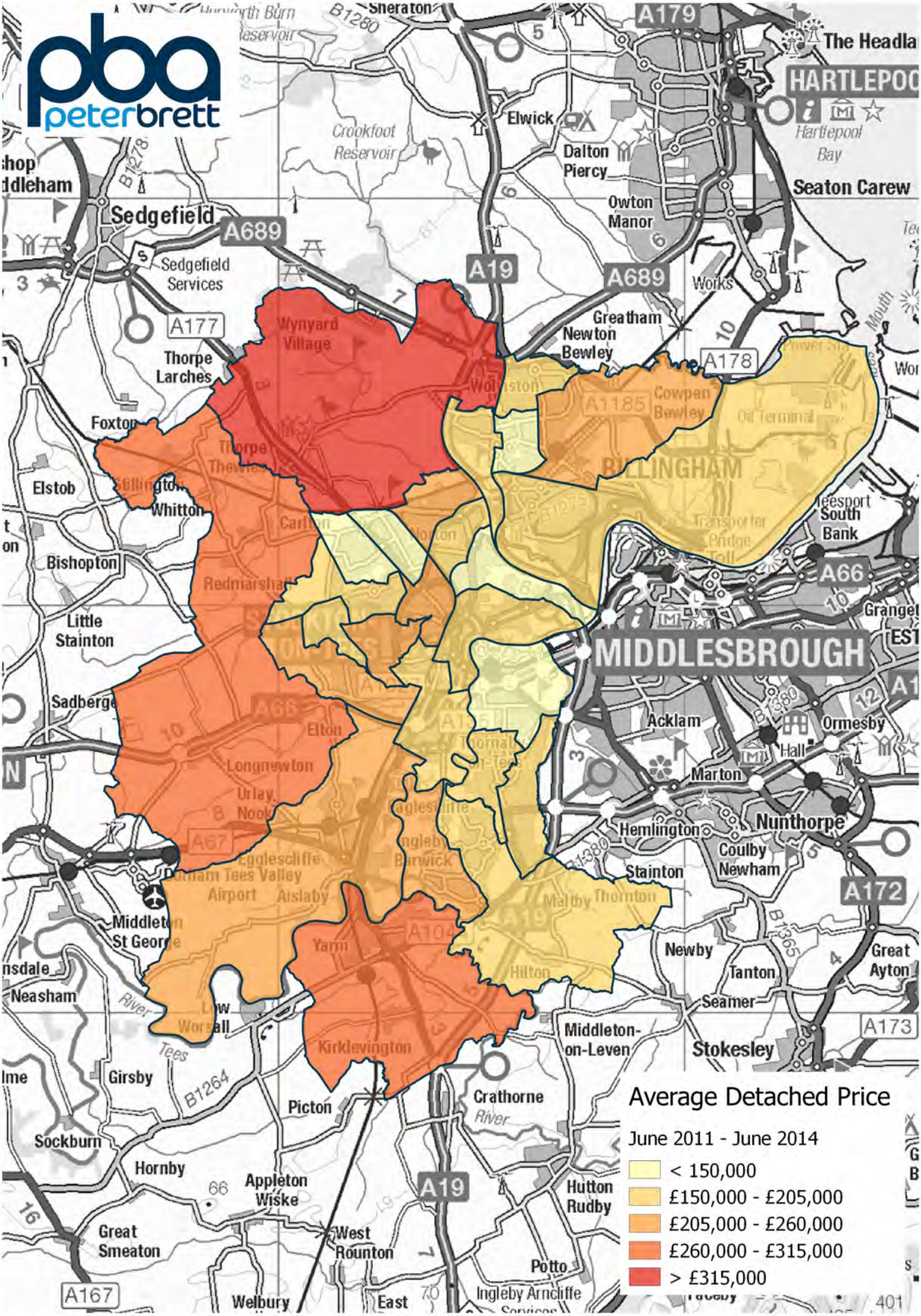
11.7 There may be exceptions to the findings shown in this generalised picture as sites are rarely the same and will have site specific costs and abnormals that cannot be factored directly into the modelling. At sites with unusually high infrastructure requirements there may be a need to negotiate the appropriate balance with S106 costs and the provision of affordable housing.

11.8 For the process of the modelling, we are assuming that the majority of infrastructure delivery will be dealt with through CIL and any basic S106 costs that have been tested cover only site specific issues to make the development acceptable in planning terms. This assumption may need to be revisited depending on the position taken with CIL.

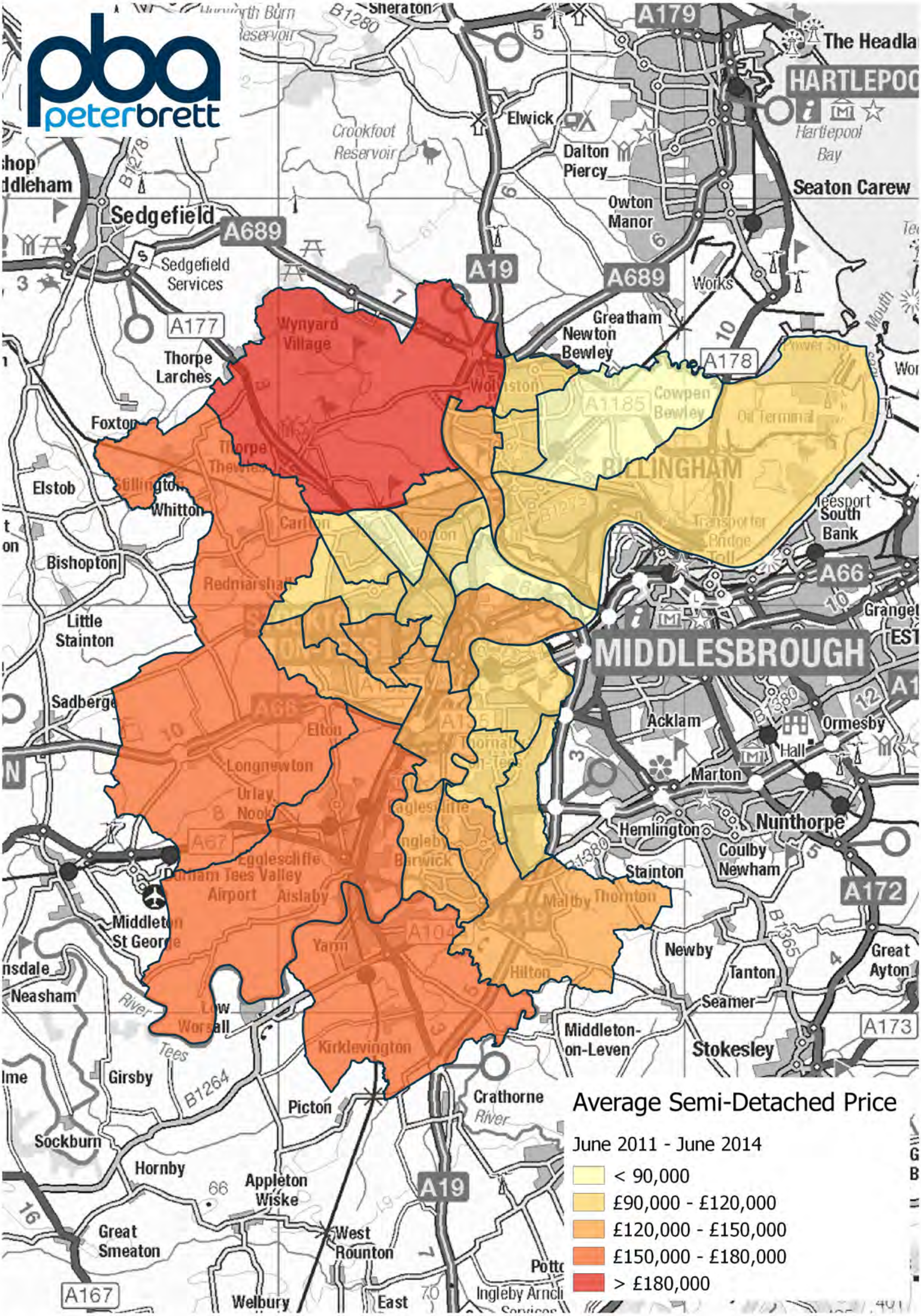
Table 11.1 Site Viabilities Including S106, Affordable Housing and CIL

		S106 + 15% affordable	*Potential CIL charge*																		
			£0	*£5*	*£10*	*£15*	*£20*	*£25*	*£35*	*£35*	*£40*	*£45*	*£50*	*£55*	*£60*	*£65*	*£70*	*£75*	*£80*	*£85*	*£90*	*£100*
Higher Value	**Units**																					
Greenfield - Large	100																					
Greenfield - Medium	25																					
Greenfield - Small	5																					
Brownfield - Large	100																					
Brownfield - Medium	25																					
Brownfield - Small	5																					
Lower Value																						
Greenfield - Large	100																					
Greenfield - Medium	25																					
Greenfield - Small	5																					
Brownfield - Large	100																					
Brownfield - Medium	25																					
Brownfield - Small	5																					
Strategic sites																						
Harrowgate Lane	2000																					
Yarm Back Lane	500																					
Wynyard Expansion area	600																					

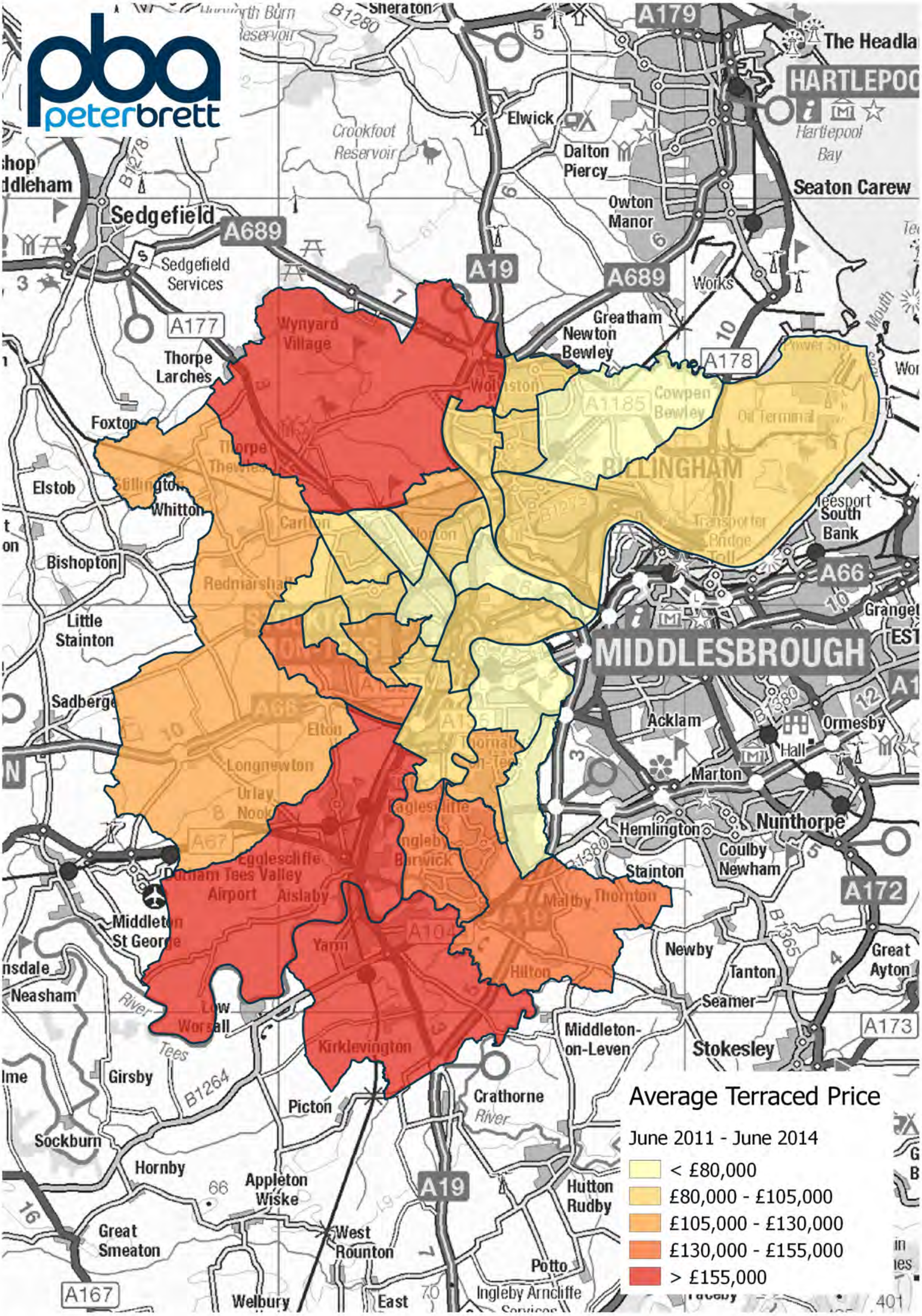
APPENDIX A SALES VALUE HEAT MAPPING

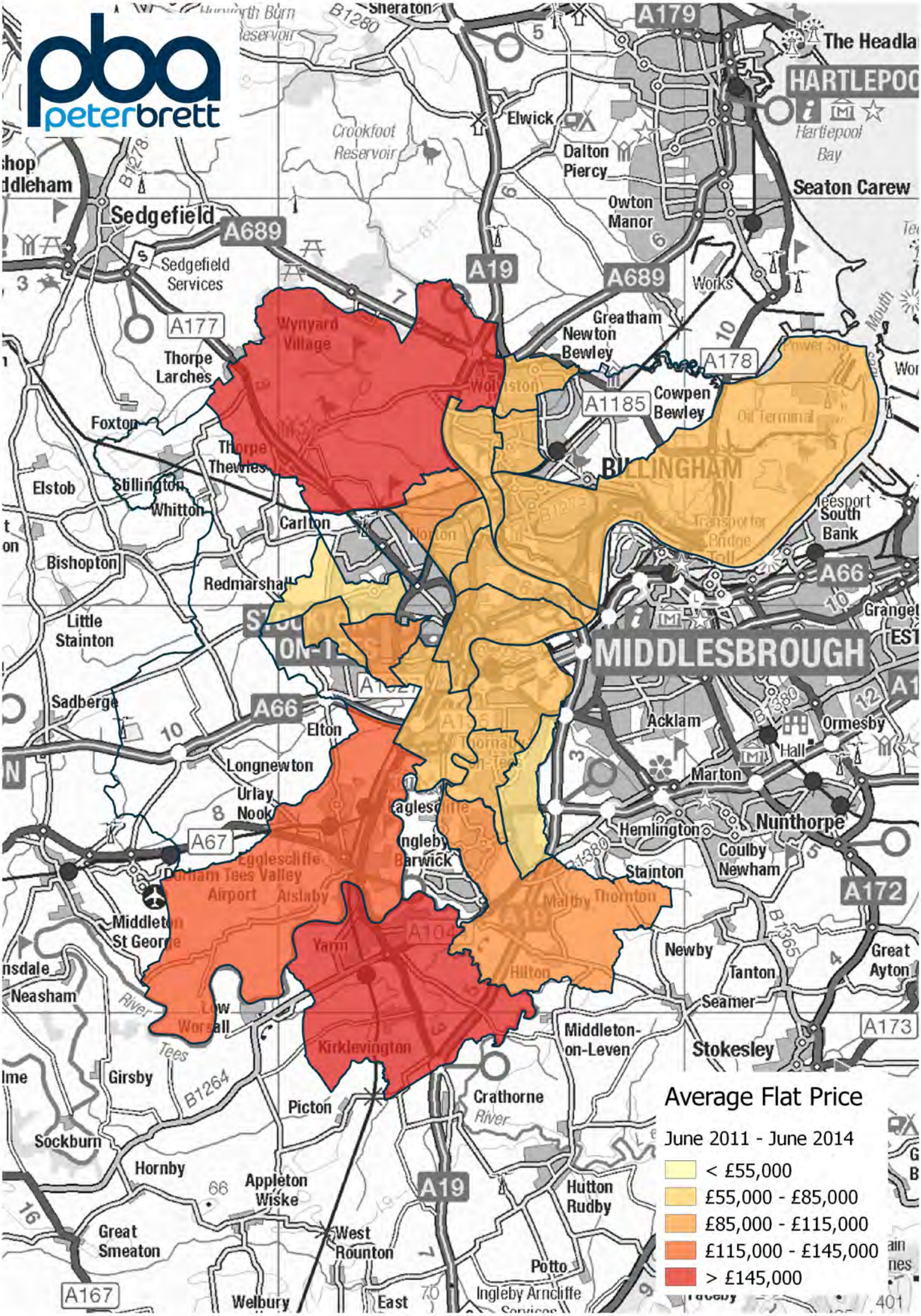


Average Detached Price
June 2011 - June 2014
< 150,000
£150,000 - £205,000
£205,000 - £260,000
£260,000 - £315,000
> £315,000
Wynyard Village
Billingham
Middlesbrough
Yarm
Kirklevington
Eaglescliffe
Durham Tees Valley Airport
Ingleby Barwick
Thornaby on-Tees
Maltby
Thornton
Hilton
Longnewton
Elton
Redmarshall
Carlton
Thorpe Thewles
Stillington
Whitton
Wolviston
Cowpen Bewley
Sedgefield
Hartlepool
Seaton Carew
Stokesley
Middleton-on-Leven



Average Semi-Detached Price
June 2011 - June 2014
< 90,000
£90,000 - £120,000
£120,000 - £150,000
£150,000 - £180,000
> £180,000
MIDDLESBROUGH
HARTLEPOOL
BILLINGHAM
Sedgefield
Wynyard Village
Yarm
Kirklevington
Stokesley


pba
peterbrett
Average Terraced Price
June 2011 - June 2014
< £80,000
£80,000 - £105,000
£105,000 - £130,000
£130,000 - £155,000
> £155,000
MIDDLESBROUGH
HARTLEPOOL
Sedgefield
Sedgefield Services
Seaton Carew
Elwick
Dalton Piercy
Owton Manor
Greatham
Newton Bewley
Wynyard Village
Wolviston
Cowpen Bewley
BILLINGHAM
Thorpe Larches
Foxton
Thorpe Thewles
Stillington
Whitton
Carlton
Elstob
Bishopton
Redmarshall
Little Stainton
Sadberge
Elton
Longnewton
Urlay Nook
Egglescliffe
Durham Tees Valley Airport
Aislaby
Eaglescliffe
Ingleby Barwick
Yarm
Maltby
Thornton
Hilton
Low Worsall
Kirklevington
Middleton St George
Neasham
Girsby
Sockburn
Hornby
Great Smeaton
Appleton Wiske
Picton
West Rounton
Welbury
East
Crathorne
Potto
Hutton Rudby
Middleton-on-Leven
Stokesley
Seamer
Tanton
Newby
Great Ayton
Stainton
Coulby Newham
Hemlington
Marton
Nunthorpe
Ormesby
Acklam
Transporter Bridge
Teesport
South Bank
Oil Terminal
Works
Crookfoot Reservoir
Hurworth Burn Reservoir
Sheraton
The Headland
Hartlepool Bay


Average Flat Price
June 2011 - June 2014
< £55,000
£55,000 - £85,000
£85,000 - £115,000
£115,000 - £145,000
> £145,000

APPENDIX B THRESHOLD AND RESIDENTIAL LAND VALUES

Determining the threshold land value

What is the 'threshold land value'?

In order to test viability in planning an appropriate threshold land value (also referred to as threshold land value) is needed.

As stated in the Harman report a threshold land value is 'the value at which a typically willing landowner is likely to release land for development.'

The threshold land value is important in our calculations of developer contribution. The difference between the threshold land value and the residual land value represents the amount of money available for CIL or S106 contributions (including affordable housing).

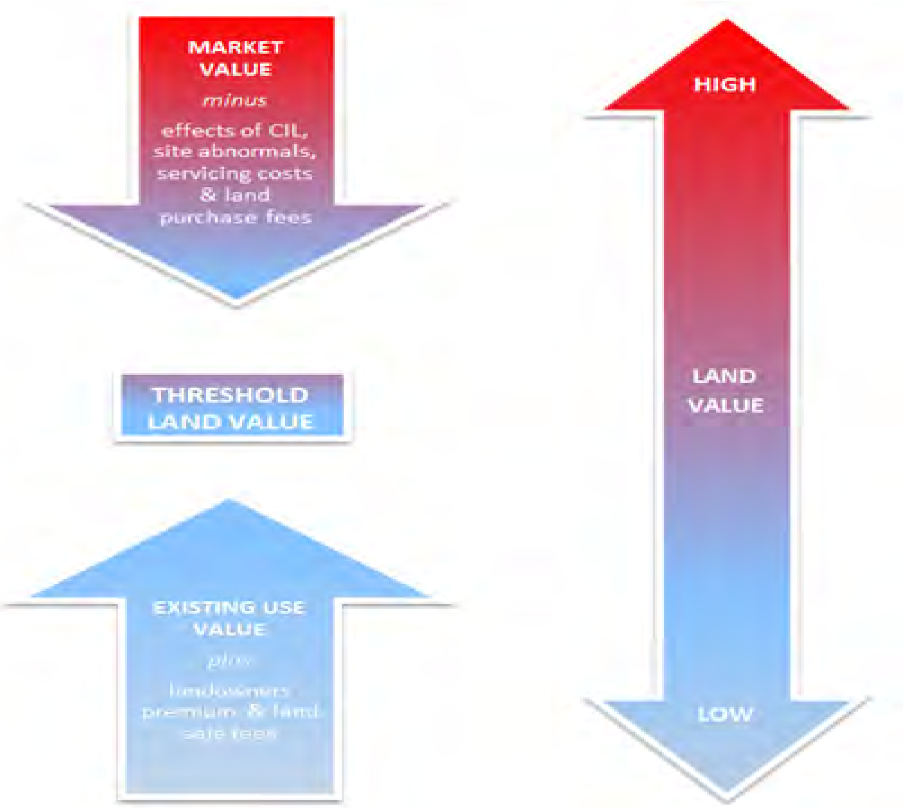
Ways of estimating a threshold land value

How is threshold land value calculated?

Broadly speaking there are two different approaches to arrive at an appropriate threshold land value:

1. Assessing the uplift from an existing or known alternative use value.
2. Assessing the discount from the market value of a site, adjusted to allow for the costs of planning policy.

Estimating a threshold land value



The two approaches start from different bases, but should theoretically produce a similar figure.

Existing and alternative use value uplift

To derive an appropriate threshold land value from the existing use value it is necessary to work upwards in value. Harman and the RICS acknowledge that in order for development to come forward over the existing use a 'competitive return' (also referred to as a premium) is necessary.

There is no set rule as to how much of a premium should be applied on top of the existing use value. We can sensibly expect that a minimum uplift in value would be required in order to allow the seller to pay stamp duty, sales fees, legal costs and disruption. But that bare minimum is usually not an incentive to persuade a landowner to sell.

Beyond that bare minimum, an incentive (referred to as a 'premium') is required to encourage the landowner to sell. It is difficult to say what premium a seller would require in order to sell the land. This is because there are inevitable differences in each deal. For example, the motivations of the parties involved in the transaction may vary, as might perceptions of future market prospects. Some landowners (say family trusts, or Oxbridge Colleges) take a very long-term view of land holdings, and can only be persuaded to sell at a high price. We cannot know these individual circumstances, so Harman stipulates that an appropriate premium should be determined by local precedent (another way of saying market value).

In some instances an alternative use may be considered over residential development, i.e. employment, retail etc. Assuming that the alternative use is realistic, then it may be prudent to consider land values for this alternative use, in addition to its existing use. This may give a more accurate view of the threshold land value, because a rational landowner will always seek to maximise site value.

Market value discount

To derive an appropriate threshold land value from the market value it is necessary to work downwards in value. Market value is based on transactional evidence. It is the value at which sites are being bought and sold at, and represents the value at which land can be delivered with the knowledge of current planning policy. It benefits from being based on comparable market evidence.

However, the threshold land value cannot be straightforwardly derived from current market values. The market value should be adjusted to allow for any future changes in planning policy. Furthermore, it may also be necessary to reduce the market value to allow for risk in obtaining planning permission, dependent upon comparable evidence. There is no set rule for the amount of discount that should be applied to the market value of a site.

Which method of estimating the threshold land value does this study use?

We rely on both approaches. We examine a wide range of comparables, looking at residential development site values whilst taking into consideration existing uses. This is to ensure that the threshold land value used in whole plan viability and CIL studies is as accurate as possible. Given the complexities of development across a whole plan area, and limited nature of publically available transactional data, we have based this assessment on appropriate available evidence for a strategic assessment of this nature.

From our recent work we would highlight several key issues in assessing the threshold land value, as follows.

- It is important to stress that there is no single threshold land value at which land will come forward for development. Much depends on the land owner and their need to sell or wait in the hope that land values might improve and on the condition and location of the site.

- All sites vary in terms of the degree to which they are serviced or free of abnormal development conditions. Such associated costs vary considerably from site to site and it is difficult to adopt a generic figure with any degree of accuracy. Our starting point is to assume that the value of sites (when calculating the threshold level) relates to a full serviced development plot. In real terms, abnormal development costs or site servicing costs will be met by developers when the land is purchased. Careful analysis of transactions is required to assess the split between abnormal development and servicing costs (as a discount from the market value) from the premium sought by the land owner above the existing use value.

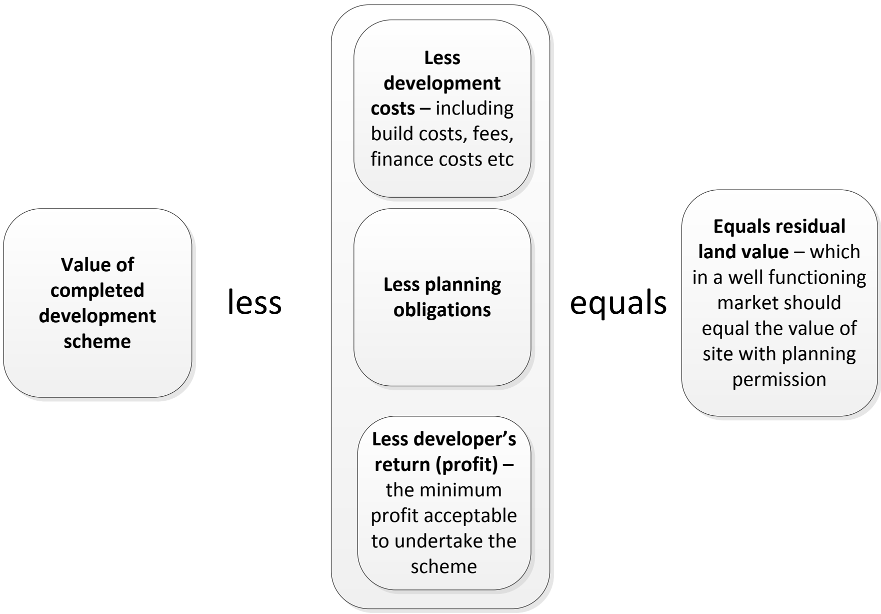
- The land transaction market is not transparent. Very little data is in the public domain and the subjective influences behind the deal are usually not available. We therefore place a strong emphasis on consultation with both landowners and developers to get an accurate picture as possible as to what the threshold value might be.

Ways of estimating the residual land value

Our viability assessments are based on development appraisals of hypothetical schemes, using the residual valuation method. This approach is in line with accepted practice and as recommended by RICS guidance[1] and the Harman report[2]. Residual valuation is applied to different land uses and where relevant to different parts of the area, aiming to show typical values for each. It is based on the following formula:

> **Value of completed development scheme**
> ***Less* development costs** - including build costs, fees, finance costs etc
> ***Less* developer's return (profit)** – the minimum profit acceptable in the market to undertake the scheme
> ***Less* policy costs** – building in (for example) Section 106 costs and other policy requirements
>
> ***Equals* residual land value**
> – which in a well-functioning market should equal the value of the site with planning permission

Figure **Error! No text of specified style in document.**.1 Residential value calculation



For each of the development categories tested, we use this formula to estimate typical residual land values, which is what the site should be worth once it has full planning permission. The residual value calculation

[1] RICS (2012), *Financial Viability in Planning, RICS First Edition Guidance Note*
[2] Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans*

requires a wide range of inputs, or assumptions, including the costs of development, the required developer's return.

The arithmetic of residual appraisal is straightforward. However, the inputs to the calculation are hard to determine for a specific site (as demonstrated by the complexity of many S106 negotiations). Therefore our viability assessments are necessarily broad approximations, subject to a margin of uncertainty.

Bringing together the threshold land value and the residual land value to estimate developer contributions

Having estimated the residual value, we compare this residual value with the 'benchmark land value' or 'land cost', which is the minimum land value the landowner will accept to release his or her land for the development specified.

If the residual land value shown by the appraisals is below the benchmark value, the development is not financially viable, even without CIL or S106. That means that unless the circumstances change it will not happen.

If the residual value and the benchmark values are equal, the development is just viable, but there is surplus value available for CIL or S106.

If the residual land value shown by the appraisals is above the benchmark value, the development is viable. The excess of residual over benchmark value measures the maximum amount that may be potentially captured by CIL or S106.

APPENDIX C VIABILITY TESTING ASSUMPTIONS

Assumption		Amount
Build Cost	per sq. m.	£871
Brownfield Demolition Costs	per ha.	£200,000
External Works	greenfield brownfield	15% 10%
Professional Fees	of build cost	8%
Contingency	of build cost	5%
Profit	market units affordable units	20% 6%
Finance rate		7%
High Value Area Land Values	per ha.	greenfield large: £500,000 greenfield medium: £850,000 greenfield small: £1,000,000 brownfield large: £650,000 brownfield medium: £700,000 brownfield small : £750,000
Low Value Area Land Values	per ha.	greenfield large: £500,000 greenfield medium: £537,500 greenfield small: £575,000 brownfield large: £375,000 brownfield medium: £400,000 brownfield small : £425,000
Sales Value	per sq. m.	Low Value area: £1,725 High Value area: £2,100
Cost of sales	Legals (per unit) Agents fee (% of value) Marketing (per unit)	£500 1.25% £1,000

APPENDIX D VIABILITY MODELLING

Greenfield - Large	100 units	Higher Value				
ITEM						
Net Site Area	2.86	£759,924 per ha				
		Private	Affordable			
No. of units	100.00	75.00	25.00			
1.0	**Development Value**					
1.1	**Private Units**	**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	XXX	0.00	0	0	£0	£0
	Houses –	75.00	90	6,750	£2,100	£14,175,000
		75.00		6750		
1.2	**Affordable units**	**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Houses –	25.00	68	1,701	£820	£1,394,803
		25.00		1701		
		100.00		**8451**		**£15,569,803**
2.0	**Development Cost**					
2.1	**Site Acquisition**					
2.1.1	Site Value					£2,303,674
			Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
						£2,171,213
2.2	**Build Costs**					
2.2.1	**Private units**	**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
	XXX	0.00	0	0	£0	£0.00
	Houses –	75.00	90	6,750	£871	£5,876,400.00
		75.00		6750		
2.2.2	**Affordable units**	**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
	Houses –	25.00	68	1,701	£871	£1,481,070.44
		25.00		1701		
		100.00		**8451**		**£7,357,470**
2.3	**Construction Costs**					
2.3.1	Plot external costs		15%	of build cost		£1,103,620.57
2.3.2	Site remediation		£0	per ha		£0
2.3.3	Flood risk		0%	of build cost		£0.00
						£1,103,621
2.4	**Professional Fees**					
2.4.1	as percentage of build costs		8%			£676,887
						£676,887
2.5	**Contingency**					
2.5.1	Based upon percentage of construction costs		5%			£367,874
						£367,874
2.6	**Developer contributions**					
2.6.1	Policy cost 1		£0	per sq m GIA		£0
2.6.2	Section 106/278		£500	per unit		£50,000
						£50,000
2.7	**Sale cost**					
2.7.1	Legals -		£500	per unit		£50,000
2.7.2	Sales agents fee -		1.25%	of GDV of private		£177,187.50
2.7.3	Marketing cost -		£1,000	per unit		£75,000
						£302,188
	TOTAL DEVELOPMENT COSTS					**£12,161,713**
3.0	**Developers' Profit**					
			Rate			
3.1	Market housing Based upon percentage of revenue		20%			£2,835,000
3.2	Affordable housing based upon percentage of revenue		6%			£83,688.16
						£2,918,688
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]					**£15,080,402**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]					£489,401
4.00	**Finance Costs**		APR		PCM	
			7.00%		0.565%	-£489,401
	TOTAL PROJECT COSTS [INCLUDING INTEREST]					**£15,569,803**

This appraisal has been prepared by Peter Brett Associates on behalf of Stockton-on-Tees Borough Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Stockton-on-Tees Borough Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards January 2014) valuation and should not be relied upon as such.

Greenfield - Medium	25 units	Higher Value				
ITEM						
Net Site Area	0.71	£768,522 per ha				
		Private	Affordable			
No. of units	25.00	18.75	6.25			

1.0	**Development Value**						
1.1	**Private Units**	**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	XXX	0.00	0	0	£0	£0
	Houses –	18.75	90	1,688	£2,100	£3,543,750
		18.75		1688		
1.2	**Affordable units**	**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Houses –	6.25	68	425	£820	£348,701
		6.25		425		
		25.00		**2113**		**£3,892,451**
2.0	**Development Cost**					
2.1	**Site Acquisition**					
2.1.1	Site Value					£582,434
		Less Purchaser Costs (SDLT, agents fee and legals)				5.75%
						£548,944
2.2	**Build Costs**					
2.2.1	**Private units**	**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
	XXX	0.00	0	0	£0	£0.00
	Houses –	18.75	90	1,688	£871	£1,469,100.00
		18.75		1688		
2.2.2	**Affordable units**	**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
	Houses –	6.25	68	425	£871	£370,267.61
		6.25		425		
		25.00		**2113**		**£1,839,368**
2.3	**Construction Costs**					
2.3.1	Plot external costs		15%	of build cost		£275,905
2.3.2	Site remediation		£0	per ha		£0
2.3.3	Flood risk		0%	of build cost		£0
						£275,905
2.4	**Professional Fees**					
2.4.1	as percentage of build costs		8%			£169,222
						£169,222
2.5	**Contingency**					
2.5.1	Based upon percentage of construction costs		5%			£91,968
						£91,968
2.6	**Developer contributions**					
2.6.1	Policy cost 1		£0	per sq m GIA		£0
2.6.2	Section 106/278		£500	per unit		£12,500
						£12,500
2.7	**Sale cost**					
2.7.1	Legals -		£500	per unit		£12,500
2.7.2	Sales agents fee -		1.25%	of GDV of private		£44,296.88
2.7.3	Marketing cost -		£1,000	per unit		£18,750
						£75,547
	TOTAL DEVELOPMENT COSTS					**£3,046,944**
3.0	**Developers' Profit**		Rate			
3.1	Market housing Based upon percentage of revenue		20%			£708,750.00
3.2	Affordable housing based upon percentage of revenue		6%			£20,922.04
						£729,672
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]					**£3,776,616**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]					£115,835
4.00	**Finance Costs**		APR 7.00%		PCM 0.565%	-£115,835
	TOTAL PROJECT COSTS [INCLUDING INTEREST]					**£3,892,451**

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Greenfield - Small	5 units	Higher Value

ITEM

Net Site Area	0.14	£1,349,561	per ha
		Private	Affordable
No. of units	5.00	5.00	0.00

			No. of units	Size sq.m	Total sq.m	£psm	Total Value
1.0	Development Value						
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
		XXX	0.00	0	0	£0	£0
		Houses –	5.00	90	450	£2,100	£945,000
			5.00		450		
1.2	Affordable units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
		Houses –	0.00	68	0	£820	£0
			0.00		0		
			5.00		**450**		**£945,000**

2.0	Development Cost						
2.1	Site Acquisition						
2.1.1	Site Value						£198,246
		Less Purchaser Costs (SDLT, agents fee and legals)					2.75%
							£192,794
2.2	Build Costs						
2.2.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
		XXX	0.00	0	0	£0	£0.00
		Houses –	5.00	90	450	£871	£391,760.00
			5.00		450		
2.2.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
		Houses –	0.00	68	0	£871	£0.00
			0.00		0		
			5.00		**450**		**£391,760**

2.3	Construction Costs			
2.3.1	Plot external costs	15%	of build cost	£58,764
2.3.2	Site remediation	£0	per ha	£0
2.3.3	Flood risk	0%	of build cost	£0
				£58,764
2.4	Professional Fees			
2.4.1	as percentage of build costs	8%		£36,042
				£36,042
2.5	Contingency			
2.5.1	Based upon percentage of construction costs	5%		£19,588
				£19,588
2.6	Developer contributions			
2.6.1	Policy cost 1	£0	per sq m GIA	£0
2.6.2	Section 106/278	£500	per unit	£2,500
				£2,500
2.7	Sale cost			
2.7.1	Legals -	£500	per unit	£2,500
2.7.2	Sales agents fee -	1.25%	of GDV of private	£11,813
2.7.3	Marketing cost -	£1,000	per unit	£5,000
				£19,313
	TOTAL DEVELOPMENT COSTS			**£726,213**
3.0	Developers' Profit			
		Rate		
3.1	Market housing Based upon percentage of revenue	20%		£189,000
3.2	Affordable housing based upon percentage of revenue	6%		£0.00
				£189,000
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]			**£915,213**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]			£29,787
4.00	Finance Costs	APR	PCM	
		7.00%	0.565%	-£29,787
	TOTAL PROJECT COSTS [INCLUDING INTEREST]			**£945,000**

Brownfield - Large	100 units	Higher Value

ITEM

Net Site Area	2.86		£688,979	per ha
		Private	Affordable	
No. of units	100.00	75.00	25.00	

			No. of units	Size sq.m	Total sq.m	£psm / Cost per sq.m	Total
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		XXX	0.00	0	0	£0	£0
		Houses –	75.00	90	6,750	£2,100	£14,175,000
			75.00		6750		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Houses –	25.00	68	1,701	£820	£1,394,803
			25.00		1701		
			100.00		**8451**		**£15,569,803**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£2,088,607
				Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
							£1,968,512
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		XXX	0.00	0	0	£0	£0.00
		Houses –	75.00	90	6,750	£871	£5,876,400.00
			75.00		6750		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Houses –	25.00	68	1,701	£871	£1,481,070.44
			25.00		1701		
			100.00		**8451**		**£7,357,470**

		Rate			Total
2.3	**Construction Costs**				
2.3.1	Plot external costs	10%	of build cost		£735,747
2.3.2	Site remediation	£200,000	per ha		£571,429
2.3.3	Flood risk	0%	of build cost		£0
					£1,307,176
2.4	**Professional Fees**				
2.4.1	as percentage of build costs	8%			£647,457
					£647,457
2.5	**Contingency**				
2.5.1	Based upon percentage of construction costs	5%			£367,874
					£367,874
2.6	**Developer contributions**				
2.6.1	Policy cost 1	£0	per sq m GIA		£0
2.6.2	Section 106/278	£500	per unit		£50,000
					£50,000
2.7	**Sale cost**				
2.7.1	Legals -	£500	per unit		£50,000
2.7.2	Sales agents fee -	1.25%	of GDV of private		£177,188
2.7.3	Marketing cost -	£1,000	per unit		£75,000
					£302,188
	TOTAL DEVELOPMENT COSTS				**£12,120,772**
3.0	**Developers' Profit**				
		Rate			
3.1	Market housing Based upon percentage of revenue	20%			£2,835,000.00
3.2	Affordable housing based upon percentage of revenue	6%			£83,688.16
					£2,918,688
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]				**£15,039,460**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]				£530,343
4.00	**Finance Costs**	APR		PCM	
		7.00%		0.565%	-£530,343
	TOTAL PROJECT COSTS [INCLUDING INTEREST]				**£15,569,803**

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Brownfield - Medium	25 units	Higher Value				
ITEM						
Net Site Area	0.71	£707,077 per ha				
	Private	Affordable				
No. of units	25.00	18.75	6.25			

Ref	Item	Detail	No. of units	Size sq.m	Total sq.m	£psm	Total Value
1.0	Development Value						
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
		XXX	0.00	0	0	£0	£0
		Houses –	18.75	90	1,688	£2,100	£3,543,750
			18.75		1688		
1.2	Affordable units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
		Houses –	6.25	68	425	£820	£348,701
			6.25		425		
			25.00		**2113**		**£3,892,451**
2.0	Development Cost						
2.1	Site Acquisition						
2.1.1	Site Value						£535,868
				Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
							£505,055
2.2	Build Costs						
2.2.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
		XXX	0.00	0	0	£0	£0.00
		Houses –	18.75	90	1,688	£871	£1,469,100.00
			18.75		1688		
2.2.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
		Houses –	6.25	68	425	£871	£370,267.61
			6.25		425		
			25.00		**2113**		**£1,839,368**
2.3	Construction Costs						
2.3.1	Plot external costs			10%	of build cost		£183,937
2.3.2	Site remediation			£200,000	per ha		£142,857
2.3.3	Flood risk			0%	of build cost		£0
							£326,794
2.4	Professional Fees						
2.4.1	as percentage of build costs			8%			£161,864
							£161,864
2.5	Contingency						
2.5.1	Based upon percentage of construction costs			5%			£91,968
							£91,968
2.6	Developer contributions						
2.6.1	Policy cost 1			£0	per sq m GIA		£0
2.6.2	Section 106/278			£500	per unit		£12,500
							£12,500
2.7	Sale cost						
2.7.1	Legals -			£500	per unit		£12,500
2.7.2	Sales agents fee -			1.25%	of GDV of private		£44,297
2.7.3	Marketing cost -			£1,000	per unit		£18,750
							£75,547
	TOTAL DEVELOPMENT COSTS						**£3,043,909**
3.0	Developers' Profit			Rate			
3.1	Market housing Based upon percentage of revenue			20%			£708,750.00
3.2	Affordable housing based upon percentage of revenue			6%			£20,922.04
							£729,672
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£3,773,581**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£118,870
4.00	Finance Costs			APR 7.00%		PCM 0.565%	-£118,870
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£3,892,451**

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Brownfield - Small	5 units	Higher Value				
ITEM						
Net Site Area	0.14	£1,306,242 per ha				
		Private	Affordable			
No. of units	5.00	5.00	0.00			

1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		XXX	0.00	0	0	£0	£0
		Houses –	5.00	90	450	£2,100	£945,000
			5.00		450		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Houses –	0.00	68	0	£820	£0
			0.00		0		
			5.00		**450**		**£945,000**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£191,883
				Less Purchaser Costs (SDLT, agents fee and legals)			2.75%
							£186,606
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		XXX	0.00	0	0	£0	£0.00
		Houses –	5.00	90	450	£871	£391,760.00
			5.00		450		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Houses –	0.00	68	0	£871	£0.00
			0.00		0		
			5.00		**450**		**£391,760**
2.3	**Construction Costs**						
2.3.1	Plot external costs			10%	of build cost		£39,176
2.3.2	Site remediation			£200,000	per ha		£28,571
2.3.3	Flood risk			0%	of build cost		£0
							£67,747
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£34,475
							£34,475
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£19,588
							£19,588
2.6	**Developer contributions**						
2.6.1	Policy cost 1			£0	per sq m GIA		£0
2.6.2	Section 106/278			£500	per unit		£2,500
							£2,500
2.7	**Sale cost**						
2.7.1	Legals -			£500	per unit		£2,500
2.7.2	Sales agents fee -			1.25%	of GDV of private		£11,813
2.7.3	Marketing cost -			£1,000	per unit		£5,000
							£19,313
	TOTAL DEVELOPMENT COSTS						**£727,266**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£189,000.00
3.2	Affordable housing based upon percentage of revenue			6%			£0.00
							£189,000
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£916,266**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£28,734
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£28,734
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£945,000**

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Greenfield - Large	100 units	Lower Value

ITEM

Net Site Area	2.86	**£122,667**	**per ha**
		Private	**Affordable**
No. of units	100.00	75.00	25.00

1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		XXX	0.00	0	0	£0	£0
		Houses –	75.00	90	6,750	£1,725	£11,643,750
			75.00		6750		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Houses –	25.00	68	1,701	£673	£1,145,731
			25.00		1701		
			100.00		**8451**		**£12,789,481**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£367,956
				Less Purchaser Costs (SDLT, agents fee and legals)			4.75%
							£350,478
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		XXX	0.00	0	0	£0	£0.00
		Houses –	75.00	90	6,750	£871	£5,876,400.00
			75.00		6750		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Houses –	25.00	68	1,701	£871	£1,481,070.44
			25.00		1701		
			100.00		**8451**		**£7,357,470**
2.3	**Construction Costs**						
2.3.1	Plot external costs			15%	of build cost		£1,103,620.57
2.3.2	Site remediation			£0	per ha		£0
2.3.3	Flood risk			0%	of build cost		£0.00
							£1,103,621
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£676,887
							£676,887
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£367,874
							£367,874
2.6	**Developer contributions**						
2.6.1	Policy cost 1			£0	per sq m GIA		£0
2.6.2	Section 106/278			£500	per unit		£50,000
							£50,000
2.7	**Sale cost**						
2.7.1	Legals -			£500	per unit		£50,000
2.7.2	Sales agents fee -			1.25%	of GDV of private		£145,546.88
2.7.3	Marketing cost -			£1,000	per unit		£75,000
							£270,547
	TOTAL DEVELOPMENT COSTS						**£10,194,354**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£2,328,750
3.2	Affordable housing based upon percentage of revenue			6%			£68,743.84
							£2,397,494
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£12,591,848**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£197,633
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£197,633
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£12,789,481**

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Greenfield - Medium **25 units** **Lower Value**

ITEM

Net Site Area	0.71		£91,470 per ha				
		Private	Affordable				
No. of units	25.00	18.75	6.25				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		XXX	0.00	0	0	£0	£0
		Houses –	18.75	90	1,688	£1,725	£2,910,938
			18.75		1688		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Houses –	6.25	68	425	£673	£286,433
			6.25		425		
			25.00		**2113**		**£3,197,370**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£66,499
				Less Purchaser Costs (SDLT, agents fee and legals)			1.75%
							£65,336
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		XXX	0.00	0	0	£0	£0.00
		Houses –	18.75	90	1,688	£871	£1,469,100.00
			18.75		1688		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Houses –	6.25	68	425	£871	£370,267.61
			6.25		425		
			25.00		**2113**		**£1,839,368**
2.3	**Construction Costs**						
2.3.1	Plot external costs			15%	of build cost		£275,905
2.3.2	Site remediation			£0	per ha		£0
2.3.3	Flood risk			0%	of build cost		£0
							£275,905
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£169,222
							£169,222
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£91,968
							£91,968
2.6	**Developer contributions**						
2.6.1	Policy cost 1			£0	per sq m GIA		£0
2.6.2	Section 106/278			£500	per unit		£12,500
							£12,500
2.7	**Sale cost**						
2.7.1	Legals -			£500	per unit		£12,500
2.7.2	Sales agents fee -			1.25%	of GDV of private		£36,386.72
2.7.3	Marketing cost -			£1,000	per unit		£18,750
							£67,637
	TOTAL DEVELOPMENT COSTS						**£2,523,099**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£582,187.50
3.2	Affordable housing based upon percentage of revenue			6%			£17,185.96
							£599,373
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£3,122,472**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£74,898
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£74,898
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£3,197,370**

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Greenfield - Small	5 units	Lower Value

ITEM

Net Site Area	0.14	**£510,745**	**per ha**
		Private	**Affordable**
No. of units	5.00	5.00	0.00

1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		XXX	0.00	0	0	£0	£0
		Houses –	5.00	90	450	£1,725	£776,250
			5.00		450		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Houses –	0.00	68	0	£673	£0
			0.00		0		
			5.00		**450**		**£776,250**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£74,263
				Less Purchaser Costs (SDLT, agents fee and legals)			1.75%
							£72,964
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		XXX	0.00	0	0	£0	£0.00
		Houses –	5.00	90	450	£871	£391,760.00
			5.00		450		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Houses –	0.00	68	0	£871	£0.00
			0.00		0		
			5.00		**450**		**£391,760**
2.3	**Construction Costs**						
2.3.1	Plot external costs			15%	of build cost		£58,764
2.3.2	Site remediation			£0	per ha		£0
2.3.3	Flood risk			0%	of build cost		£0
							£58,764
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£36,042
							£36,042
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£19,588
							£19,588
2.6	**Developer contributions**						
2.6.1	Policy cost 1			£0	per sq m GIA		£0
2.6.2	Section 106/278			£500	per unit		£2,500
							£2,500
2.7	**Sale cost**						
2.7.1	Legals -			£500	per unit		£2,500
2.7.2	Sales agents fee -			1.25%	of GDV of private		£9,703
2.7.3	Marketing cost -			£1,000	per unit		£5,000
							£17,203
	TOTAL DEVELOPMENT COSTS						**£600,120**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£155,250
3.2	Affordable housing based upon percentage of revenue			6%			£0.00
							£155,250
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£755,370**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£20,880
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£20,880
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£776,250**

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Brownfield - Large	100 units	Lower Value

ITEM

Net Site Area	2.86		£52,194	per ha
		Private	**Affordable**	
No. of units	100.00	75.00	25.00	

Item			No. of units	Size sq.m	Total sq.m	£psm	Total Value
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		XXX	0.00	0	0	£0	£0
		Houses –	75.00	90	6,750	£1,725	£11,643,750
			75.00		6750		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Houses –	25.00	68	1,701	£673	£1,145,731
			25.00		1701		
			100.00		**8451**		**£12,789,481**

Item				Value
2.0	**Development Cost**			
2.1	**Site Acquisition**			
2.1.1	Site Value			£153,343
		Less Purchaser Costs (SDLT, agents fee and legals)		2.75%
				£149,126

Item			No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		XXX	0.00	0	0	£0	£0.00
		Houses –	75.00	90	6,750	£871	£5,876,400.00
			75.00		6750		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Houses –	25.00	68	1,701	£871	£1,481,070.44
			25.00		1701		
			100.00		**8451**		**£7,357,470**

Item		Rate		Value
2.3	**Construction Costs**			
2.3.1	Plot external costs	10%	of build cost	£735,747
2.3.2	Site remediation	£200,000	per ha	£571,429
2.3.3	Flood risk	0%	of build cost	£0
				£1,307,176
2.4	**Professional Fees**			
2.4.1	as percentage of build costs	8%		£647,457
				£647,457
2.5	**Contingency**			
2.5.1	Based upon percentage of construction costs	5%		£367,874
				£367,874
2.6	**Developer contributions**			
2.6.1	Policy cost 1	£0	per sq m GIA	£0
2.6.2	Section 106/278	£500	per unit	£50,000
				£50,000
2.7	**Sale cost**			
2.7.1	Legals -	£500	per unit	£50,000
2.7.2	Sales agents fee -	1.25%	of GDV of private	£145,547
2.7.3	Marketing cost -	£1,000	per unit	£75,000
				£270,547
	TOTAL DEVELOPMENT COSTS			**£10,153,866**
3.0	**Developers' Profit**			
		Rate		
3.1	Market housing Based upon percentage of revenue	20%		£2,328,750.00
3.2	Affordable housing based upon percentage of revenue	6%		£68,743.84
				£2,397,494
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]			**£12,551,360**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]			£238,121
4.00	**Finance Costs**	APR	PCM	
		7.00%	0.565%	-£238,121
	TOTAL PROJECT COSTS [INCLUDING INTEREST]			**£12,789,481**

Brownfield - Medium	25 units	Lower Value					
ITEM							
Net Site Area	0.71	£27,418 per ha					
		Private	Affordable				
No. of units	25.00	18.75	6.25				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		XXX	0.00	0	0	£0	£0
		Houses –	18.75	90	1,688	£1,725	£2,910,938
			18.75		1688		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Houses –	6.25	68	425	£673	£286,433
			6.25		425		
			25.00		**2113**		**£3,197,370**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£19,933
				Less Purchaser Costs (SDLT, agents fee and legals)			1.75%
							£19,584
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		XXX	0.00	0	0	£0	£0.00
		Houses –	18.75	90	1,688	£871	£1,469,100.00
			18.75		1688		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Houses –	6.25	68	425	£871	£370,267.61
			6.25		425		
			25.00		**2113**		**£1,839,368**
2.3	**Construction Costs**						
2.3.1	Plot external costs			10%	of build cost		£183,937
2.3.2	Site remediation			£200,000	per ha		£142,857
2.3.3	Flood risk			0%	of build cost		£0
							£326,794
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£161,864
							£161,864
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£91,968
							£91,968
2.6	**Developer contributions**						
2.6.1	Policy cost 1			£0	per sq m GIA		£0
2.6.2	Section 106/278			£500	per unit		£12,500
							£12,500
2.7	**Sale cost**						
2.7.1	Legals -			£500	per unit		£12,500
2.7.2	Sales agents fee -			1.25%	of GDV of private		£36,387
2.7.3	Marketing cost -			£1,000	per unit		£18,750
							£67,637
	TOTAL DEVELOPMENT COSTS						**£2,520,064**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£582,187.50
3.2	Affordable housing based upon percentage of revenue			6%			£17,185.96
							£599,373
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£3,119,437**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£77,933
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£77,933
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£3,197,370**

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Brownfield - Small		5 units	Lower Value				
ITEM							
Net Site Area	0.14		£465,051 per ha				
		Private	Affordable				
No. of units	5.00	5.00	0.00				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		XXX	0.00	0	0	£0	£0
		Houses –	5.00	90	450	£1,725	£776,250
			5.00		450		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Houses –	0.00	68	0	£673	£0
			0.00		0		
			5.00		**450**		**£776,250**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£67,619
				Less Purchaser Costs (SDLT, agents fee and legals)			1.75%
							£66,436
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		XXX	0.00	0	0	£0	£0.00
		Houses –	5.00	90	450	£871	£391,760.00
			5.00		450		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Houses –	0.00	68	0	£871	£0.00
			0.00		0		
			5.00		**450**		**£391,760**
2.3	**Construction Costs**						
2.3.1	Plot external costs			10%	of build cost		£39,176
2.3.2	Site remediation			£200,000	per ha		£28,571
2.3.3	Flood risk			0%	of build cost		£0
							£67,747
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£34,475
							£34,475
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£19,588
							£19,588
2.6	**Developer contributions**						
2.6.1	Policy cost 1			£0	per sq m GIA		£0
2.6.2	Section 106/278			£500	per unit		£2,500
							£2,500
2.7	**Sale cost**						
2.7.1	Legals -			£500	per unit		£2,500
2.7.2	Sales agents fee -			1.25%	of GDV of private		£9,703
2.7.3	Marketing cost -			£1,000	per unit		£5,000
							£17,203
	TOTAL DEVELOPMENT COSTS						**£600,893**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£155,250.00
3.2	Affordable housing based upon percentage of revenue			6%			£0.00
							£155,250
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£756,143**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£20,107
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£20,107
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£776,250**

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