

Viability Whole Plan Testing Draft Final Report



Dr Andrew Golland, BSc (Hons), PhD, MRICS



drajg@btopenworld.com

December 2017

1. Chapters	Page
Chapter 1 Introduction	3
Chapter 2 Approach to viability definition	7
Chapter 3 High Level Testing	10
Chapter 4 Analysis of strategic sites	22
Chapter 5 Small sites and Affordable Housing thresholds	62
Chapter 6 Benchmarking	70
Chapter 7 Main findings and conclusions	76
Appendix 1 Workshop notes	79
Appendix 2 Method statement	86
Appendix 3 High Level Testing Results	91
Appendix 4 Worked example of an appraisal	93
Appendix 5 Infrastructure Notes	103
Glossary of Terms	104

1 INTRODUCTION

Overview and objectives

- 1.1 Andrew Golland Associates (AGA) were appointed in 2016 to carry out Whole Plan Testing (WPT) of the emerging Local Plan.
- 1.2 The draft Local Plan is under preparation. It recognises the specific nature of Runnymede, as a relatively small Borough in the context of other Surrey authorities, with almost 80% of the area lying within the metropolitan Green Belt .
- 1.3 The Borough is relatively thriving and has a buoyant housing market with high house prices which generate in turn, high land values. The ‘flip side’ of the ‘coin’ of course is that this creates affordability challenges and hence the requirement to deliver Affordable Housing products to meet local needs.
- 1.4 The Draft Local Plan states with respect to the Spatial Strategy:

‘The spatial strategy for Runnymede is to continue to focus development in the Borough’s existing urban areas over the period of the Local Plan. Given however the significant level of housing need which exists in the Borough, as evidenced through the Runnymede-Spelthorne Strategic Housing Market Assessment (SHMA), it is evident that there needs to be a step change in housing delivery in Runnymede. This step change can only be achieved through the release of a number of sites from the Green Belt on adoption of the Local Plan’.
- 1.5 It is this geo-political framework that sets the scene for the viability testing. The study relates to Whole Plan Testing (WPT). This is not specifically defined although viability testing should cover all aspects of policy.

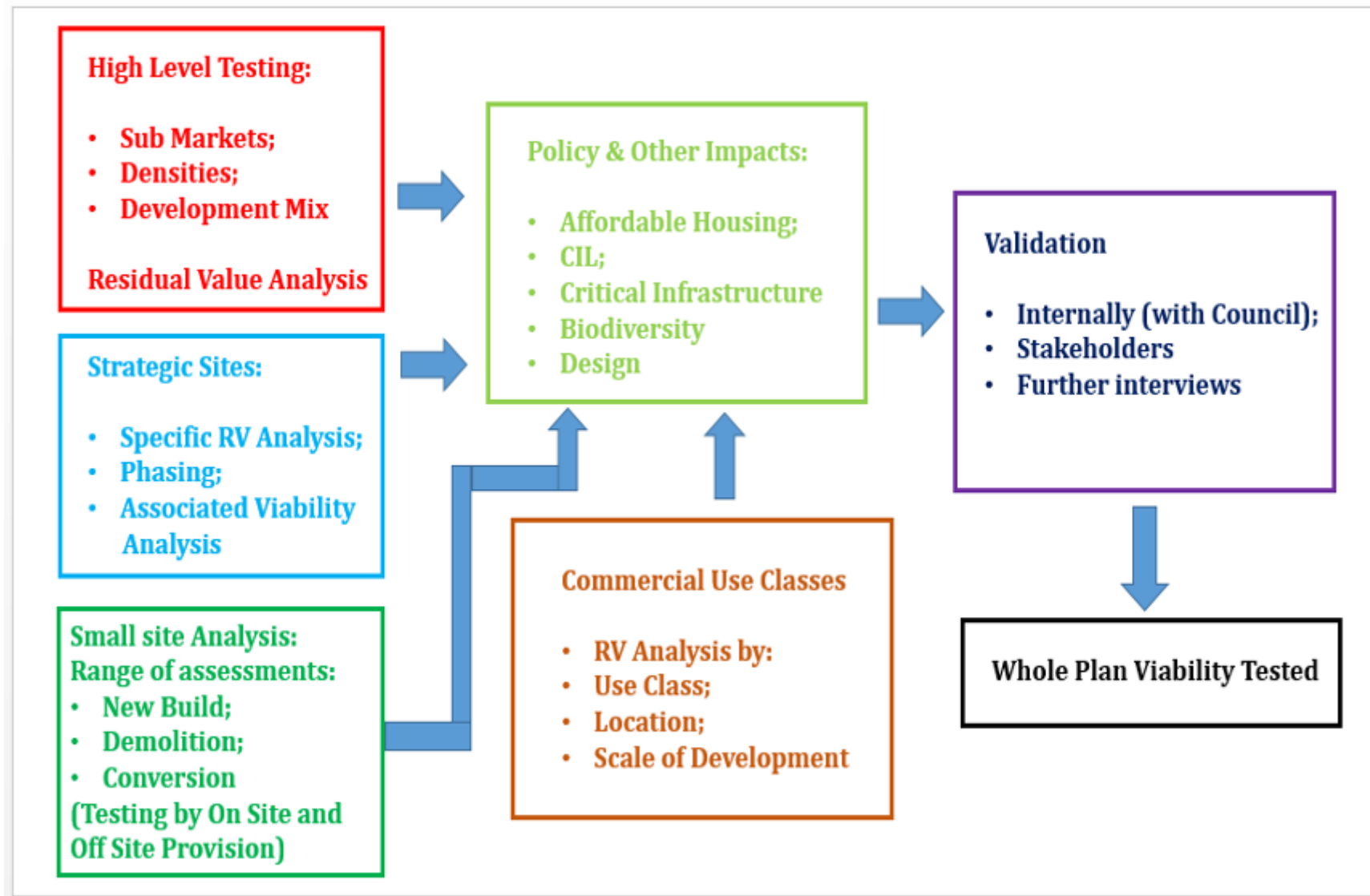
- 1.6 The Planning Inspectorate have set out the following principles for WPT¹. PINS have stated that:

‘Evidence for viability can be gathered from a variety of sources including local agents, mystery shopping exercises, the internet, previous planning applications (it can be helpful to record this information over time), and Inspectors’ reports on plans and CIL. However, if you are relying on more than one set of viability evidence (perhaps commissioned for different purposes CIL or affordable housing and or by different consultancies). This can result in inconsistencies in methodology and assumptions. It is important to understand and to be able to reconcile these differences, through discussion with the consultants, to enable them to use the evidence in relation to whole-plan viability’.

- 1.7 Set out below is the approach adopted in this study, which involves High Level Testing (HLT), testing major and strategic sites and testing small sites.

1

<http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINA+L+PAS+Good+Plan+Making+-10.pdf/06519013-bb1d-4676-a0056832ab6253f8>)



Research undertaken for this study

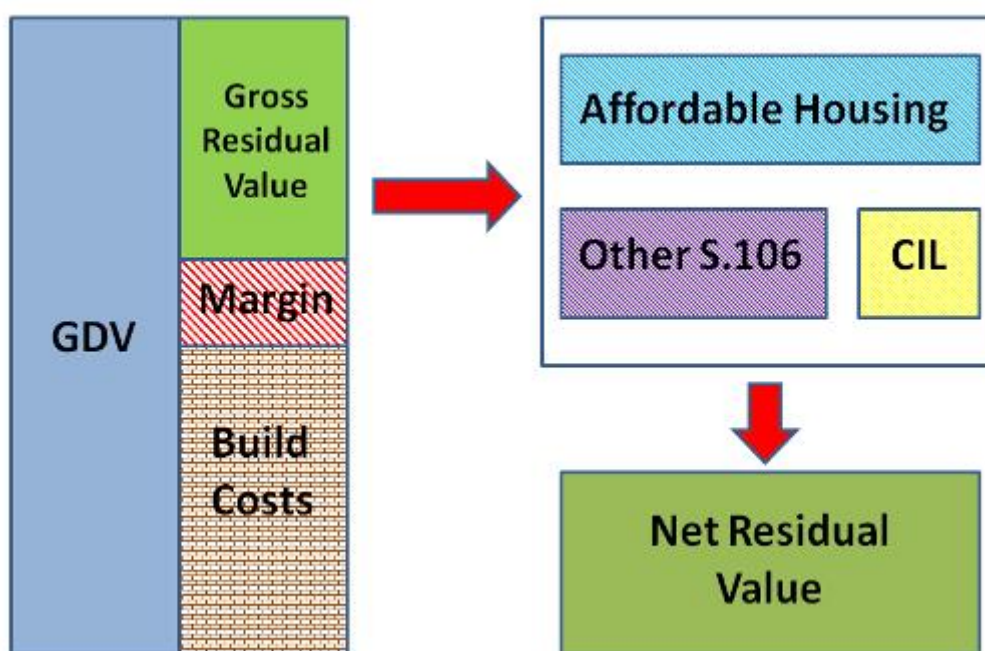
1.8 There were four main strands to the research undertaken to complete this study:

- Discussions with a project group of officers from the Council to help inform the structure of the research approach;
- Analysis of information held by the authority, including that which described the types of sites coming forward;
- Use of the Development Appraisal Toolkit to carry out High Level Testing and to analyse scheme viability;
- A workshop held earlier in the year with developers and land owners;
- Reporting on the viability of the Plan and its various policy impacts.

2 APPROACH TO VIABILITY DEFINITION

- 2.1 We use a residual development appraisal model to assess development viability. This mimics the approach of virtually all developers when purchasing land. This model assumes that the value of the site will be the difference between what the scheme generates (scheme revenue) and what it costs to develop (build costs and developer margin). The model can take into account the impact on scheme residual value of affordable housing and other Section 106 contributions or CIL where this is being tested.
- 2.2 Figure 2.1 below shows diagrammatically the underlying principles of the approach. Scheme costs are deducted from scheme revenue to arrive at a gross residual value. Scheme costs assume a profit margin to the developer and the 'build costs' as shown in the diagram include such items as professional fees, finance costs, marketing fees and any overheads borne by the development company.

Figure 2.1 Viability, CIL and Affordable Housing

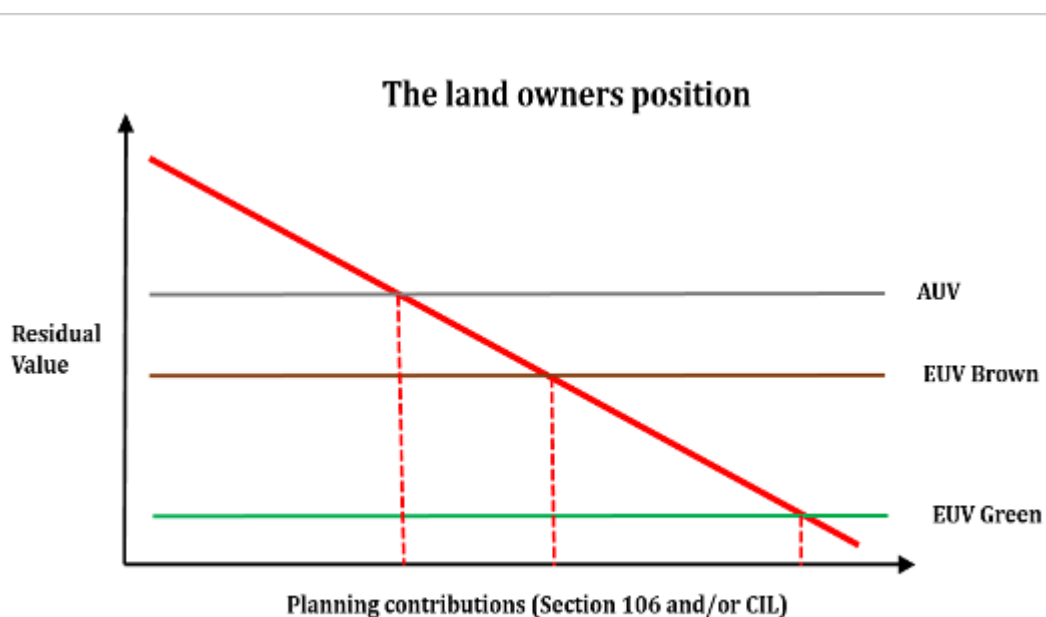


- 2.3 The gross residual value is the starting point for negotiations about the level and scope of Section 106 or CIL contribution. The contribution will normally be greatest in the form of affordable housing but other Section 106 items or CIL will also reduce the gross

residual value of the site. Once the Section 106 contributions/CIL have been deducted, this leaves a net residual value.

- 2.4 Calculating what is likely to be the value of a site given a specific planning permission, is only one factor in deciding what is viable.
- 2.5 A site is extremely unlikely to proceed where the costs of a proposed scheme exceed the revenue. But simply having a positive residual value will not guarantee that development happens. The Existing Use Value (EUV) of the site, or indeed a realistic alternative use value for a site will also play a role in the mind of the land owner in bringing the site forward and thus is a factor in deciding whether a site is likely to be brought forward for housing or any other use.
- 2.6 Figure 2.2 shows how this operates in theory. Residual value (RV) falls as planning contributions increase. The issue for the land owner will be the point at which RV is less than or equal to the land value benchmark.

Figure 2.2 Residual Value (RV) and the land owner's position



- 2.7 Above this point there will be a land owner return. The extent of this return depends on the existing use value of the site (EUV). Some sites will be green field and some brown field. Normally brown field sites will have a higher EUV than green field but this does not always follow; for example where brown field land is heavily contaminated.

- 2.8 In some instances, an Alternative Use Value (AUV) will be appropriate to use. The conditions where this is the case are discussed in the Harman Review (2012) which looks at how local authorities may take viability on board when making plans.
- 2.9 The quantum of land owner return has been the subject of much discussion over the past few years. The NPPF, governing planning and viability in England requires local authorities to allow land owners a 'competitive' return, but it does not state what this is.
- 2.10 How affordable housing targets or CIL charges are set will be a function of a number of factors including the nature of land supply, residual value, comparable authority policies and the broader land supply situation. There is no specific 'equation' which specifies how a particular policy should be derived.

3 VIABILITY ANALYSIS: HIGH LEVEL TESTING

Introduction

- 3.1 This chapter considers viability for residential schemes including affordable housing. It provides an understanding of how residual value varies under different housing market circumstances, different policy impacts and different development densities and mixes.
- 3.2 The chapter is important in calculating residual values against which land value benchmarks are set. These (benchmarks) are considered later in the study.

Sub Market areas

- 3.3 Location plays a key role in determining viability. It is the key determinant of residual value, because whilst revenues vary significantly between locations, build costs do not. Hence the residual, the difference between values and costs, varies largely according to location.
- 3.4 It is important to have a robust and practical approach to dealing with the challenge of modelling location impacts. This has been done through High Level Testing which takes house prices at a settlement/area level and tests these, build costs, development mix, density and Affordable Housing percentages in a range of scenarios. The house price data has been updated by analysing all transactions in the market (second hand) from January 2015 to current position (June 2017). It has been cross checked against recent new build sales.
- 3.5 Table 3.1 below sets out the sub markets. These are based on postcode sector areas.

Testing assumptions

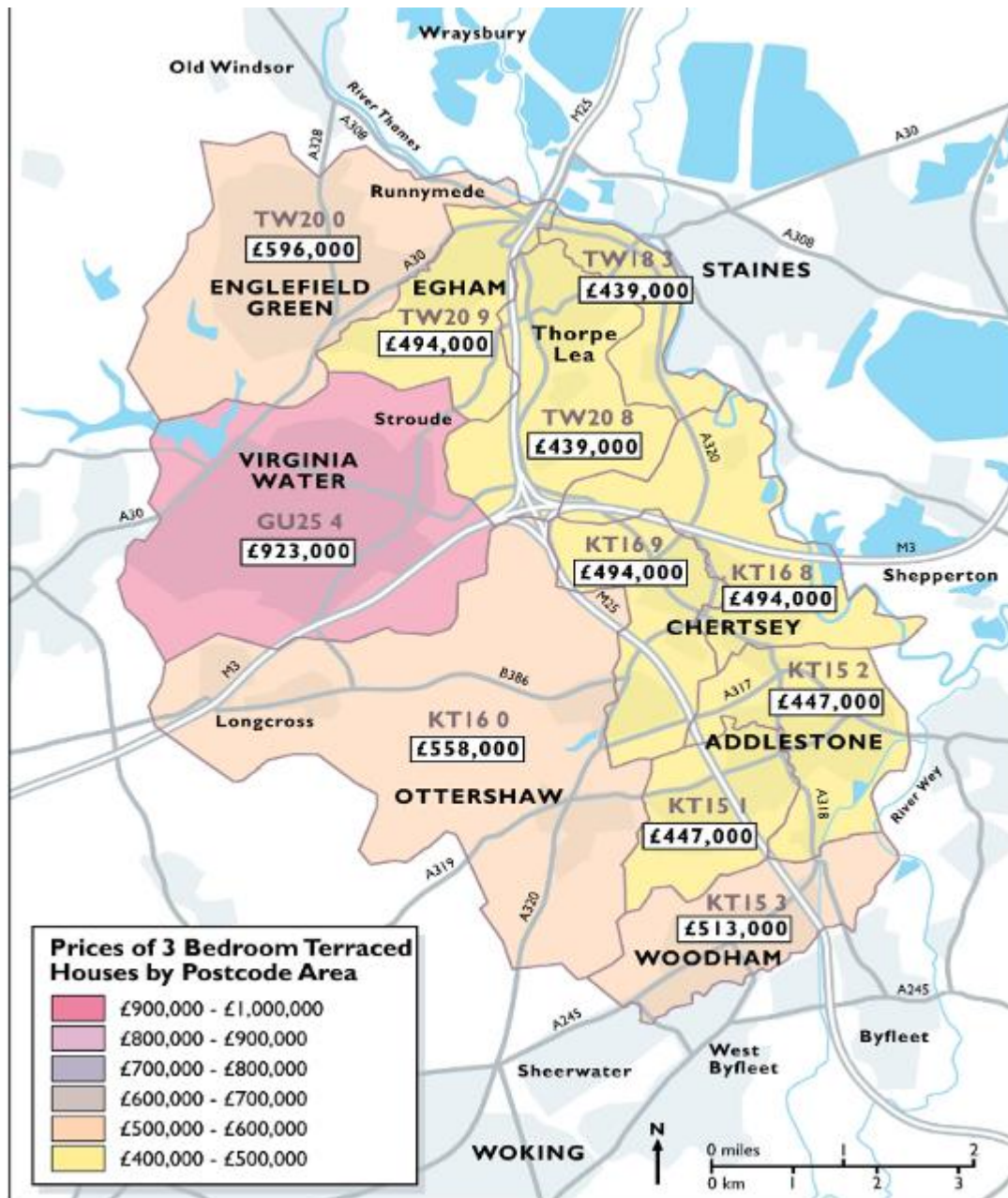
- 3.6 The analysis is based on a range of policy tests. Specifically, affordable housing targets of 20% 25%; 30%; 35%; 40%; 45% and 50%.
- 3.7 Residual values have been generated for a notional one hectare site that reflect the Affordable Housing targets and also a contribution of £2,630 per unit additional Section 106. This figure was agreed with the Council as being a reasonable one at this level of analysis and reflects the costs associated with mitigation measures for the Thames Basin Heaths SPA in the form of SANG and SAMM .
- 3.8 The Council has no adopted CIL (Community Infrastructure Levy) Charging Schedule. On 24 July 2014, the Council resolved to formally

withdraw the Runnymede Borough Local Plan Core Strategy and consequently the Community Infrastructure Levy (CIL) Draft Charging Schedule from the Examination process.

Table 3.1 Sub Markets: Runnymede BC

PCS	Sub Market	General Area in District	Main settlement/s	Other Settlements/Landmarks
GU25 4	Wentworth	West: North of M3	Wentworth	Wentworth Golf Club
GU25 4	Virginia Water	West: North of M3	Virginia Water	Trumps Green; St Ann's Heath
TW20 0	Englefield Green	North West: South of River	Englefield Green	Bishops Gate; Coopers Hill; Egham Wick; Oaklands Park
KT16 0	Ottershaw	South West: South of M3	Ottershaw	St Peters Hospital
KT15 3	Woodham	South	Woodham	New Haw; Fulbrook
KT16 8	Chertsey	East: South of M3	Chertsey East	
KT16 9		Mid District	Chertsey West	Housing off Guildford Road; Little Green Housing
TW20 9	Egham	North: West of M25	Egham	Royal Holloway
KT15 1	Addlestone	South	Addlestone West	Row Town
KT15 2		South East	Addlestone East	
TW18 3	Staines Border & North	North: Staines border		
TW20 8		North	Thorpe Lea; Hythe Park	Thorpe Industrial Estate

3.9 A map of the broad sub markets is shown below:



3.10 A full range of schemes are tested here. Densities of 20 dwellings per hectare (dph), 30 dph, 40 dph, 50 dph, 60 dph, 80 dph and 100 dph have been tested for all (nine) sub markets.

3.11 The results are shown in full (Residual Value in £ million) at Appendix 3 for all sub markets and each density is looked at in turn below. The results reflect the following assumptions:

- Affordable Housing split 50% Social Rented Housing; 30% Affordable Rented Housing and 20% Shared Ownership. This tenure split was informed by the Workshop and discussions with the Council. Inevitably this will vary on a scheme to scheme basis but the split forms the basis of a robust policy position, particularly since it assumes a high percentage of (low value) Social Rented Housing.
- Profit margin 20% equivalent on GDV (Gross Development Value) on the Market element of the scheme;
- 6% return on the Affordable element of the scheme;
- 3% marketing fees.

Residual values at 20 dph

3.12 Table 3.1 shows residual values for all sub markets at a density of 20 dwellings per hectare. It shows residual values at a range of Affordable Housing targets from 20% through to 50%.

Table 3.1 Residual values (£ million per hectare) at 20 Dwellings per Hectare

20 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£17.41	£16.44	£15.47	£14.51	£13.54	£12.58	£11.61
Virginia Water	£7.73	£7.26	£6.79	£6.32	£5.85	£5.38	£4.91
Englefield Green	£5.69	£5.33	£4.96	£4.59	£4.21	£3.84	£3.47
Ottershaw	£5.02	£4.68	£4.34	£4.01	£3.67	£3.34	£3.00
Woodham	£4.34	£4.04	£3.74	£3.45	£3.13	£2.83	£2.53
Chertsey	£4.06	£3.77	£3.49	£3.19	£2.91	£2.62	£2.33
Egham	£4.05	£3.76	£3.48	£3.18	£2.90	£2.61	£2.32
Addlestone	£3.35	£3.10	£2.85	£2.59	£2.34	£2.09	£1.84
Staines Border & North	£3.23	£2.98	£2.73	£2.48	£2.24	£1.99	£1.75

3.13 The table shows residual values on a per hectare basis. The housing market in the Runnymede area is very varied in terms of house prices and this feeds through to even greater variance in terms of residual values.

3.14 At 50% Affordable Housing, residual values in the Wentworth area are £11.61 million per hectare versus those in Staines Border and North (3.23 million per hectare) at 20% Affordable Housing. This is a huge difference and one which has implications for the way in which policy might be set.

3.15 Residual values in mid market locations such as Woodham and Chertsey are around £3 million per hectare at 40% Affordable Housing. These are very strong values including a relatively high percentage of Affordable Housing.

3.16 The local housing market is split broadly five ways between:

- Wentworth;
- Virginia Water;
- Englefield Green and Ottershaw;
- Woodham, Chertsey and Egham;
- Addlestone and Staines Border.

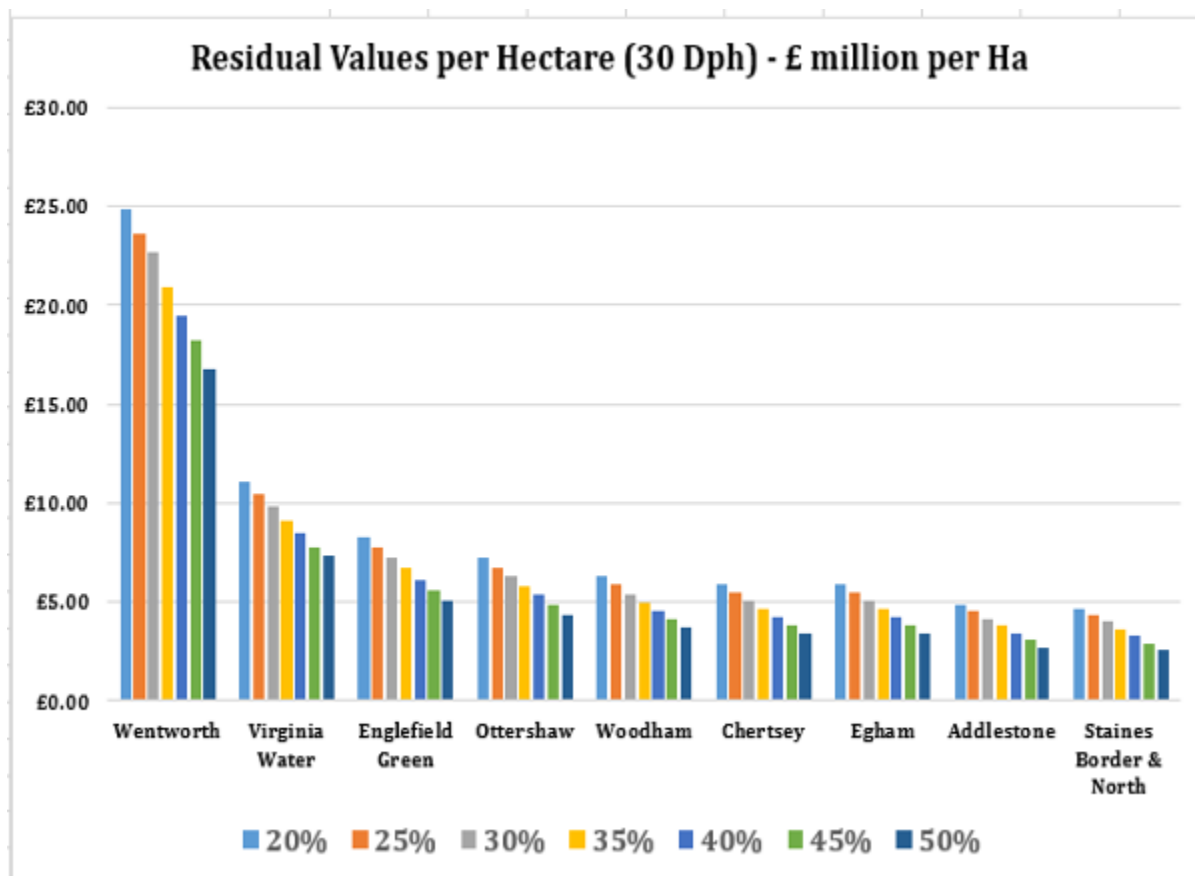
3.17 The residual values in the Wentworth area are significantly higher than any other sub market.

Residual values at 30 dph

3.18 Figure 3.1 shows residual values at 30 dph. Showing the residual values in graph form demonstrates very clearly the variances.

- 3.19 The chart shows very clearly the huge difference in residual values between the Wentworth area and the remaining sub markets of Runnymede.
- 3.20 A mid to lower value market location such as Chertsey generates strong RVs. At 50% Affordable Housing the RV is in excess of £3 million per hectare. Even in the lowest value sub markets such as Addlestone and Staines, residual values are strongly positive (approaching £2 million per hectare) at 50% Affordable Housing.
- 3.21 Where density is increased (from 20 dph to 30 dph) residual values also increase. This is universally the case from 20 dph to 30 dph and suggest that a marginal substitution of larger units for smaller ones in Runnymede assists viability if it is compensated for by higher density.

Figure 3.1 Residual value at 30 dph



Residual values at 40 dph

- 3.22 An increased density (to 40 dph) assists in the process of lifting residual value and hence providing a greater opportunity for the delivery of Section 106 contributions.
- 3.23 Table 3.2 sets out the residual values for all sub markets at 40 dph.

Table 3.2 Residual values (£ million per hectare) at 40 dph

	20%	25%	30%	35%	40%	45%	50%
Wentworth	£30.51	£28.86	£27.21	£25.55	£23.89	£22.25	£20.59
Virginia Water	£14.56	£13.69	£12.82	£11.95	£11.08	£10.21	£9.33
Englefield Green	£9.81	£9.19	£8.57	£7.95	£7.33	£6.71	£6.08
Ottershaw	£8.81	£8.24	£7.67	£7.09	£6.52	£5.95	£5.38
Woodham	£7.63	£7.12	£6.61	£6.09	£5.58	£5.07	£4.56
Chertsey	£7.14	£6.65	£6.16	£5.67	£5.19	£4.69	£4.21
Egham	£7.12	£6.63	£6.14	£5.65	£5.17	£4.67	£4.19
Addlestone	£5.90	£5.47	£5.05	£4.62	£4.19	£3.77	£3.34
Staines Border & North	£5.68	£5.27	£4.85	£4.43	£4.01	£3.60	£3.18

3.24 Residual values are high in Runnymede by comparison with existing use values for green or agricultural land. Table 3.3 shows the multiples from an existing use value of £20,000 per hectare (agricultural) value to the residual values generated at 40 dph.

Table 3.3 Residual values and green field values

Sub Markets	Multiple
Wentworth	1030
Virginia Water	467
Englefield Green	304
Ottershaw	269
Woodham	228
Chertsey	211
Egham	210
Addlestone	167
Staines Border & North	159

3.25 The table shows that in a lower to middle market location such as Chertsey or Woodham, the increase in value will be some 200 to 230 fold – at 50% Affordable Housing. These are huge increases by any alternative standards.

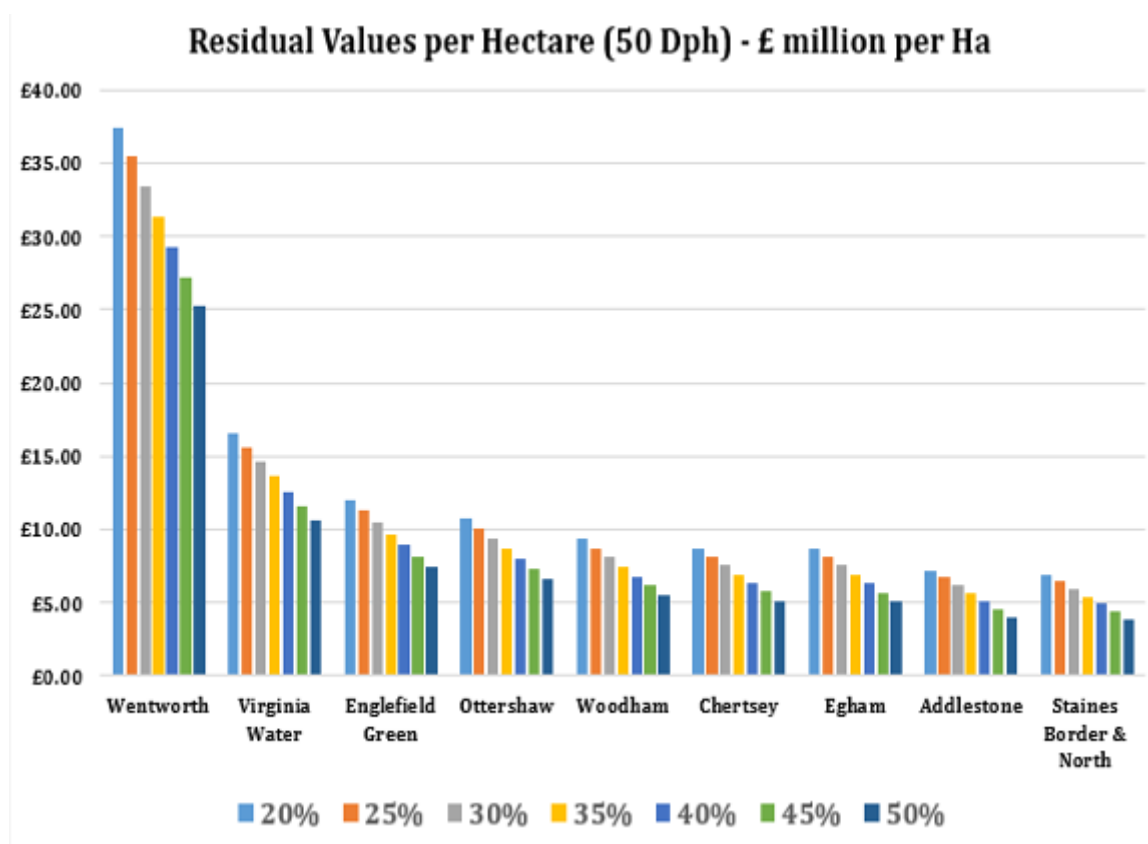
Residual values at 50 dph

3.26 Figure 3.2 shows residual values per hectare for all sub markets at 50 dph.

3.27 The pattern of values at 50 dph is maintained with that at lower densities. In the higher value areas (excluding Wentworth), residual values at 50% Affordable Housing are between £7 million and £11 million per hectare. At

the lower end, residual values are around £4 million per hectare (50% Affordable Housing).

Figure 3.2 Residual values per hectare at 50 dph



3.28 Residual values at lower Affordable Housing percentages in Wentworth are in excess of £30 million per hectare; and at 50% Affordable Housing, in excess of £5 million per hectare.

Residual values at 80 dph

3.29 Table 3.4 shows residual values at 80 dph. At this density, a greater proportion of smaller units are likely to be included within the development mix.

Table 3.4 Residual values (£ million per hectare) at 80 dph

	20%	25%	30%	35%	40%	45%	50%
Wentworth	£49.65	£46.99	£44.34	£41.68	£39.02	£36.37	£33.71
Virginia Water	£21.99	£20.71	£19.43	£18.16	£16.88	£15.60	£14.32
Englefield Green	£15.89	£14.92	£13.95	£12.97	£12.00	£11.03	£10.05
Ottershaw	£14.27	£13.3	£12.48	£11.58	£10.69	£9.80	£8.91

		7					
Woodham	£12.34	£11.54	£10.75	£9.95	£9.15	£8.35	£7.56
Chertsey	£11.54	£10.78	£10.02	£9.27	£8.51	£7.75	£6.99
Egham	£11.52	£10.76	£10.00	£9.25	£8.49	£7.73	£6.97
Addlestone	£9.51	£8.86	£8.19	£7.54	£6.88	£6.23	£5.58
Staines Border & North	£9.17	£8.53	£7.89	£7.25	£6.61	£5.97	£5.33

3.30 At this significantly higher density, residual value at the top of the local market is very high. Indeed residual value increases between 60 dph and 80 dph in all sub markets.

3.31 It is a reflection of the nature of the local market that residual values continue to rise in the lower value sub markets, even at higher density.

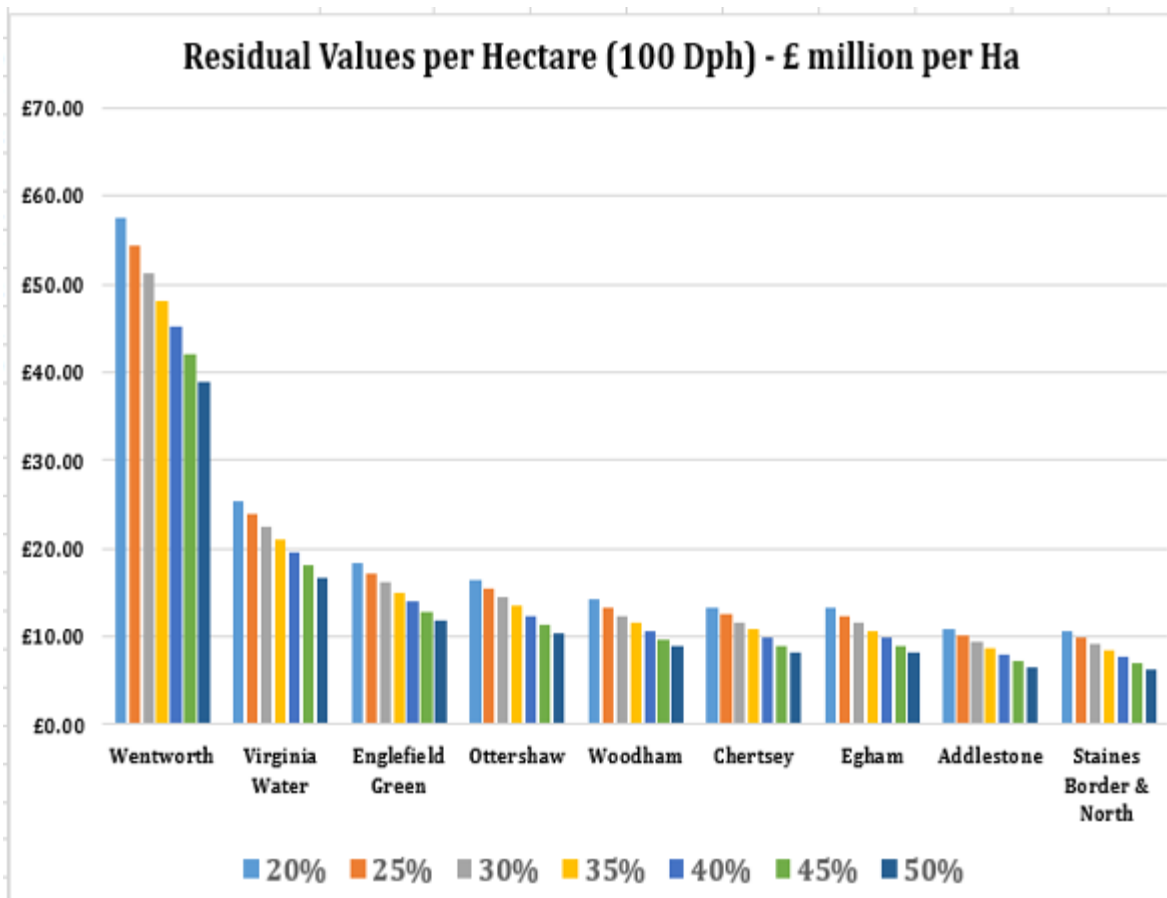
3.32 In some locations, predominantly Midlands and Northern locations, there becomes a point where residual values fall as family housing is substituted at higher density by apartment units. This is not happening here across all sub markets of Runnymede.

3.32 Schemes including flats appear to benefit development even on more suburban locations.

Residual values at 100 dph

3.33 The Council is seeing higher density developments. Here, a notional scheme of 100 dph has been tested. Figure 3.3 shows the results.

Figure 3.3 Residual values at 100 dph



3.34 The residual values shown at the top end (notably Wentworth) are not dissimilar to some locations in Inner London, whilst those in the higher to middle markets are a reasonable marker for Outer London. These are very high values and in combination with low existing use values, should deliver very robust levels of Section 106.

Conclusions

3.35 The analysis in this chapter shows that:

- Market location plays a key role in determining residual value; and hence the capacity to generate viable sites;
- The local housing market is split broadly five ways between: Wentworth; Virginia Water; Englefield Green and Ottershaw; Woodham, Chertsey and Egham; and Addlestone and Staines Border.
- Values in the Wentworth area are significantly higher than elsewhere. However, residual values are very strong throughout the Borough, even at higher percentages of Affordable Housing;
- This means that Section 106 contributions should be unproblematic to deliver and the Council should set Affordable Housing contributions robustly to meet its housing needs;

- Although a relatively low (Other than Affordable Housing) contribution has been assumed here, there are significant surpluses and buffers available. In addition, it should be emphasised that the testing work assumes that the Affordable Housing element will be made up of 50% Social Rent. In practice, more valuable Affordable products may be agreed with land owners and developers;
- Increased density may be a helpful tool to the Council in delivering some sites. The analysis suggests that residual value increases with density over the range 20 dph to 100 dph. Further testing at a site specific level will provide additional evidence on the relationship between density and residual value.

4 ANALYSIS OF KEY HOUSING SITES

Background and housing requirements

- 4.1 The Draft Local Plan sets out the framework for housing delivery. It envisages support for 'at least 7413 high quality additional homes in Runnymede in the period 2015-2030 (an average of 494 homes a year) including the delivery of affordable housing, starter homes, housing for those with specialist needs and plots for those who wish to build their own home'
- 4.2 Around 35% of these dwellings will be delivered on strategic sites across the main settlements. These dwellings, along with associated infrastructure requirements and commercial development are tested in this chapter which looks at the viability of large sites.
- 4.3 The Council has provided estimated infrastructure costs, which are reflected in each appraisal. Explanatory notes are given at Appendix 5.
- 4.4 The list of large sites tested is shown below (Table 4.1):

Table 4.1 Large sites viability tested

Site	Development	Commercial	Sub Market	Existing Use
Addlestone West	70 Flats	A1 Retail	Addlestone	Brown Field Land
Addlestone East	70 Flats	A1-A5	Addlestone	Brown Field & Vacant Land
Egham Gateway West	200 Student Flats	Re-prov supermarket	Egham	Brown Field & Vacant Land
Hanworth Lane	195 Dwellings		Chertsey	60% Brown Field; 40% Green Field
Brox End Nursery	40 Houses		Ottershaw	Nursery/agricultural
Coombelands Lane, Row Town	43 Dwellings		Addlestone	Green Field/Woodland
Ottershaw East	230 Units		Ottershaw	Green Field/Nursery Land
St Peter's Hospital	400 Dwellings		Chertsey	Brown Field
Chertsey Bittams A	175 Dwellings		Chertsey	Green Field - Farm Land
Chertsey Bittams B	110 Dwellings		Chertsey	Green Field - Farm Land
Chertsey Bittams C	35 Dwellings		Chertsey	Green Field - Farm Land
Chertsey Bittams D	125 Dwellings		Chertsey	Green Field - Farm Land; Care Home
Chertsey Bittams E	70 Dwellings		Chertsey	Green Field - Farm Land
Vet Labs Parcel B, Row Town	150 Dwellings		Addlestone	Green Field
Thorpe Lea Road North	85 Dwellings		Egham	Commercial/Business Use
Thorpe Lea Road West	200 Dwellings		Egham	70% Green Field; 30% Commercial
Virginia Water North	120 Dwellings		Virginia Water	Largely Green Field; Care Home
Virginia Water South	150 Dwellings		Virginia Water	Green Field
Chilsey Green Farm	225 Dwellings		Chertsey	Green Field and existing Farm Land
Byfleet Road	Commercial		Addlestone	Green Field
Blay's House	90 Dwellings		Englefield Green	Green land and some commercial

4.5 For each of the sites is shown:

- A location map and an overview of the site showing existing uses;
- A review of the development requirements, as set out by the local authority;
- The full list of infrastructure requirements as provided by Runnymede BC;
- A full viability appraisal and set of results reflecting Affordable Housing impacts at the range of percentages – 20%; 25%; 30%; 35%; 40%, 45% and 50%.

4.6 The first site to be assessed is Addlestone West:

Addlestone West

4.7 This is a town centre site in Addlestone and effectively represents a regeneration opportunity. The site is shown below:

Addlestone West



4.8 The development envisaged here encompasses a high quality mixed use development including:

- Mix of A uses at ground floor level
- A minimum of 70 (net) residential units

4.9 The site is 0.3 hectares. The infrastructure loading (including highways, education and green infrastructure) equates to £16,471 per dwelling:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Addlestone West	0.8ha developable area						
500sqm A1 retail and 70 flats with replacement/ additional D2 use of 1,500sqm (health/day centre)	2019-2021	£340,000	£386,415 (figure could be less based on flatted scheme giving lower pupil yield)	To be provided on site.	£242,473 (based on contributions to playspace + sports pitches + allotments)	£184,100	£16,471

4.10 Equivalent assumptions for residential are based on the High Level Testing (sub market analysis).

4.11 This scheme has an element of commercial, which could probably be accommodated at ground level, below three storeys of residential. As follows:

No of Units		
35	46	1610
35	64	2240
		3850
Gross to Net	1.2	4620
Site Area	(Sq M)	30000
At 50% Efficiency		15000
Levels		3.2468
Single Level Commercial		1423

4.12 The result sheet (50% Affordable Housing) is shown below:

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	70	Dwellings	233.3		Quantity	% of All Units
% Wheelchair Units				Total	35.0	50%
				Social rent	17.5	25%
				Intermediate	17.5	25%
REVENUE AND COSTS		RESIDUAL VALUE				
Total scheme revenue	£ 19,728,083	Whole scheme	£ 4,971,083			
Total scheme costs	£ 14,757,000	Per hectare	£ 16,570,000			
		Per dwelling	£ 71,000			
		Per market dwelling	£ 142,000			
Contribution to revenue from:				PUBLIC SUBSIDY (GRANT)		
Market housing	£ 8,663,000			Whole Scheme	£ -	
Affordable Housing	£ 4,543,000			Per Social Rental dwelling	£ -	
- Social rent	£ 1,400,000			Per New Build HomeBuy dwelling	£ -	
- New Build HomeBuy	£ 1,568,000			Per Intermediate Rent dwelling	£ -	
- Intermediate Rent	£ 1,575,000					
- Discount Market	£ -					
- Local Sale	£ -					
Capital Contribution	£ -					
Commercial Elements	£ 6,522,083					
Contribution to costs from:		Alternative Site Values		Against residual		
Market housing	£ 5,760,000	Existing Use Value	£ -	£ -		
Affordable Housing	£ 4,198,000	Acquisition Cost	£ -	£ -		
- Social rent	£ 2,099,000	Alternative Use Value 1	£ -	£ -		
- New Build HomeBuy	£ 840,000	Alternative Use Value 2	£ -	£ -		
- Intermediate Rent	£ 1,259,000	Alternative Use Value 3	£ -	£ -		
- Discount Market	£ -					
- Local Sale	£ -					
Land Finance	£ -					
Planning Obligations	£ 1,153,000					
Total Exceptional Costs	£ -					
Commercial Elements	£ 3,646,000					

- Save Results
- View Results
- Cost Components
- View DCF Page
- Previous Page

4.13 This generates a residual value of circa £5 million for the scheme, which is well in excess of the value of the land for commercial purposes (existing uses). Clearly the Council will need to consider any business case for the existing uses in its negotiations on Section 106.

Addestone East

4.14 This is also a town centre site in Addestone with regeneration opportunities. The site is shown below:

Addlestone East



4.15 The development envisaged here encompasses high quality mixed use development including:

Mix of A uses at ground floor level
A minimum of 70 (net) residential units

4.16 The site is 0.3 hectares

The infrastructure loading (including highways, education, health and green infrastructure) equates to £16,255 per dwelling:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SMM	Infrastructure cost per dwelling
Addlestone East (70 flats and 1,000sqm A1 & 500sqm mixed A2, A3 and A5 uses)	0.3ha developable area 2019-2021	£280,000	£386,415 (figure could be less based on flattened scheme giving lower pupil yield)	£44,876	£242,473 (based on contributions to playspace + sports pitches + allotments)	£184,100	£16,255

4.17 Equivalent assumptions for residential are based on the High Level Testing (sub market analysis).

4.18 This scheme has an element of commercial, which could probably be accommodated at ground level, below three storeys of residential. As follows:

No of Units		
35	46	1610
35	64	2240
		3850
Gross to Net	1.2	4620
Site Area	(Sq M)	30000
At 50% Efficiency		15000
Levels		3.2468
Single Level Commercial		1423

4.19 The result sheet (50% Affordable Housing) is shown below:

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	70	Dwellings	233.3		Quantity	% of All Units
% Wheelchair Units				Total	31.5	45%
				Social rent	15.8	23%
				Intermediate	15.8	23%
REVENUE AND COSTS		RESIDUAL VALUE				
Total scheme revenue	£ 20,139,783	Whole scheme	£ 5,241,783			
Total scheme costs	£ 14,898,000	Per hectare	£ 17,473,000			
Contribution to revenue from:		Per dwelling	£ 75,000			
Market housing	£ 9,529,000	Per market dwelling	£ 136,000			
Affordable Housing	£ 4,088,700	PUBLIC SUBSIDY (GRANT)				
- Social rent	£ 1,260,000	Whole Scheme	£ -			
- New Build HomeBuy	£ 1,411,000	Per Social Rental dwelling	£ -			
- Intermediate Rent	£ 1,418,000	Per New Build HomeBuy dwelling	£ -			
- Discount Market	£ -	Per Intermediate Rent dwelling	£ -			
- Local Sale	£ -					
Capital Contribution	£ -					
Commercial Elements	£ 6,522,083					
Contribution to costs from:		Alternative Site Values		Against residual		
Market housing	£ 6,336,000	Existing Use Value	£ -	£ -		
Affordable Housing	£ 3,778,000	Acquisition Cost	£ -	£ -		
- Social rent	£ 1,889,000	Alternative Use Value 1	£ -	£ -		
- New Build HomeBuy	£ 756,000	Alternative Use Value 2	£ -	£ -		
- Intermediate Rent	£ 1,133,000	Alternative Use Value 3	£ -	£ -		
- Discount Market	£ -					
- Local Sale	£ -					
Land Finance	£ -					
Planning Obligations	£ 1,138,000					
Total Exceptional Costs	£ -					
Commercial Elements	£ 3,646,000					

4.20 This generates a residual value of circa £5 million for the scheme, which is well in excess of the value of the land for commercial purposes (existing uses). Clearly the Council will need to consider any business case for the existing uses in its negotiations on Section 106.

Egham Gateway West

4.21 This is a 0.8 hectare site located in the town centre of Egham which is intended to be developed for a high quality mixed use scheme including circa 200 bed spaces for student housing.

Egham Gateway West



4.22 More specifically, the plan for the site is as follows:

- a) A theatre with ancillary café and bar offer with a floor area of approximately 2900sqm (GIA)
- b) A performing Arts Academy with a floor area of approximately 5600sqm (GIA)
- c) A minimum of 500 sq m of A1 retail floorspace
- d) The provision of between 180 and 200 student bedspaces with a floor area of approximately 6000 sq m (GIA)
- e) The re provision of the Budgens store.

4.23 The infrastructure loading (including highways, health and SANG/SAMMs) is a total of £760,101.

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ²	Education	Health	Green Infrastructure ²	SANG ² & SAMM	Infrastructure cost per dwelling
Egham Gateway West 6000sqm student housing (180-200 bedspace), 2,900sqm theatre, 5,600sqm Education use, re-provision of existing supermarket and 500sqm additional A1 floorspace)	0.8ha developable area	E510417	N/A	£44,434	N/A	Approx £197,250	N/A
	2020-2022						

4.24 Equivalent assumptions for residential are based on the High Level Testing (sub market analysis).

4.25 Research by Savills² suggests that student housing currently trades for around £70,000 per unit:

4.26 This figure has been adopted in the appraisal.

4.27 This scheme has a significant element of non residential. This has been assessed in line with previous assessments in terms of A1. The leisure uses have been assessed on a cost neutral basis. The Council will need in particular to test the feasibility of this element as and when a planning application is made.

² http://www.savills.co.uk/research_articles/205506/216975-0

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	200	Dwellings	250.0		Quantity	% of All Units
% Wheelchair Units				Total	100.0	50%
				Social rent	50.0	25%
				Intermediate	50.0	25%

REVENUE AND COSTS		RESIDUAL VALUE	
Total scheme revenue	£ 22,731,667	Whole scheme	£ 2,870,667
Total scheme costs	£ 19,861,000	Per hectare	£ 3,588,000
		Per dwelling	£ 14,000
		Per market dwelling	£ 29,000

CONTRIBUTION TO REVENUE FROM:		PUBLIC SUBSIDY (GRANT)	
Market housing	£ 7,000,000	Whole Scheme	£ -
Affordable Housing	£ 13,440,000	Per Social Rental dwelling	£ -
- Social rent	£ 4,000,000	Per New Build HomeBuy dwelling	£ -
- New Build HomeBuy	£ 4,940,000	Per Intermediate Rent dwelling	£ -
- Intermediate Rent	£ 4,500,000		
- Discount Market	£ -		
- Local Sale	£ -		
Capital Contribution	£ -		
Commercial Elements	£ 2,291,667		

CONTRIBUTION TO COSTS FROM:		ALTERNATIVE SITE VALUES		Against residual
Market housing	£ 7,481,000	Existing Use Value	£ -	£ -
Affordable Housing	£ 10,339,000	Acquisition Cost	£ -	£ -
- Social rent	£ 5,169,000	Alternative Use Value 1	£ -	£ -
- New Build HomeBuy	£ 2,068,000	Alternative Use Value 2	£ -	£ -
- Intermediate Rent	£ 3,102,000	Alternative Use Value 3	£ -	£ -
- Discount Market	£ -			
- Local Sale	£ -			
Land Finance	£ -			
Planning Obligations	£ 760,000			
Total Exceptional Costs	£ -			
Commercial Elements	£ 1,281,000			

[Save Results](#)
[View Results](#)
[Cost Components](#)
[View DCF Page](#)
[Previous Page](#)

4.28 This generates a residual value of circa £2.87 million at 50% Affordable Housing. Affordable Housing would appear to work positively in this case within the appraisal increasing residual.

4.29 On the face of the figures, this scheme is likely to be challenging to deliver, not least because it requires the re-location of a supermarket.

4.30 The scheme would benefit from Market Housing alongside the Student Homes if this were to be acceptable in planning terms.

Hanworth Lane, Chertsey

4.31 This is a site located to the south of Chertsey, and which is planned for circa 130 dwellings; family type housing. The site is under construction for 130 dwelling units on part of the site. The area of the site remaining to be developed will deliver a high quality development that will make provision

for an additional 195 dwellings as well as delivering the requirement Section 106 contributions in terms of highways, health, SANGs and SAMM.

4.32 The site, which is well located for access to Chertsey, and further to outer London, is shown below:

Hanworth Lane, Chertsey



4.33 The infrastructure loading (including highways, health, green infrastructure and SANG/SAMM) is an equivalent of £13,793 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Hanworth Lane (195 dwellings)	5ha of which 4.71ha developable and 0.29ha for green infrastructure on site.	£849,412	£978,905	£109,565	£238,938 (On site provision of 100sqm LAP, 400sqm LEAP and 0.24ha informal play space & contribution toward allotments, sports pitches re-located to Barrsbrook Farm)	£512,000	£13,793
	2017-2021						

4.34 This scheme is entirely residential. A net density of 30 dwellings per hectare has been assumed in the appraisal.

4.35 The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	195	Dwellings	30.0		Quantity	% of All Units
% Wheelchair Units				Total	97.5	50%
				Social rent	48.8	25%
				Intermediate	48.8	25%
REVENUE AND COSTS		RESIDUAL VALUE				
Total scheme revenue	£ 68,776,000	Whole scheme	£ 19,894,000			
Total scheme costs	£ 48,882,000	Per hectare	£ 3,061,000			
Contribution to revenue from:		Per dwelling	£ 102,000			
Market housing	£ 53,527,000	Per market dwelling	£ 204,000			
Affordable Housing	£ 15,249,000	PUBLIC SUBSIDY (GRANT)				
- Social rent	£ 3,900,000	Whole Scheme	£ -			
- New Build HomeBuy	£ 6,962,000	Per Social Rental dwelling	£ -			
- Intermediate Rent	£ 4,388,000	Per New Build HomeBuy dwelling	£ -			
- Discount Market	£ -	Per Intermediate Rent dwelling	£ -			
- Local Sale	£ -					
Capital Contribution	£ -					
Commercial Elements	£ -					
Contribution to costs from:		Alternative Site Values		Against residual		
Market housing	£ 29,052,000	Existing Use Value	£ -	£ -	-	
Affordable Housing	£ 17,140,000	Acquisition Cost	£ -	£ -	-	
- Social rent	£ 8,570,000	Alternative Use Value 1	£ -	£ -	-	
- New Build HomeBuy	£ 3,428,000	Alternative Use Value 2	£ -	£ -	-	
- Intermediate Rent	£ 5,142,000	Alternative Use Value 3	£ -	£ -	-	
- Discount Market	£ -					
- Local Sale	£ -					
Land Finance	£ -					
Planning Obligations	£ 2,690,000					
Total Exceptional Costs	£ -					
Commercial Elements	£ -					

[Save Results](#)
[View Results](#)
[Cost Components](#)
[View DCF Page](#)
[Previous Page](#)

4.36 This generates a residual value of close to £20 million at 50% Affordable Housing.

4.37 The current use value of the green field element of the site is around £20,000 per hectare, making this a very viable scheme to deliver.

Brox End Nursery, Ottershaw

4.38 This is a site located to the south of the settlement of Ottershaw, and which is planned for circa 40 additional dwellings; family type housing. The site is around 1.4 hectares and will deliver the requirement Section 106 contributions in terms of highways, health, green infrastructure, SANGs and SAMM.

4.39 The site, which is well located for access to Ottershaw, and further to outer London, is shown below:

Brox End Nursery, Ottershaw



4.40 The infrastructure loading (including highways, health, green infrastructure and SANG/SAMMs) is an equivalent of £15,248 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Brox End Nursery, Ottershaw (40 houses)	1.4ha developable area 2019-2021	£160,000	£182,465	£23,699	£138,555 (based on contribution to playspace + sports pitches +	£105,200	£15,248

4.41 This scheme is entirely residential. A net density of 30 dwellings per hectare has been assumed in the appraisal.

4.42 The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	40	Dwellings	28.6		Quantity	% of All Units
% Wheelchair Units				Total	20.0	50%
				Social rent	10.0	25%
				Intermediate	10.0	25%

REVENUE AND COSTS		RESIDUAL VALUE	
Total scheme revenue	£ 15,701,000	Whole scheme	£ 5,284,000
Total scheme costs	£ 10,417,000	Per hectare	£ 3,774,000
		Per dwelling	£ 132,000
		Per market dwelling	£ 264,000

CONTRIBUTION TO REVENUE FROM:		PUBLIC SUBSIDY (GRANT)	
Market housing	£ 12,389,000	Whole Scheme	£ -
Affordable Housing	£ 3,312,000	Per Social Rental dwelling	£ -
- Social rent	£ 800,000	Per New Build HomeBuy dwelling	£ -
- New Build HomeBuy	£ 1,612,000	Per Intermediate Rent dwelling	£ -
- Intermediate Rent	£ 900,000		
- Discount Market	£ -		
- Local Sale	£ -		
Capital Contribution	£ -		
Commercial Elements	£ -		

CONTRIBUTION TO COSTS FROM:		Alternative Site Values		Against residua
Market housing	£ 6,289,000	Existing Use Value	£ -	£ -
Affordable Housing	£ 3,518,000	Acquisition Cost	£ -	£ -
- Social rent	£ 1,759,000	Alternative Use Value 1	£ -	£ -
- New Build HomeBuy	£ 704,000	Alternative Use Value 2	£ -	£ -
- Intermediate Rent	£ 1,055,000	Alternative Use Value 3	£ -	£ -
- Discount Market	£ -			
- Local Sale	£ -			
Land Finance	£ -			
Planning Obligations	£ 610,000			
Total Exceptional Costs	£ -			
Commercial Elements	£ -			

[Save Results](#)
[View Results](#)
[Cost Components](#)
[View DCF Page](#)
[Previous Page](#)

4.43 This generates a residual value of close to £5 million at 50% Affordable Housing.

4.44 The current use value of this site equates to agricultural and at around £30,000 is very far below the residual value assuming a residential scheme is permitted at 50% Affordable Housing.

Coombelands Lane, Row Town

4.45 This is a site located to the south east of the settlement of Row Town, and which is planned for circa 40 additional dwellings; family type housing. The site is around 1.9 hectares and will make provision for the requirement Section 106 contributions in terms of highways, health, green infrastructure, SANGs and SAMM.

4.46 The site is located some 400 metres to the west of the M25.

Coombelands Lane, Addlestone



4.47 The infrastructure loading (including highways, education, health, green infrastructure and SANG/SAMM) is an equivalent of £15,248 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Coombelands Lane, Rowtown (43 dwellings)	1.7ha developable area. 2018-2021	£172,000	£196,150	£25,476	£148,946 (based on contribution to playspace + sports pitches + allotments)	£113,090	£15,248

4.48 This scheme is entirely residential. A net density of 30 dwellings per hectare has been assumed in the appraisal. The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	40	Dwellings	28.6		Quantity	% of All Units
% Wheelchair Units				Total	20.0	50%
				Social rent	10.0	25%
				Intermediate	10.0	25%

REVENUE AND COSTS		RESIDUAL VALUE	
Total scheme revenue	£ 12,920,000	Whole scheme	£ 3,069,000
Total scheme costs	£ 9,851,000	Per hectare	£ 2,192,000
		Per dwelling	£ 77,000
		Per market dwelling	£ 153,000

Contribution to revenue from:		PUBLIC SUBSIDY (GRANT)	
Market housing	£ 9,928,000	Whole Scheme	£ -
Affordable Housing	£ 2,992,000	Per Social Rental dwelling	£ -
- Social rent	£ 800,000	Per New Build HomeBuy dwelling	£ -
- New Build HomeBuy	£ 1,292,000	Per Intermediate Rent dwelling	£ -
- Intermediate Rent	£ 900,000		
- Discount Market	£ -		
- Local Sale	£ -		
Capital Contribution	£ -		
Commercial Elements	£ -		

Contribution to costs from:		Alternative Site Values		Against residual
Market housing	£ 5,723,000	Existing Use Value	£ -	£ -
Affordable Housing	£ 3,518,000	Acquisition Cost	£ -	£ -
- Social rent	£ 1,759,000	Alternative Use Value 1	£ -	£ -
- New Build HomeBuy	£ 704,000	Alternative Use Value 2	£ -	£ -
- Intermediate Rent	£ 1,055,000	Alternative Use Value 3	£ -	£ -
- Discount Market	£ -			
- Local Sale	£ -			

- 4.49 This generates a residual value of close to £3.0 million at 50% Affordable Housing.
- 4.50 The current use value of this site equates to agricultural and at around £30,000 is very far below the residual value assuming a residential scheme is permitted at 50% Affordable Housing.

Ottershaw East

- 4.51 This is a site located to the south east of Ottershaw. The site is planned for 230 dwellings on mainly green field land. The site is 13.2 hectares in total and a high quality development is proposed.
- 4.52 The delivery of a new on-site health facility will be dependent on the developer(s) securing a land swap with the existing Ottershaw Surgery at Bousley Rise. The existing surgery has also been shown on the Plan above

and would be expected to come forward for residential development as part of any land swap. Should a swap not be forthcoming the land will revert to residential use.

Ottershaw East



4.53 The infrastructure loading is relatively high here (including highways, education, health, green infrastructure and SANG/SAMM) and is an equivalent of £21,624 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Ottershaw East (230 units + 2 Gypsy pitches)	14.1ha of which 6.7ha for developable for residential development. 0.1ha for health hub and 7.3ha for green infrastructure.	£928,000	£1,054,911	£1.3m ² build cost for new health centre on 0.1ha of land. Land swap with existing surgery (0.08ha) could reduce this figure	£579,977 for on-site provision comprising:	Provides SANG on-site for at least 4.34ha @ £1,007,791	£21,624
	2019-2022				100sqm LAP, 400sqm LEAP @ £164,000	SAMM cost @ £146,160	
					0.38ha informal play space @ £87,400		
					0.87ha sports pitches @ £303,034		
					0.11ha allotments @ £25,543		

4.54 This scheme is entirely residential. A net density of 30 dwellings per hectare has been assumed in the appraisal.

4.55 The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	230	Dwellings	29.9		Quantity	% of All Units
% Wheelchair Units				Total	115.0	50%
				Social rent	57.5	25%
				Intermediate	57.5	25%

REVENUE AND COSTS		RESIDUAL VALUE	
Total scheme revenue	£ 90,223,000	Whole scheme	£ 28,959,000
Total scheme costs	£ 61,264,000	Per hectare	£ 3,761,000
		Per dwelling	£ 126,000
		Per market dwelling	£ 252,000

CONTRIBUTION TO REVENUE FROM:		PUBLIC SUBSIDY (GRANT)	
Market housing	£ 71,179,000	Whole Scheme	£ -
Affordable Housing	£ 19,044,000	Per Social Rental dwelling	£ -
- Social rent	£ 4,600,000	Per New Build HomeBuy dwelling	£ -
- New Build HomeBuy	£ 9,269,000	Per Intermediate Rent dwelling	£ -
- Intermediate Rent	£ 5,175,000		
- Discount Market	£ -		
- Local Sale	£ -		
Capital Contribution	£ -		
Commercial Elements	£ -		

CONTRIBUTION TO COSTS FROM:		Alternative Site Values		Against residual
Market housing	£ 36,091,000	Existing Use Value	£ -	£ -
Affordable Housing	£ 20,200,000	Acquisition Cost	£ -	£ -
- Social rent	£ 10,100,000	Alternative Use Value 1	£ -	£ -
- New Build HomeBuy	£ 4,040,000	Alternative Use Value 2	£ -	£ -
- Intermediate Rent	£ 6,060,000	Alternative Use Value 3	£ -	£ -
- Discount Market	£ -			
- Local Sale	£ -			
Land Finance	£ -			
Planning Obligations	£ 4,974,000			
Total Exceptional Costs	£ -			
Commercial Elements	£ -			

Save Results

View Results

Cost Components

View DCF Page

Previous Page

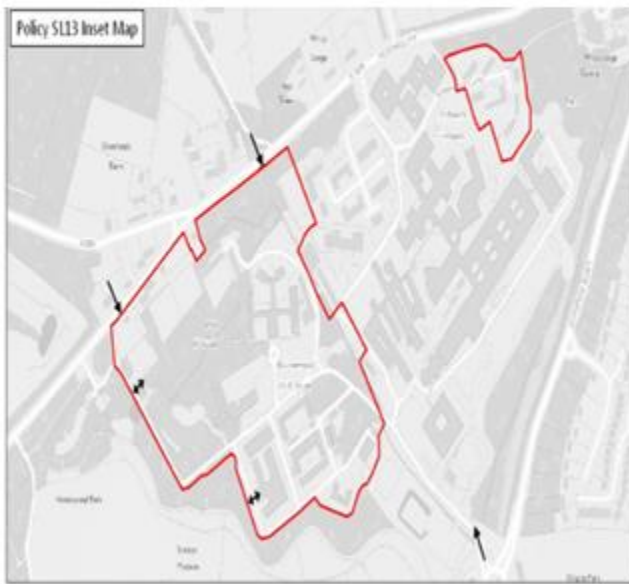
4.56 This generates a residual value of close to £29.0 million at 50% Affordable Housing.

4.57 The current use value of this site equates mainly to agricultural and at around £264,000 is very far below the residual value assuming a residential scheme is permitted at 50% Affordable Housing. It should be noted that the site includes four existing dwellings. However the value of these is not seen as a challenge to bringing the site forward.

St Peter's Hospital, Chertsey

4.58 This is a key site in Chertsey. The site is located to the south west of the settlement. The St Peter's Hospital allocation comprises 12.1ha of land sitting within the larger 31.7ha Hospital Complex which is released from the Green Belt in its entirety. The 12.1ha housing allocation is set over two parcels of 11.1ha to the west of the hospital complex and 1ha to the north east with the hospital retained. Both sites are expected to come forward within the period 2015-2020 and will deliver a high quality development that will make provision for a minimum of 400 net additional C3 dwellings and a 70 bed unit of C2 accommodation.

St Peter's Hospital, Chertsey



4.59 The infrastructure loading includes highways, education, health, green infrastructure and SANG/SAMM) and is an equivalent of £13,234 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ²	Education	Health	Green Infrastructure ³	SANG ² & SMM	Infrastructure cost per dwelling
St Peter's Hospital (400 dwellings with 25% 1&2 bed retirement flats & 30% key worker dwellings)	12.1ha of which 11.34ha developable for residential and 0.76ha of on-site play/informal space.	£1,600,000	£1,499,356 (figure could be less based on key worker and retirement housing schemes giving lower pupil yield)	£236,986	£905,388	£1,052,000	£13,234
	2019-2022				On site provision for 2x 400sqm LEAP with 0.66ha of informal/open space @ £434,800		
					Contribution to community hub building ⁴ at Parcel A, Chertsey Bittams of £470,588		

4.60 This scheme is entirely residential. A net density of 39 dwellings per hectare has been assumed in the appraisal.

4.61 The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS	
Dwellings	470	Dwellings	38.8		
% Wheelchair Units				Quantity	% of All Units
				Total	235.0 50%
				Social rent	117.5 25%
				Intermediate	117.5 25%
REVENUE AND COSTS		RESIDUAL VALUE			
Total scheme revenue	£ 146,502,000	Whole scheme	£ 42,214,000		
Total scheme costs	£ 104,288,000	Per hectare	£ 3,489,000		
Contribution to revenue from:		Per dwelling	£ 90,000		
Market housing	£ 111,111,000	Per market dwelling	£ 180,000		
Affordable Housing	£ 35,391,000			PUBLIC SUBSIDY (GRANT)	
- Social rent	£ 9,400,000			Whole Scheme	£ -
- New Build HomeBuy	£ 15,416,000			Per Social Rental dwelling	£ -
- Intermediate Rent	£ 10,575,000			Per New Build HomeBuy dwelling	£ -
- Discount Market	£ -			Per Intermediate Rent dwelling	£ -
- Local Sale	£ -				
Capital Contribution	£ -				
Commercial Elements	£ -				
Contribution to costs from:		Alternative Site Values		Against residual	
Market housing	£ 61,060,000	Existing Use Value	£ -	£ -	
Affordable Housing	£ 37,008,000	Acquisition Cost	£ -	£ -	
- Social rent	£ 18,504,000	Alternative Use Value 1	£ -	£ -	
- New Build HomeBuy	£ 7,402,000	Alternative Use Value 2	£ -	£ -	
- Intermediate Rent	£ 11,102,000	Alternative Use Value 3	£ -	£ -	
- Discount Market	£ -				
- Local Sale	£ -				
Land Finance	£ -				
Planning Obligations	£ 6,220,000				
Total Exceptional Costs	£ -				
Commercial Elements	£ -				

- [Save Results](#)
- [View Results](#)
- [Cost Components](#)
- [View DCF Page](#)
- [Previous Page](#)

4.62 This generates a residual value of close to £42.0 million at 50% Affordable Housing.

4.63 The current use value of this site equates to agricultural and at around £250,000 is very far below the residual value assuming a residential scheme is permitted at 50% Affordable Housing.

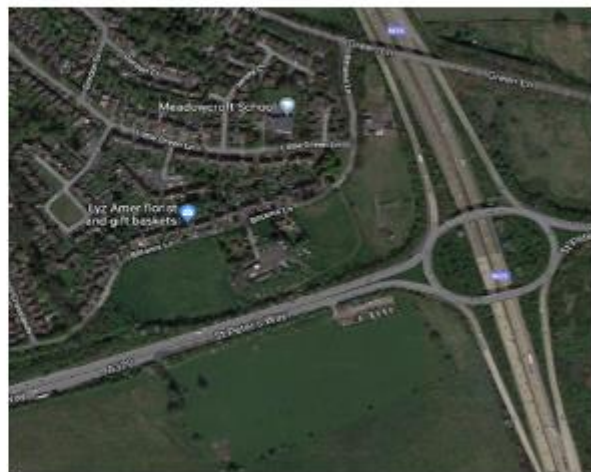
The Bittams – Parcels A, B, C, D and E

4.64 The Bittams sites (parcels A, B, C, D and E) will deliver effective infill development between (to the south) St Peter’s Way, to the east (the M25) and to the west (Guildford Road). All sites are predominantly green field and thus have a very low existing use value. The location of each parcel is shown below:

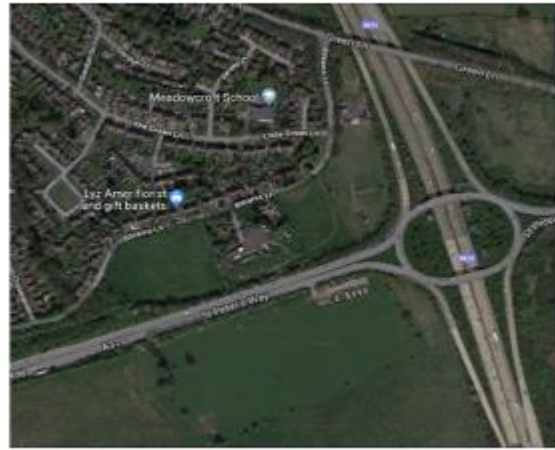
Chertsey Bittams - A



Chertsey Bittams - B



Chertsey Bittams - C



Chertsey Bittams - D



Chertsey Bittams - E



4.65 The sites are similar in terms of location, existing land use, infrastructure loading and density projection. It is therefore appropriate to look at the supply from all parcels at once. The infrastructure loading is (see table above) on average £14,210 per unit across the four land parcels.

Parcels	Dwellings	IS Loading (Per Unit)	Ha	IS Loading
Parcel A	175	£13,354	6.58	£2,403,830
Parcel B	110	£13,354	3.9	£1,468,940
Parcel C	35	£15,404	1.93	£539,140
Parcel D	125	£14,455	4.14	£1,806,875
Parcel E	70	£14,525	3.1	£1,016,750
		Average		£14,050

4.66 The results (all parcels) generate a residual value of close to £52 million at 50% Affordable Housing. This equates to a return of £2.6m per hectare after all infrastructure loading is considered.

4.67 The current use value of this site equates to agricultural and at around £400,000 is very far below the residual value assuming a residential scheme is permitted at 50% Affordable Housing. This may be raised by Parcel D which has some commercial existing use.

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	515	Dwellings	26.2		Quantity	% of All Units
% Wheelchair Units				Total	257.5	50%
				Social rent	128.8	25%
				Intermediate	128.8	25%
REVENUE AND COSTS		RESIDUAL VALUE				
Total scheme revenue	£ 181,283,000	Whole scheme	£ 52,377,000			
Total scheme costs	£ 128,906,000	Per hectare	£ 2,665,000			
		Per dwelling	£ 102,000			
		Per market dwelling	£ 203,000			
Contribution to revenue from:		PUBLIC SUBSIDY (GRANT)				
Market housing	£ 141,010,000	Whole Scheme	£ -			
Affordable Housing	£ 40,273,000	Per Social Rental dwelling	£ -			
- Social rent	£ 10,300,000	Per New Build HomeBuy dwelling	£ -			
- New Build HomeBuy	£ 18,386,000	Per Intermediate Rent dwelling	£ -			
- Intermediate Rent	£ 11,588,000					
- Discount Market	£ -					
- Local Sale	£ -					
Capital Contribution	£ -					
Commercial Elements	£ -					
Contribution to costs from:		Alternative Site Values		Against residual		
Market housing	£ 76,512,000	Existing Use Value	£ -	£ -		
Affordable Housing	£ 45,158,000	Acquisition Cost	£ -	£ -		
- Social rent	£ 22,579,000	Alternative Use Value 1	£ -	£ -		
- New Build HomeBuy	£ 9,032,000	Alternative Use Value 2	£ -	£ -		
- Intermediate Rent	£ 13,547,000	Alternative Use Value 3	£ -	£ -		
- Discount Market	£ -					
- Local Sale	£ -					
Land Finance	£ -					
Planning Obligations	£ 7,236,000					
Total Exceptional Costs	£ -					
Commercial Elements	£ -					

Save Results

View Results

Cost Components

View DCF Page

Previous Page

Vet Lab Parcel B

- 4.68 This is a large site to the south of the settlement of Row Town. The site is green field and will provide a significant expansion to the settlement.
- 4.69 The site is 4.7 hectares and is planned for circa 150 dwellings. The land is shown below:

Vet's Lab Parcel B



4.70 The infrastructure loading includes highways, education, health, green infrastructure and SANG/SAMM) and is an equivalent of £14,882 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Vet Labs Parcel B (150 dwellings + 2 Gypsy Pitches)	4.7ha of which 3.9ha developable for residential and 0.8ha for green infrastructure.	£600,000	£780,848	£87,398	£394,123	£399,760	£14,882
	Post 2027				On site provision of 400sqm LEAP + 0.23ha informal play/open space & 0.53ha sports pitch @ £376,707		
					Contribution for allotments @ £17,415		

4.71 This scheme is residential. A net density of 32 dwellings per hectare has been assumed in the appraisal.

4.72 The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS	
Dwellings	150	Dwellings	31.9		
% Wheelchair Units				Quantity	% of All Units
				Total	75.0 50%
				Social rent	37.5 25%
				Intermediate	37.5 25%

REVENUE AND COSTS		RESIDUAL VALUE	
Total scheme revenue	£ 46,253,000	Whole scheme	£ 9,942,000
Total scheme costs	£ 36,311,000	Per hectare	£ 2,115,000
		Per dwelling	£ 66,000
		Per market dwelling	£ 133,000

CONTRIBUTION TO REVENUE FROM:		PUBLIC SUBSIDY (GRANT)	
Market housing	£ 35,033,000	Whole Scheme	£ -
Affordable Housing	£ 11,220,000	Per Social Rental dwelling	£ -
- Social rent	£ 3,000,000	Per New Build HomeBuy dwelling	£ -
- New Build HomeBuy	£ 4,845,000	Per Intermediate Rent dwelling	£ -
- Intermediate Rent	£ 3,375,000		
- Discount Market	£ -		
- Local Sale	£ -		
Capital Contribution	£ -		
Commercial Elements	£ -		

CONTRIBUTION TO COSTS FROM:		Alternative Site Values		Against residual
Market housing	£ 20,911,000	Existing Use Value	£ -	£ -
Affordable Housing	£ 13,167,000	Acquisition Cost	£ -	£ -
- Social rent	£ 6,584,000	Alternative Use Value 1	£ -	£ -
- New Build HomeBuy	£ 2,633,000	Alternative Use Value 2	£ -	£ -
- Intermediate Rent	£ 3,950,000	Alternative Use Value 3	£ -	£ -
- Discount Market	£ -			
- Local Sale	£ -			
Land Finance	£ -			
Planning Obligations	£ 2,232,000			
Total Exceptional Costs	£ -			
Commercial Elements	£ -			

Save Results

View Results

Cost Components

View DCF Page

Previous Page

- 4.73 The scheme generates a residual value of close to £10.0 million at 50% Affordable Housing.
- 4.74 The current use value of this site equates to agricultural and at around £100,000 is very far below the residual value assuming a residential scheme is permitted at 50% Affordable Housing.

Thorpe Lea Road North

- 4.75 This is a 1.99ha site located to the north of Thorpe Lea which is part of the wider Egham urban area. The site is formed from two parcels of land at Glenville Farm and Thorpe Lea Manor. The Council's preference is for a single comprehensive scheme however separate schemes on each of the parcels of land independent from one another will not be resisted. The site is allocated for 85 dwellings and 2 net additional Gypsy/Traveller pitches.

4.76 The land is shown below:

Thorpe Lea Road North



4.77 The infrastructure loading includes highways, education, health, green infrastructure and SANG/SAMM) and is an equivalent of £14,419 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Thorpe Lea Road North (85 dwellings + 1 Gypsy pitch)	1.99ha of which 1.85ha developable for residential and 0.14ha for informal playspace.	£340,000	£430,171	£48,222	£183,680 for contribution toward 400sqm LEAP adjacent site and allotments & provision of on-site informal play/open space	£223,550	£14,419
	2019-2030						

4.78 This scheme is residential. A net density of 30 dwellings per hectare has been assumed in the appraisal.

4.79 The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	60	Dwellings	30.2		Quantity	% of All Units
% Wheelchair Units				Total	30.0	50%
				Social rent	15.0	25%
				Intermediate	15.0	25%

REVENUE AND COSTS		RESIDUAL VALUE	
Total scheme revenue	£ 20,816,000	Whole scheme	£ 5,861,000
Total scheme costs	£ 14,955,000	Per hectare	£ 2,945,000
		Per dwelling	£ 98,000
		Per market dwelling	£ 195,000

CONTRIBUTION TO REVENUE FROM:		PUBLIC SUBSIDY (GRANT)	
Market housing	£ 16,298,000	Whole Scheme	£ -
Affordable Housing	£ 4,518,000	Per Social Rental dwelling	£ -
- Social rent	£ 1,200,000	Per New Build HomeBuy dwelling	£ -
- New Build HomeBuy	£ 1,968,000	Per Intermediate Rent dwelling	£ -
- Intermediate Rent	£ 1,350,000		
- Discount Market	£ -		
- Local Sale	£ -		
Capital Contribution	£ -		
Commercial Elements	£ -		

CONTRIBUTION TO COSTS FROM:		Alternative Site Values		Against residual
Market housing	£ 8,853,000	Existing Use Value	£ -	£ -
Affordable Housing	£ 5,237,000	Acquisition Cost	£ -	£ -
- Social rent	£ 2,619,000	Alternative Use Value 1	£ -	£ -
- New Build HomeBuy	£ 1,047,000	Alternative Use Value 2	£ -	£ -
- Intermediate Rent	£ 1,571,000	Alternative Use Value 3	£ -	£ -
- Discount Market	£ -			
- Local Sale	£ -			
Land Finance	£ -			
Planning Obligations	£ 865,000			
Total Exceptional Costs	£ -			
Commercial Elements	£ -			

Save Results

View Results

Cost Components

View DCF Page

Previous Page

4.80 The scheme generates a residual value of close to £6 million at 50% Affordable Housing.

4.81 The site is part commercial and part vacant land This will generate an existing use value in excess of green field. As for other sites which have existing business to purchase or re-locate, the Council will need to assess this at the point of the planning application.

Thorpe Lea Road West

4.82 This site is located to the west of Thorpe Lea which sits to the south west part of Egham. The site is 5.39 hectares and is planned to deliver circa 200 dwellings and 3 Gypsy/Traveller pitches.

4.83 The site is bordered to the west by the M25, by New Wickham Lane to the north and by Clockhouse Lane East to the south. The site includes green field as well as commercial uses.

4.84 The land is shown below:

Thorpe Lea Road West



4.85 The infrastructure loading includes highways, education, health, green infrastructure and SANG/SAMM) and is an equivalent of £13,704 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Thorpe Lea Road West (200 dwellings + 3 Gypsy pitches)	5.39ha of which 5.03ha developable and 0.36ha for play/open space.	£800,000	£1,060,129	£118,655	£236,010	£526,000	£13,704
	2019-2021				On site provision of 400sqm LEAP & 0.32ha informal play/open space @ £212,800		
					Contributions towards allotments £23,210		

4.86 This scheme is residential. The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	200	Dwellings	37.1		Quantity	% of All Units
% Wheelchair Units				Total	100.0	50%
				Social rent	50.0	25%
				Intermediate	50.0	25%

REVENUE AND COSTS		RESIDUAL VALUE	
Total scheme revenue	£ 70,212,000	Whole scheme	£ 20,308,000
Total scheme costs	£ 49,904,000	Per hectare	£ 3,768,000
		Per dwelling	£ 102,000
		Per market dwelling	£ 203,000

CONTRIBUTION TO REVENUE FROM:		PUBLIC SUBSIDY (GRANT)	
Market housing	£ 54,592,000	Whole Scheme	£ -
Affordable Housing	£ 15,620,000	Per Social Rental dwelling	£ -
- Social rent	£ 4,000,000	Per New Build HomeBuy dwelling	£ -
- New Build HomeBuy	£ 7,120,000	Per Intermediate Rent dwelling	£ -
- Intermediate Rent	£ 4,500,000		
- Discount Market	£ -		
- Local Sale	£ -		
Capital Contribution	£ -		
Commercial Elements	£ -		

CONTRIBUTION TO COSTS FROM:		ALTERNATIVE SITE VALUES		Against residual
Market housing	£ 29,648,000	Existing Use Value	£ -	£ -
Affordable Housing	£ 17,514,000	Acquisition Cost	£ -	£ -
- Social rent	£ 8,757,000	Alternative Use Value 1	£ -	£ -
- New Build HomeBuy	£ 3,503,000	Alternative Use Value 2	£ -	£ -
- Intermediate Rent	£ 5,254,000	Alternative Use Value 3	£ -	£ -
- Discount Market	£ -			
- Local Sale	£ -			
Land Finance	£ -			
Planning Obligations	£ 2,741,000			
Total Exceptional Costs	£ -			
Commercial Elements	£ -			

[Save Results](#)

[View Results](#)

[Cost Components](#)

[View DCF Page](#)

[Previous Page](#)

4.87 The scheme generates a residual value of close to £20 million at 50% Affordable Housing.

4.88 As with Thorpe Lea Road North, the site is part commercial and part green field. This has been taken at 50% for each. This generates an existing use value of circa £5 million. As for other sites which have existing business to purchase or re-locate, the Council will need to assess this at the point of the planning application.

Virginia Water North

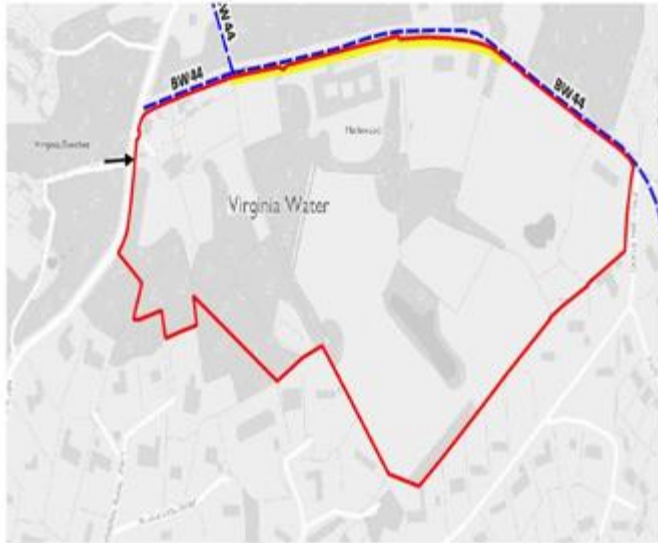
4.89 This site is circa 19.5 hectares and situated to the north of the settlement of Virginia Water, which is amongst the highest valued areas of Runnymede. The land will be brought forward through the acquisition of three parcels comprising Gorse Hill House, Kenwolde and Merlewood. The Council's preference is for a development that will come forward in a single

comprehensive scheme however separate schemes on each of the parcels of land independent but complimentary to one another will not be resisted.

4.90 The land is green field and around 120 additional dwellings are planned for.

The land is shown below:

Virginia Water North



4.91 The infrastructure loading includes highways, education, health, green infrastructure and SANG/SAMM) and is an equivalent of £12,217 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Virginia Water North (120 dwellings + retention of Merlewood Nursing Home)	19.5ha of which 16.85ha developable for residential. 0.82ha for green infrastructure and 1.83ha retention of nursing home.	£480,000	£602,900	£67,545	£334,164	£315,600	£12,217
	2019-2030				On site provision of 400sqm LEAP and 0.78ha formal park & garden @ £320,238		
					Contribution to allotments @ £13,926		

4.92 This scheme is residential.

4.93 The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	120	Dwellings	30.0		Quantity	% of All Units
% Wheelchair Units				Total	60.0	50%
				Social rent	30.0	25%
				Intermediate	30.0	25%

REVENUE AND COSTS		RESIDUAL VALUE	
Total scheme revenue	£ 60,544,000	Whole scheme	£ 27,026,000
Total scheme costs	£ 33,518,000	Per hectare	£ 6,757,000
		Per dwelling	£ 225,000
		Per market dwelling	£ 450,000

CONTRIBUTION TO REVENUE FROM:		PUBLIC SUBSIDY (GRANT)	
Market housing	£ 49,048,000	Whole Scheme	£ -
Affordable Housing	£ 11,496,000	Per Social Rental dwelling	£ -
- Social rent	£ 2,400,000	Per New Build HomeBuy dwelling	£ -
- New Build HomeBuy	£ 6,396,000	Per Intermediate Rent dwelling	£ -
- Intermediate Rent	£ 2,700,000		
- Discount Market	£ -		
- Local Sale	£ -		
Capital Contribution	£ -		
Commercial Elements	£ -		

CONTRIBUTION TO COSTS FROM:		Alternative Site Values		Against residual
Market housing	£ 21,540,000	Existing Use Value	£ -	£ -
Affordable Housing	£ 10,512,000	Acquisition Cost	£ -	£ -
- Social rent	£ 5,256,000	Alternative Use Value 1	£ -	£ -
- New Build HomeBuy	£ 2,102,000	Alternative Use Value 2	£ -	£ -
- Intermediate Rent	£ 3,154,000	Alternative Use Value 3	£ -	£ -
- Discount Market	£ -			
- Local Sale	£ -			
Land Finance	£ -			
Planning Obligations	£ 1,466,000			
Total Exceptional Costs	£ -			
Commercial Elements	£ -			

Save Results

View Results

Cost Components

View DCF Page

Previous Page

4.94 The scheme generates a residual value of circa £27 million at 50% Affordable Housing.

4.95 The existing use value of the land is largely garden but is also understood to include two dwellings and a care home. It is not envisaged that these existing uses would together be higher than the residual value generated by the scheme (at 50% Affordable Housing), although clearly the Council will need to assess the more detailed economics once a planning application/s come in.

Virginia Water South

4.96 The other site in Virginia Water (known as 'South'). The site is bounded to the west by Beechwood Road, to the south, Trumps Green Road, and to the

north, Knowle Hill. The Wentworth Golf Club lies some 300 metres to the north.

4.97 The site is 5.27 hectares and should accommodate a minimum of 150 dwellings and 2 Gypsy/Traveller pitches.

4.98 The land is shown below:

Virginia Water South



4.99 The infrastructure loading includes highways, education, health, green infrastructure and SANG/SAMM) and is an equivalent of £15,284 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Virginia Water South (150 dwellings + 2 Gypsy pitches)	5.27ha of which 4.99ha developable for residential and 0.28ha for play/open space.	£608,000	£813,215	£91,020	£385,892	£394,500	£15,284
	2019-2022				On site provision of 400sqm LEAP + 0.24ha of informal play/open space @ £194,400		
					Contribution for allotments and sports pitches @ £191,492		

4.100 This scheme is residential. The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	150	Dwellings	28.5		Quantity	% of All Units
% Wheelchair Units				Total	75.0	50%
				Social rent	37.5	25%
				Intermediate	37.5	25%

REVENUE AND COSTS		RESIDUAL VALUE	
Total scheme revenue	£ 75,820,000	Whole scheme	£ 33,373,000
Total scheme costs	£ 42,447,000	Per hectare	£ 6,333,000
		Per dwelling	£ 222,000
		Per market dwelling	£ 445,000

CONTRIBUTION TO REVENUE FROM:		PUBLIC SUBSIDY (GRANT)	
Market housing	£ 61,450,000	Whole Scheme	£ -
Affordable Housing	£ 14,370,000	Per Social Rental dwelling	£ -
- Social rent	£ 3,000,000	Per New Build HomeBuy dwelling	£ -
- New Build HomeBuy	£ 7,995,000	Per Intermediate Rent dwelling	£ -
- Intermediate Rent	£ 3,375,000		
- Discount Market	£ -		
- Local Sale	£ -		
Capital Contribution	£ -		
Commercial Elements	£ -		

CONTRIBUTION TO COSTS FROM:		Alternative Site Values		Against residual
Market housing	£ 26,987,000	Existing Use Value	£ -	£ -
Affordable Housing	£ 13,167,000	Acquisition Cost	£ -	£ -
- Social rent	£ 6,584,000	Alternative Use Value 1	£ -	£ -
- New Build HomeBuy	£ 2,633,000	Alternative Use Value 2	£ -	£ -
- Intermediate Rent	£ 3,950,000	Alternative Use Value 3	£ -	£ -
- Discount Market	£ -			
- Local Sale	£ -			
Land Finance	£ -			
Planning Obligations	£ 2,293,000			
Total Exceptional Costs	£ -			
Commercial Elements	£ -			

[Save Results](#)

[View Results](#)

[Cost Components](#)

[View DCF Page](#)

[Previous Page](#)

4.101 The scheme generates a residual value of circa £33 million at 50% Affordable Housing.

4.102 The existing use value of the land is largely garden/agricultural and has an estimated EUV of circa £100,000.

Chilsey Green Farm

4.103 This 6.8 ha site is located on the western side of Chertsey and is formed from four parcels of land at Chilsey Green Farm, Grange Farm, Grange Farm Retirement Home and St Ann's Lodge. The land is bordered to the north by Pycroft Road, to the south and east by existing housing and to the north and west by commercial development.

4.104 The Council's preference is for a high quality development that will come forward in a single comprehensive scheme which will make provision for a minimum of 225 net additional C3 dwellings and 5 Gypsy/Traveller pitches.

4.105 The land is shown below:

Chilsey Green Farm



4.106 The infrastructure loading includes highways, education, health, green infrastructure and SANG/SAMM) and is an equivalent of £14,585 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Chilsey Green Farm (225 dwellings + 5 Gypsy Pitches)	6.81ha of which 5.41ha developable for residential, 1.14ha green infrastructure and 0.26ha retained as nursing home.	£920,000	£1,199,809	£134,267	£495,885	£604,900	£14,585
	On site provision of 400sqm LEAP & 100sqm L&AP and 0.35ha informal play/open space @ £254,500						
	On site Natural/semi-natural green space @ £189,162						
	2022-2027				Contribution to allotments @ £52,223		

4.107 This scheme is residential.

4.108 The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	225	Dwellings	33.1		Quantity	% of All Units
% Wheelchair Units				Total	112.5	50%
				Social rent	56.3	25%
				Intermediate	56.3	25%

REVENUE AND COSTS		RESIDUAL VALUE	
Total scheme revenue	£ 79,108,000	Whole scheme	£ 22,759,000
Total scheme costs	£ 56,349,000	Per hectare	£ 3,347,000
		Per dwelling	£ 101,000
		Per market dwelling	£ 202,000

Contribution to revenue from:		PUBLIC SUBSIDY (GRANT)	
Market housing	£ 61,513,000	Whole Scheme	£ -
Affordable Housing	£ 17,595,000	Per Social Rental dwelling	£ -
- Social rent	£ 4,500,000	Per New Build HomeBuy dwelling	£ -
- New Build HomeBuy	£ 8,033,000	Per Intermediate Rent dwelling	£ -
- Intermediate Rent	£ 5,063,000		
- Discount Market	£ -		
- Local Sale	£ -		
Capital Contribution	£ -		
Commercial Elements	£ -		

Contribution to costs from:		Alternative Site Values		Against residual
Market housing	£ 33,370,000	Existing Use Value	£ -	£ -
Affordable Housing	£ 19,697,000	Acquisition Cost	£ -	£ -
- Social rent	£ 9,849,000	Alternative Use Value 1	£ -	£ -
- New Build HomeBuy	£ 3,939,000	Alternative Use Value 2	£ -	£ -
- Intermediate Rent	£ 5,909,000	Alternative Use Value 3	£ -	£ -
- Discount Market	£ -			
- Local Sale	£ -			
Land Finance	£ -			
Planning Obligations	£ 3,282,000			
Total Exceptional Costs	£ -			
Commercial Elements	£ -			

[Save Results](#)

[View Results](#)

[Cost Components](#)

[View DCF Page](#)

[Previous Page](#)

4.109 The scheme generates a residual value of circa £23 million at 50% Affordable Housing.

4.110 The existing use value of the land is largely garden/agricultural and has an estimated EUV of circa £140,000.

Byfleet Road, Addlestone

4.111 This site of 7.9 hectares should deliver a high quality employment development that will provide a minimum of 20,000 net additional sq m of B8 floor space for SMEs.

4.112 The land is shown below:

Byfleet Road, Addlestone



4.113 The infrastructure loading is a total of £905,067:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SAMM	Infrastructure cost per dwelling
Byfleet Road, New Haw	7.9ha	£905,067	£0	£0	Will require bespoke flood storage scheme. GI will be included in this	£0	N/A
20,000sqm B1c/B8 (test 25/75 split)	2018-2023						

4.114 This scheme is commercial. The results are shown below:

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS	
Dwellings	175	Dwellings	22.2		
% Wheelchair Units				Quantity	% of All Units
				Total	
				Social rent	
				Intermediate	
REVENUE AND COSTS		RESIDUAL VALUE			
Total scheme revenue	£ 32,000,000	Whole scheme	£ 7,983,000		
Total scheme costs	£ 24,017,000	Per hectare	£ 1,011,000		
		Per dwelling	£ 46,000		
		Per market dwelling	£ 46,000		
Contribution to revenue from:		PUBLIC SUBSIDY (GRANT)			
Market housing	£ -	Whole Scheme	£ -		
Affordable Housing	£ -	Per Social Rental dwelling	£ -		
- Social rent	£ -	Per New Build HomeBuy dwelling	£ -		
- New Build HomeBuy	£ -	Per Intermediate Rent dwelling	£ -		
- Intermediate Rent	£ -				
- Discount Market	£ -				
- Local Sale	£ -				
Capital Contribution	£ -				
Commercial Elements	£ 32,000,000				
Contribution to costs from:		Alternative Site Values		Against residual	
Market housing	£ 17,000	Existing Use Value	£ -	£ -	
Affordable Housing	£ -	Acquisition Cost	£ -	£ -	
- Social rent	£ -	Alternative Use Value 1	£ -	£ -	
- New Build HomeBuy	£ -	Alternative Use Value 2	£ -	£ -	
- Intermediate Rent	£ -	Alternative Use Value 3	£ -	£ -	
- Discount Market	£ -				
- Local Sale	£ -				
Land Finance	£ -				
Planning Obligations	£ -				
Total Exceptional Costs	£ -				
Commercial Elements	£ 24,000,000				

Save Results

View Results

Cost Components

View DCF Page

Previous Page

4.115 The scheme generates a residual value of circa £8 million although this is a difficult scheme to assess without knowing the precise split between different commercial uses.

4.116 The scheme is clearly not as viable as would be the case were residential given permission here. However, subject to local demand, the scheme should progress for commercial.

Blay's House

4.117 This 2.86ha site is located on the southern side of Englefield Green and will deliver a high quality development that will make provision for around 90-additional dwellings.

4.118 The site is located to the west of existing development and encompasses mainly open space although there is existing commercial development on the site.

4.105 The land is shown below:

Blay's Lane, Englefield



4.106 The infrastructure loading includes highways, education, health, green infrastructure and SANG/SAMM) and is an equivalent of £15,618 per unit:

Site & Dwelling Numbers	Site Size (ha) & phasing	Highways ¹	Education	Health	Green Infrastructure ²	SANG ³ & SMM	Total	Infrastructure cost per dwelling	Potential for CIL ⁴
Blay's House, Englefield Green (90 dwellings)	2.86ha of which 2.7ha developable for residential and 0.16ha for green infrastructure. 2022-2027	£360,000	£476,402	£53,322	£279,227 On site provision of 400sqm LEAP and 0.12ha of informal play/open space at £166,800 Contribution toward sports pitches and allotments at £112,427	£236,700	£1,405,651	£15,618	£438,750 (floorspace discount 50%)
Byfleet Road, New Haw 20,000sqm B1c/B8 (test 25/75 split)	7.9ha 2018-2023	£905,067	£0	£0	Will require bespoke flood storage scheme. GI will be included in this cost.	£0	£905,067 plus Flood scheme costs	N/A	£0

4.107 This scheme is residential.

4.108 The results are shown below (at 50% Affordable Housing):

TOTAL NUMBER OF UNITS		DENSITY (per hectare)		AFFORDABLE UNITS		
Dwellings	90	Dwellings	31.5		Quantity	% of All Units
% Wheelchair Units				Total	45.0	50%
				Social rent	22.5	25%
				Intermediate	22.5	25%
REVENUE AND COSTS		RESIDUAL VALUE				
Total scheme revenue	£ 37,502,000	Whole scheme	£ 13,604,000			
Total scheme costs	£ 23,898,000	Per hectare	£ 4,757,000			
Contribution to revenue from:		Per dwelling	£ 151,000			
Market housing	£ 29,798,000	Per market dwelling	£ 302,000			
Affordable Housing	£ 7,704,000					
- Social rent	£ 1,800,000					
- New Build HomeBuy	£ 3,879,000					
- Intermediate Rent	£ 2,025,000					
- Discount Market	£ -					
- Local Sale	£ -					
Capital Contribution	£ -					
Commercial Elements	£ -					
Contribution to costs from:						
Market housing	£ 14,338,000					
Affordable Housing	£ 8,154,000					
- Social rent	£ 4,077,000					
- New Build HomeBuy	£ 1,631,000					
- Intermediate Rent	£ 2,446,000					
- Discount Market	£ -					
- Local Sale	£ -					
Land Finance	£ -					
Planning Obligations	£ 1,406,000					
Total Exceptional Costs	£ -					
Commercial Elements	£ -					
		PUBLIC SUBSIDY (GRANT)				
		Whole Scheme	£ -			
		Per Social Rental dwelling	£ -			
		Per New Build HomeBuy dwelling	£ -			
		Per Intermediate Rent dwelling	£ -			
		Alternative Site Values		Against residual		
		Existing Use Value	£ -	£ -	£ -	
		Acquisition Cost	£ -	£ -	£ -	
		Alternative Use Value 1	£ -	£ -	£ -	
		Alternative Use Value 2	£ -	£ -	£ -	
		Alternative Use Value 3	£ -	£ -	£ -	

Save Results

View Results

Cost Components

View DCF Page

Previous Page

4.109 The scheme generates a residual value of circa £14 million at 50% Affordable Housing.

4.110 The existing use value of the land is largely green (circa 80% of the site) with circa 20% of the site being covered with commercial development. EUV is assessed at circa £1.2 million. As with other sites with viable commercial uses, the Council will need to negotiate around the best acceptable case made by the applicant.

Results

4.118 The table on the following page summarises the results of the large site testing.

Results: Large Sites

Large Sites	£ million								EUV Notes
	20%	25%	30%	35%	40%	45%	50%	EUV	
Addlestone West	£6.61	£6.24	£5.99	£5.74	£5.48	£5.23	£4.77	£0.60	Commercial land at £2 million per hectare
Addlestone East	£3.04	£6.26	£6.00	£5.75	£5.49	£5.24	£4.98	£0.60	Commercial land at £2 million per hectare
Egham Gateway West	£0.72	£1.08	£1.44	£1.79	£2.15	£2.51	£2.87	£1.60	Commercial land at £2 million per hectare
Hanworth Lane	£35.70	£33.01	£30.44	£27.80	£25.17	£22.53	£19.89	£0.20	Agricultural land
Brox End Nursery	£9.07	£8.44	£7.80	£7.17	£6.54	£5.91	£5.28	£0.03	Nursery/Agricultural
Coombelands Lane	£5.91	£5.44	£4.96	£4.49	£4.02	£4.01	£3.07	£0.03	Agricultural/Woodland
Ottershaw East	£50.70	£47.08	£43.45	£39.83	£36.21	£32.58	£28.96	£0.26	Green Field/Nursery Land
St Peter's Hospital	£6.05	£5.63	£5.19	£5.01	£4.34	£3.91	£3.49	£0.24	Brown (Greenbelt Release)
Chersey Bittams A	£94.01	£87.07	£80.13	£73.19	£66.25	£59.31	£53.37	£0.26	Green Field
Chertsey Bittams B									
Chertsey Bittams C									
Chertsey Bittams D									
Chertsey Bittams E									
Vet Labs Parcel B	£19.58	£17.98	£16.37	£14.76	£13.16	£11.55	£9.94	£0.09	Green Field
Thorpe Lea Road North	£10.76	£9.94	£9.13	£8.31	£7.49	£6.68	£5.86	£2.00	Commercial land
Thorpe Lea Road West	£36.45	£33.73	£31.04	£28.36	£26.67	£22.99	£20.31	£5.00	Commercial & Green Field
Virginia Water North	£42.93	£40.28	£37.63	£34.98	£32.32	£29.68	£27.03	£10.00	Est Existing properties
Virginia Water South	£53.33	£50.00	£46.68	£43.35	£40.02	£36.69	£33.37	£0.10	Agricultural
Chilsey Green Farm	£40.91	£37.88	£34.86	£31.83	£28.81	£25.78	£22.76	£0.14	Agricultural
Byfleet Road	£7.98							£0.16	Agricultural
Blay's House	£23.15	£21.56	£19.97	£18.37	£16.78	£15.19	£13.60	£1.20	Mainly green, some commercial

4.119 The Results table shows that there are very significant surpluses at 50% Affordable Housing (over and above existing use value). On this measure of land value benchmark, the local authority could set targets very robustly.

4.120 That being stated, there are certain sites where business uses are involved and where this will have to be determined and agreed at the planning application stage.

4.121 The Egham Gateway West scheme will need significantly more detailed viability analysis as it appears that any Affordable Housing element which includes a high percentage of Intermediate Affordable could prove a more viable proposition than student housing.

Note:

It will be noted that some schemes make provision for gypsy and traveller plots. These are very minor in scale and should not have a significant impact on the delivery of these key sites.

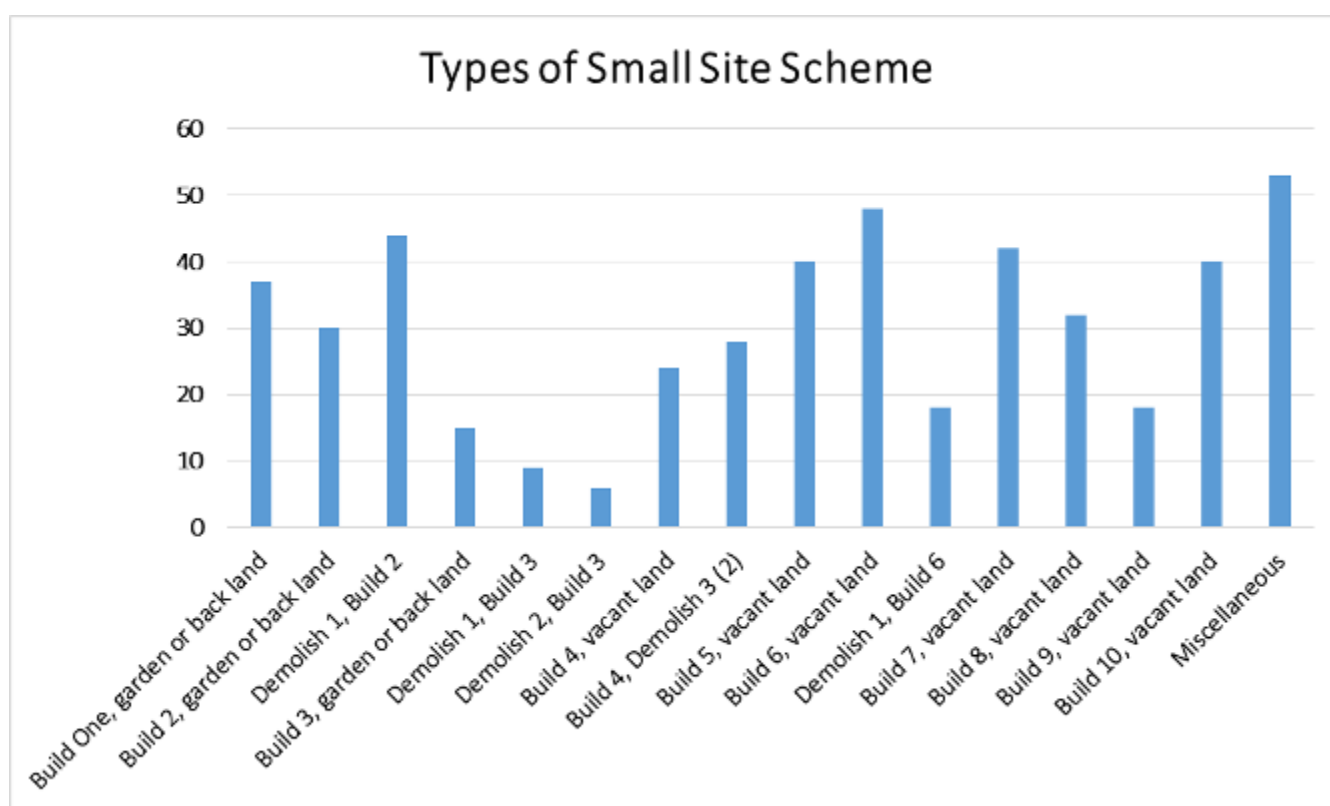
5 SMALL SITES AND THE AFFORDABLE HOUSING THRESHOLD

- 5.1 The previous two chapters have looked at High Level Testing and the viability of key sites on which the local authority will rely to deliver the Local Plan. It is also important to consider the role small sites may play in delivering new homes, and in particular, Affordable Housing.
- 5.2 There is some inconsistency in the approach adopted by local authorities to small sites. Some policies effectively take a 'light touch' approach to Section 106 contributions, although the evidence for this is not at all conclusive. This is hardly surprising however, since it is location that drives viability, not the scale of development.
- 5.3 It is understood that the Council's current approach to Affordable Housing is triggered at schemes of 10 units and more. The policy therefore exempts smaller sites (less than 10 dwellings) from Affordable Housing contributions. This approach is consistent with a relatively recent ruling at a national level on Section 106 contributions, which has generally been held as a 'victory' for the government in its battle with local authorities (notably the 'West Berkshire and Reading' case - 2015) over smaller sites and Section 106 contributions.
- 5.4 Since that ruling however, a number of test cases have arisen, presenting challenges to local authorities trying to meet housing needs from a profile of supply that relies on small sites to a significant extent. Following several apparently conflicting decisions, the London Boroughs of Richmond and Wandsworth wrote to the Planning Inspectorate for clarification on thresholds. The response (Ashley Grey, March 17th, PINS) states:

"The correct approach, if minded to allow an appeal in such circumstances, would be for an Inspector to start with the development plan and any evidence presented by the LPA supporting the need for an affordable housing contribution, establish whether the proposal is in conflict with those policies if no contribution is provided for, and, if there is conflict, only then go on to address the weight to be attached to the WMS as a national policy that post-dates the development plan policies. An Inspector would then be entitled to find in the balancing exercise that the WMS outweighs the development plan policies, as opposed to discounting the development plan's weight at the outset'.

- 5.5 The consequence of this letter looks to be that local authorities can require Affordable Housing on smaller sites, should they have an evidenced housing need, and, presumably a viability evidence base to back this up. This evidence would appear to ‘trump’ the Written Ministerial Statement’.
- 5.6 The nature of small sites coming forward for development is important when looking at viability. Figure 5.1 below summarises the nature of these small sites. It is based on planning permissions since 2014.

Figure 5.1 Small scheme permissions by source of supply



- 5.7 The data relates to the total amount of dwellings coming from each source of supply. It does not relate to the incidence of planning applications. For these reasons the role of larger (small) sites is perhaps overplayed by the data presentation. In other words, there are a highly significant number of dwellings being developed from very small sites; in particular, from schemes of one or two dwellings.
- 5.8 Other important categories for small sites are development where one dwelling is demolished, to be replaced by single dwellings, or two.

- 5.9 Much of the supply from very small sites emanates from back or garden land, which will have a very low existing use value, principally reflected in devaluation to a retained dwelling.
- 5.10 Other key small sources of supply relate to schemes in the range 3-6 dwellings, built on vacant and/or brown field land.
- 5.11 It is impractical to test small sites extensively, as their nature differs over time and location. For the purposes of practicality, the following types of scheme have been examined for viability.
- A single dwelling in garden or back land;
 - Two dwellings in garden or back land;
 - Development of five dwellings on vacant land;
- 5.12 In each case, alternative existing use values are considered.

Single dwelling

- 5.13 There are a number of schemes which are being developed as single dwellings within curtilages of existing dwellings. These are mainly garden and back land plots.
- 5.14 The viability of these plots is strong where there is no loss of an existing dwelling, although there may be some loss to the value of the retained property if a new dwelling is built in the existing grounds. It is difficult to ascertain precisely what the devaluation will be although in my experience this will amount to somewhere in the range 10% to 30%. I have therefore suggested 20% as the effective land value benchmark (LVB) for the analysis.
- 5.15 Set out below (Table 5.1) are the residual values for a single plot at the range of Affordable Housing scenarios.

Table 5.1 Residual values for a single plot

	20%	25%	30%	35%	40%	45%	50%	New Build Detached	Older Detached	Devaluation (20%)
Wentworth	£870,500	£822,000	£773,500	£725,500	£677,000	£629,000	£580,500	£1,844,000	£1,659,600	£331,920
Virginia Water	£386,500	£363,000	£339,500	£316,000	£292,500	£269,000	£245,500	£984,000	£885,600	£177,120
Englefield Green	£284,500	£266,500	£248,000	£229,500	£210,500	£192,000	£173,500	£794,000	£714,600	£142,920
Ottershaw	£251,000	£234,000	£217,000	£200,500	£183,500	£167,000	£150,000	£743,000	£668,700	£133,740
Woodham	£217,000	£202,000	£187,000	£172,500	£156,500	£141,500	£126,500	£683,000	£614,700	£122,940
Chertsey	£203,000	£188,500	£174,500	£159,500	£145,500	£131,000	£116,500	£659,000	£593,100	£118,620
Egham	£202,500	£188,000	£174,000	£159,000	£145,000	£130,500	£116,000	£658,000	£592,200	£118,440
Addlestone	£167,500	£155,000	£142,500	£129,500	£117,000	£104,500	£92,000	£596,000	£536,400	£107,280
Staines Border & North	£161,500	£149,000	£136,500	£124,000	£112,000	£99,500	£87,500	£584,000	£525,600	£105,120

- 5.16 The table sets out in the final column on the right hand side, the devaluation (assumed here to be 20% from an existing dwelling) that would be likely in many cases to occur, should a new dwelling be built in the garden of an existing one.
- 5.17 The table suggests that significant Affordable Housing contributions are likely to be viable. Indeed, up to 50% Affordable Housing contributions in the highest five sub market areas. In the lower four value sub markets, contributions of between 40% and 45% are likely to be viable.
- 5.18 The economics ultimately depend on the nature of the scheme. The analysis assumes going rate prices for existing dwellings. In practice there will be a number of situations where the retained dwelling is in poor condition. This may make a scheme more viable to deliver with Affordable Housing.

New build schemes replacing an existing dwelling

- 5.19 Whilst smaller schemes will deliver Affordable Housing where the existing use value is low, this may not be the case where for example an existing dwelling is being demolished. Table 5.2 looks at the economics of development where new schemes replace an existing dwelling.

Table 5.2 Residual values where a dwelling is demolished

Single New Build	20%	25%	30%	35%	40%	45%	50%	Older Detached
Wentworth	£870,500	£822,000	£773,500	£725,500	£677,000	£629,000	£580,500	£1,659,600
Virginia Water	£386,500	£363,000	£339,500	£316,000	£292,500	£269,000	£245,500	£885,600
Englefield Green	£284,500	£266,500	£248,000	£229,500	£210,500	£192,000	£173,500	£714,600
Ottershaw	£251,000	£234,000	£217,000	£200,500	£183,500	£167,000	£150,000	£668,700
Woodham	£217,000	£202,000	£187,000	£172,500	£156,500	£141,500	£126,500	£614,700
Chertsey	£203,000	£188,500	£174,500	£159,500	£145,500	£131,000	£116,500	£593,100
Egham	£202,500	£188,000	£174,000	£159,000	£145,000	£130,500	£116,000	£592,200
Addlestone	£167,500	£155,000	£142,500	£129,500	£117,000	£104,500	£92,000	£536,400
Staines Border & North	£161,500	£149,000	£136,500	£124,000	£112,000	£99,500	£87,500	£525,600
Two New Builds	20%	25%	30%	35%	40%	45%	50%	Older Detached
Wentworth	£1,741,000	£1,644,000	£1,547,000	£1,451,000	£1,354,000	£1,258,000	£1,161,000	£1,659,600
Virginia Water	£773,000	£726,000	£679,000	£632,000	£585,000	£538,000	£491,000	£885,600
Englefield Green	£569,000	£533,000	£496,000	£459,000	£421,000	£384,000	£347,000	£714,600
Ottershaw	£502,000	£468,000	£434,000	£401,000	£367,000	£334,000	£300,000	£668,700
Woodham	£434,000	£404,000	£374,000	£345,000	£313,000	£283,000	£253,000	£614,700
Chertsey	£406,000	£377,000	£349,000	£319,000	£291,000	£262,000	£233,000	£593,100
Egham	£405,000	£376,000	£348,000	£318,000	£290,000	£261,000	£232,000	£592,200
Addlestone	£335,000	£310,000	£285,000	£259,000	£234,000	£209,000	£184,000	£536,400
Staines Border & North	£323,000	£298,000	£273,000	£248,000	£224,000	£199,000	£175,000	£525,600
Three New Builds	20%	25%	30%	35%	40%	45%	50%	Older Detached
Wentworth	£2,611,500	£2,466,000	£2,320,500	£2,176,500	£2,031,000	£1,887,000	£1,741,500	£1,659,600
Virginia Water	£1,159,500	£1,089,000	£1,018,500	£948,000	£877,500	£807,000	£736,500	£885,600
Englefield Green	£853,500	£799,500	£744,000	£688,500	£631,500	£576,000	£520,500	£714,600
Ottershaw	£753,000	£702,000	£651,000	£601,500	£550,500	£501,000	£450,000	£668,700
Woodham	£651,000	£606,000	£561,000	£517,500	£469,500	£424,500	£379,500	£614,700
Chertsey	£609,000	£565,500	£523,500	£478,500	£436,500	£393,000	£349,500	£593,100
Egham	£607,500	£564,000	£522,000	£477,000	£435,000	£391,500	£348,000	£592,200
Addlestone	£502,500	£465,000	£427,500	£388,500	£351,000	£313,500	£276,000	£536,400
Staines Border & North	£484,500	£447,000	£409,500	£372,000	£336,000	£298,500	£262,500	£525,600
Four New Builds	20%	25%	30%	35%	40%	45%	50%	Older Detached
Wentworth	£3,482,000	£3,288,000	£3,094,000	£2,902,000	£2,708,000	£2,516,000	£2,322,000	£1,659,600
Virginia Water	£1,546,000	£1,452,000	£1,358,000	£1,264,000	£1,170,000	£1,076,000	£982,000	£885,600
Englefield Green	£1,138,000	£1,066,000	£992,000	£918,000	£842,000	£768,000	£694,000	£714,600
Ottershaw	£1,004,000	£936,000	£868,000	£802,000	£734,000	£668,000	£600,000	£668,700
Woodham	£868,000	£808,000	£748,000	£690,000	£626,000	£566,000	£506,000	£614,700
Chertsey	£812,000	£754,000	£698,000	£638,000	£582,000	£524,000	£466,000	£593,100
Egham	£810,000	£752,000	£696,000	£636,000	£580,000	£522,000	£464,000	£592,200
Addlestone	£670,000	£620,000	£570,000	£518,000	£468,000	£418,000	£368,000	£536,400
Staines Border & North	£646,000	£596,000	£546,000	£496,000	£448,000	£398,000	£350,000	£525,600

5.20 The table shows that at least two dwellings will normally be required to bring a scheme forward. Indeed, an Affordable Housing contribution looks only viable in the highest value area – and at 20%.

5.21 Where three and four dwellings replace a single dwelling which has been demolished, Affordable Housing contributions are significantly more viable. The analysis shows that contributions up to 50% Affordable Housing are viable in the higher value areas.

Development of two dwellings

5.22 The same principles apply to larger (small) schemes). Here are tested two dwellings on a vacant site. Several instances of this type of development will be on garden or back land and hence previous land value benchmarks apply.

5.23 However, assuming that some of these schemes will have a commercial use, the existing use value is likely to be higher. Table 5.3 sets out the results:

Table 5.3 Residual values for two dwellings

	20%	25%	30%	35%	40%	45%	50%	Commercial land
Wentworth	£1,660,000	£1,573,333	£1,513,333	£1,393,333	£1,300,000	£1,213,333	£1,120,000	£200,000
Virginia Water	£741,333	£696,667	£653,333	£607,333	£562,667	£518,000	£491,333	£200,000
Englefield Green	£551,333	£516,667	£480,667	£445,333	£410,000	£374,667	£339,333	£200,000
Ottershaw	£482,667	£449,333	£419,333	£387,333	£356,000	£324,000	£292,000	£200,000
Woodham	£418,667	£390,000	£361,333	£332,667	£304,000	£275,333	£247,333	£200,000
Chertsey	£391,333	£364,667	£337,333	£310,000	£282,667	£256,000	£228,667	£200,000
Egham	£390,667	£363,333	£336,667	£309,333	£282,000	£255,333	£228,000	£200,000
Addlestone	£324,000	£300,000	£276,667	£252,667	£228,667	£204,667	£181,333	£200,000
Staines Border & North	£312,000	£288,667	£265,333	£242,667	£219,333	£196,000	£172,667	£200,000

5.24 I have taken here a commercial existing use value of £200,000 for a plot of circa 0.1 hectares. This assumption provides the conclusion that a 50% Affordable Housing contribution is likely to be viable in most settlements of the Borough; the exceptions here being Addlestone (45% Affordable Housing) and Staines Border (40% Affordable Housing).

5.25 It stands to reason (and following the findings of the High Level Testing) that a denser development including three of four dwellings will provide an even more viable scheme.

Development of five dwellings

- 5.26 There are a number of smaller schemes emanating from commercial property and land which contribute to housing supply in the Borough. These, along with those in the range 6-10 dwellings are predominantly on vacant land.
- 5.27 Table 5.4 sets out the residual values and the LVB for industrial land as an example - for a small site capable of accommodating circa 5 dwellings.
- 5.28 Schemes of this nature should prove viable to deliver Affordable Housing at 50% Affordable Housing in all locations.

Table 5.4 Residual values for five dwellings

	20%	25%	30%	35%	40%	45%	50%	Commercial Land
Wentworth	£4,150,000	£3,933,333	£3,783,333	£3,483,333	£3,250,000	£3,033,333	£2,800,000	£400,000
Virginia Water	£1,853,333	£1,741,667	£1,633,333	£1,518,333	£1,406,667	£1,295,000	£1,228,333	£400,000
Englefield Green	£1,378,333	£1,291,667	£1,201,667	£1,113,333	£1,025,000	£936,667	£848,333	£400,000
Ottershaw	£1,206,667	£1,123,333	£1,048,333	£968,333	£890,000	£810,000	£730,000	£400,000
Woodham	£1,046,667	£975,000	£903,333	£831,667	£760,000	£688,333	£618,333	£400,000
Chertsey	£978,333	£911,667	£843,333	£775,000	£706,667	£640,000	£571,667	£400,000
Egham	£976,667	£908,333	£841,667	£773,333	£705,000	£638,333	£570,000	£400,000
Addlestone	£810,000	£750,000	£691,667	£631,667	£571,667	£511,667	£453,333	£400,000
Staines Border & North	£780,000	£721,667	£663,333	£606,667	£548,333	£490,000	£431,667	£400,000

Conclusions

- 5.29 The most recent guidance (from PINS) suggests that in so far that the Council has a housing need, and one that is backed by evidence, it may lower the Affordable Housing threshold as far as is viable.
- 5.30 The viability evidence suggests that there is a strong case for reducing the Affordable Housing threshold from its current level of 10 units. There are a significant number of schemes where the existing use value of sites is very low and this will allow Affordable Housing contributions to be delivered.
- 5.31 That being stated, the nature of the source of supply is key. Where this is garden or back land, schemes look viable, particularly in the higher value

locations. And further on cleared industrial or vacant land, they look equally viable.

- 5.32 However, where schemes involve demolition, viability is more challenging and a higher number of units will be needed to bring the scheme forward including Affordable Housing contributions.
- 5.33 As a policy recommendation, it is suggested that the Council lower the Affordable Housing threshold to a single (net) unit and monitor delivery from the more obviously challenging schemes with a view to more detailed SPD setting out which particular types of small schemes might be exempted from Section 106 contributions.

CHAPTER 6 – BENCHMARKING AND VIABILITY

Benchmarks and policy development

- 6.1 There is no detailed guidance setting out how affordable targets should be assessed, based on an analysis of viability. The Harman guidance provides a helpful framework for developing policy, but this is not ‘step-by-step’ and does not provide specific information in relation to land owner return.
- 6.2 The (Harman) guidance does support the approach set out in Chapter 2 of this report; i.e. an EUV ‘Plus’ approach and sets out reservations about the ‘market value’ approach adopted in the RICS Planning and Viability paper. The Harman guidance is helpful in identifying situations where alternative use values (AUVs) might be adopted in lieu of EUVs. It places emphasis on setting land value benchmarks in the local context.
- 6.3 Generally however, an assessment of viability for policy setting purposes might have reference to a range of factors including: past and recent delivery of affordable housing, residual values, the relationship between residual values and existing use values, what have been found to be robust targets in similar authorities through the Local Plan process, the land supply equation and its relationship to the policy weight given to affordable housing delivery in the wider context of housing supply generally. To some extent, land owner expectations are also significant. The experience of the consultant, working in conjunction with the local authority and through developer workshops helps to arrive at a robust policy stance.
- 6.4 A workshop was held in February 2017 (Appendix 1) to answer questions about LVB as well as other assumptions. There was no specific answers given to this issue, which means that LVBs have to be drawn either from local ‘deals’, or from wider experience and research. In practice information on deals is usually scarce, and where it does exist, it normally fails to provide information on whether the land purchase reflects policy impacts or not. Therefore the headline figure could just be recording a deal done where policy has been ignored altogether.
- 6.5 In the wider context, the DCLG’s study on The Cumulative Impact of Policy Requirements (2011), suggested that a figure of £100,000 to £150,000 per gross acre (£247,000 to £370,500 per gross hectare) is a reasonable benchmark for green field land. Assuming a net to gross factor of around 70%, this would mean a land value benchmark on a net basis in the region of £400,000 per hectare.

- 6.6 This is a useful benchmark for the larger sites in the Borough and to some extent these will provide a 'marker' for land owners of smaller sites with potential for housing.
- 6.7 DCLG relatively recently (February 2015) commissioned the Valuation Office to produce indicative land values for all the English local authorities for the purposes of policy appraisal. These figures were produced on a per hectare basis and the figure for the Runnymede Borough area was £4,927,000. The approach is a 'truncated residual' and importantly, the values do not take account of Affordable Housing impacts.
- 6.8 If the Council wish to take a very 'conservative' approach to the setting of policy, then they might use this figure (£4,927,000) as a basis.
- 6.9 If this approach is followed, then the following results ensue (as set out in Table 6.1). It should be noted that the benchmarks have been adjusted for location assuming that the local authority benchmark relates to a mid level sub market (here Woodham).

Table 6.1 Viability policy targets at DCLG/VO (No Affordable) benchmark

30 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£24.90	£23.60	£22.70	£20.90	£19.50	£18.20	£16.80
Virginia Water	£11.12	£10.45	£9.80	£9.11	£8.44	£7.77	£7.77
Englefield Green	£8.27	£7.75	£7.21	£6.68	£6.15	£5.62	£5.09
Ottershaw	£7.24	£6.74	£6.29	£5.81	£5.34	£4.86	£4.38
Woodham	£6.28	£5.85	£5.42	£4.99	£4.56	£4.13	£3.71
Chertsey	£5.87	£5.47	£5.06	£4.65	£4.24	£3.84	£3.43
Egham	£5.86	£5.45	£5.05	£4.64	£4.23	£3.83	£3.42
Addlestone	£4.86	£4.50	£4.15	£3.79	£3.43	£3.07	£2.72
Staines Border & North	£4.68	£4.33	£3.98	£3.64	£3.29	£2.94	£2.59
	Price 3 Bed Terrace	Relative House Prices	LVB	Adjusted LVB			
Wentworth	£1,289,000	270	£4,927,000	13,314,262			
Virginia Water	£687,000	144	£4,927,000	7,096,119		POLICY TARGET	
Englefield Green	£555,000	116	£4,927,000	5,732,673			
Ottershaw	£519,000	109	£4,927,000	5,360,824			
Woodham	£477,000	100	£4,927,000	4,927,000			
Chertsey	£460,000	96	£4,927,000	4,751,405			
Egham	£459,000	96	£4,927,000	4,741,075			
Addlestone	£416,000	87	£4,927,000	4,296,922			
Staines Border & North	£409,000	86	£4,927,000	4,224,618			

- 6.10 If the local authority takes the view that land owners and developers should be factoring policy impacts into their deals (which is an approach consistent with best practice – including that supported by DCLG) then policy targets increase significantly.
- 6.11 The impact, using the same adjustments for location as previously generates a more ambitious policy position. This is shown in Table 6.2:

Table 6.2 Viability policy targets at DCLG/VO with Affordable Impacts on the benchmark

30 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£24.90	£23.60	£22.70	£20.90	£19.50	£18.20	£16.80
Virginia Water	£11.12	£10.45	£9.80	£9.11	£8.44	£7.77	£7.77
Englefield Green	£8.27	£7.75	£7.21	£6.68	£6.15	£5.62	£5.09
Ottershaw	£7.24	£6.74	£6.29	£5.81	£5.34	£4.86	£4.38
Woodham	£6.28	£5.85	£5.42	£4.99	£4.56	£4.13	£3.71
Chertsey	£5.87	£5.47	£5.06	£4.65	£4.24	£3.84	£3.43
Egham	£5.86	£5.45	£5.05	£4.64	£4.23	£3.83	£3.42
Addlestone	£4.86	£4.50	£4.15	£3.79	£3.43	£3.07	£2.72
Staines Border & North	£4.68	£4.33	£3.98	£3.64	£3.29	£2.94	£2.59
	Price 3 Bed Terrace	Relative House Prices	LVB	Adjusted LVB			
Wentworth	£1,289,000	270	£3,000,000	8,106,918			
Virginia Water	£687,000	144	£3,000,000	4,320,755			
Englefield Green	£555,000	116	£3,000,000	3,490,566		POLICY TARGET	
Ottershaw	£519,000	109	£3,000,000	3,264,151			
Woodham	£477,000	100	£3,000,000	3,000,000			
Chertsey	£460,000	96	£3,000,000	2,893,082			
Egham	£459,000	96	£3,000,000	2,886,792			
Addlestone	£416,000	87	£3,000,000	2,616,352			
Staines Border & North	£409,000	86	£3,000,000	2,572,327			

- 6.12 Clearly where the local authority take the view that land owners and developers should take policy impacts into account, then that stance allows a significant higher target. The analysis suggests on this basis that a 50% Affordable Housing target across the board would not hold back housing supply generally.
- 6.13 Indeed in the very highest value sub markets, notably the Wentworth area, a target well in excess of 50% Affordable Housing may prove deliverable, and this may be an option that the local authority wish to pursue during the course of the Plan process.

7 MAIN FINDINGS AND CONCLUSIONS

Main objectives

- 7.1 The principal objective of the study has been to test the most significant aspects of the emerging Local Plan which will serve the Council's policies over the Plan period. The Council require an up-to-date evidence base that will provide a justification for the policies being implemented.
- 7.2 The analysis carried out here is comprehensive and covers high level testing for residential development, key housing sites, smaller residential development opportunities and commercial development included within the larger sites.
- 7.3 Importantly this is all Plan testing and the viability work reflects all known policy impacts at the current time through from large items such as Affordable Housing through to relatively small items such as green infrastructure.

Analysis - residential

- 7.4 Runnymede is a Surrey district and as such has very high house prices by national standards. Because the main driver of viability is house prices, it makes sense that a district such as this, is in a strong position to deliver Section 106 contributions and or, CIL (Community Infrastructure Levy).
- 7.5 In common with all local authority areas, Runnymede has a range of sub markets. In the case of the Borough these range from the very highest prices outside Greater London (for example in locations such as Wentworth and Virginia Water, to what might be described as more traditional suburban settlements such as Addlestone and Egham).
- 7.6 Given the very significant range in dwelling prices it makes sense for the local authority to vary its Affordable Housing targets to take account of land owner expectations and the capacity of sites to deliver other forms of Section 106 contribution.
- 7.7 Chapter 6 sets out two options for the local authority in terms of target setting for Affordable Housing. One, a more cautious approach, which recognises that perhaps policy impacts are not being factored into land deals and which then produces a range of targets, as follows:

Wentworth & Virginia Water	50% Affordable Housing;
Englefield Green & Ottershaw	40% Affordable Housing;

Woodham	35% Affordable Housing;
Chertsey & Egham	30% Affordable Housing;
Addlestone & Staines	25% Affordable Housing.

- 7.8 The other option, which assumes that the supply will factor in Affordable Housing impacts, will see the local authority move to a position where it requires 50% Affordable Housing across all sub markets.
- 7.9 This, second option, is the correct policy position based on best practice in viability assessment and would be supportable I believe, at examination.

Key sites and infrastructure requirements

- 7.10 The report (Chapter 4) has looked in detail at the viability of the key sites. This analysis takes into account location, build costs and a bespoke analysis of the infrastructure loading.
- 7.11 The analysis of the large sites shows that all are viable at high percentages of Affordable Housing. The uplift on the majority of sites from existing use value is high in Runnymede and the evidence suggests that 50% Affordable Housing would not be an unreasonable starting point for negotiations on those sites.
- 7.12 The analysis of the large sites has been as accurate as is possible at this stage, although in some instances it is inevitably high level. In particular, where business purchases are needed and/or re-locations then existing use values may be higher than projected here. The Council will need to take account of these eventualities as the planning applications are progressed.

Small sites

- 7.13 The Whole Plan Testing has looked at the potential for the Council to reduce its Affordable Housing threshold from the current level of 10 dwellings down to a lower level in order to capture a higher number of Affordable homes. This analysis suggests that this would be a viable policy, and one which now may be supported by recent advice from PINS. It was never that viability was determined by scale of development, and always that it was determined by location. In this respect a lower threshold would be viable, particularly in the higher value areas. That being said, care would be needed with respect to certain types of small site, notably schemes involving demolition and conversion where these occur.

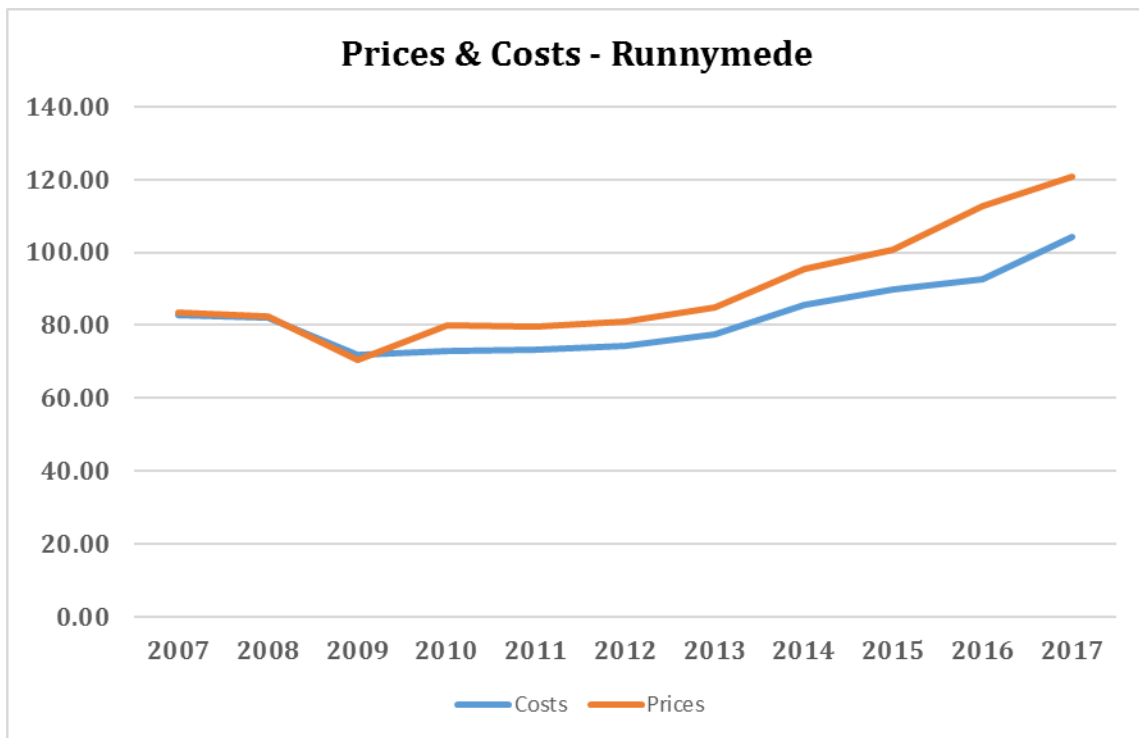
The New Local Plan

7.14 The new Local Plan does foresee significant growth of residential and other forms of property development. There is nothing in the analysis to suggest that this growth will not be deliverable. However the phasing of development and careful management of site provision will need to be monitored in order to avoid situations where land owners' expectations are unrealistically generated.

Looking forward – new policy impacts

7.15 As the Plan progresses there may be new impacts in terms of sustainable development; for example the cost of providing electric vehicle charging, and potentially more widespread use of items such as sprinklers. It should be noted that the cost of provision here is likely to fall with time, although initial costs will need to be taken into account.

7.16 The market in Runnymede is well suited to take account of any such changes, as land values are already very high indeed. In addition, prices have moved ahead significantly faster than construction costs over the past few years. The chart below shows how the gap has widened:



7.17 Given that values are on average around £450,000 and costs some £300,000 below this, a picture of increasing viability can be seen. This should give the Council full confidence that technological change and improvements in specification can be taken on board without any detriment to delivery.

Appendix 1

Runnymede Development Market Panel (DMP)

RUNNYMEDE LOCAL PLAN VIABILITY STUDY: WORKSHOP NOTES

RUNNYMEDE BOROUGH COUNCIL, ADDLESTONE

Attendees

John Devonshire, Runnymede Borough Council
Andrew Golland, AGA
Adrian Cooper, Hadley Cooper Associates
Peter Francis, Windsor Homes
Richard Jones, Carter Jonas LLP
Richard Watkins, Aston Mead
Andrew Munton, Reside Developments Ltd
Ian Taylor, Accent Group

Workshop Notes

A workshop was held on Thursday 2nd February 2017. Members of the DMP representing the development industry were in attendance.

Runnymede Borough Council and Andrew Golland Associates would like to thank all who attended for their contributions.

At the workshop, John Devonshire gave a short introduction to the viability study, explaining its overall purpose and its role in policy development and gave an update on the Local Plan timetable and progress with evidence base studies. Andrew Golland (AGA) gave a presentation summarising the methodology and outlining the process of testing.

It was agreed that the PowerPoint presentation (attached) would be made available to all Workshop participants in conjunction with feedback notes.

1 Context for the study

The Council are aware of the need to deliver both Affordable Housing as well as open market housing generally. The study will proceed with these issues in mind.

The backdrop to the study is an emerging evidence base including a Green Belt assessment (Arup) and an Infrastructure Delivery Plan (Aecom). The government's Housing White Paper has also just been published and its potential impacts are being currently considered by the industry; in particular the impact of 'commuter hubs' for locations such as Runnymede and the requirement for starter homes.

It was explained (AGA) that an objective of the study was to generate realistic targets which can help housing supply alongside Section 106 contributions.

2 Basis for interpreting viability: land owner and developer return

AGA outlined the methodology of the viability model which is based upon scheme revenue versus development costs (including developer margin and S106 agreements).

Delegates agreed in principle to the general approach for assessing viability. This is by reference to residual scheme value and the existing use value of a site or another appropriate land value benchmark (LVB). However one stated that the approach is really a 'health check' rather than a full assessment. One member asked how long term changes in the market can be considered. JD responded that values can be sense checked i.e. build cost inflation or fall in sold house prices.

It is important to recognise that land owner motivations are key in bringing sites forward.

Members were asked what a working LVB might constitute in the Runnymede area. There were no specific responses to this.

One member stated that land value benchmarks are likely to vary between green and brown field, although another stated that they might be similar in that brown field sites often have a higher level of abnormalities although these are 'offset' by additional infrastructure costs on green field land.

Another member made the point that land tax needs to be taken into account and it is often the small housebuilder who takes more of a hit from this.

A point was made that the land value benchmark tends to vary according to what part of the housing market cycle we are in.

The LVB will vary according to location with land owners in Virginia Water and Wentworth expecting higher returns.

3 Overall methodology

It was explained that the study will focus mainly on testing Affordable Housing targets and thresholds, although key local policies such as Thames Basin Heaths and SUDS will also need to be taken account of as well as optional housing standards.

These impacts will be mainly tested through the High Level notional one hectare site testing, although it was explained that smaller sites and a selection of larger (allocated/windfall) sites will be tested on a case study basis. It was commented that a strategic site is likely to consist of 100-200 dwellings. One member commented that housing delivery likely to be 80% small sites, 20% large. JD explained that Local Plan should not place at risk development that would form the bulk of housing delivery.

It was emphasised that the approach will not preclude the rights of developers to negotiate on a scheme by scheme basis. Developers can demonstrate that where costs for example, are higher than those tested, and can be justified, policy might be relaxed.

Participants at the workshops did not express any particularly strong comments about the approach set out (please see the PowerPoint which explains the approach diagrammatically AGA explained that this was an approach which has been accepted elsewhere at LP Examinations).

Data sources (e.g. HMLR for house prices and BCIS for build costs) were explained to participants. The need for best primary data sources based on a large sample was understood and agreed.

4 Sub markets and market values

Generally the market in Runnymede is strong although property up to £500,000 is selling better than that at the top end; property in the £1 million and above bracket is tending to 'stick' at the moment.

A key part of the study will involve the analysis of viability at a sub market level. This provides analysis which will pick up on the 'tone' of areas and their likely viability.

AGA explained that the price sets are based on three years of HM Land Registry data. This data set reflects every market transaction for second hand homes across the County. It was agreed that this data set is

appropriate as a baseline for policy development since it sets the 'tone' for each of the postcode sectors. A new build premium has been added to this.

Delegates generally agreed with the indicative new build prices set out in the Powerpoint.

A few examples were discussed and the following feedback was received:

- The Virginia Water' sub market should be sub divided to provide specific prices for the Wentworth area.
- Prices in Virginia Water generally are closer to mid market Runnymede;
- The price of detached houses look about right;
- The price of terraces look generally a bit high;

Delegates generally agreed that more time to look at the prices would be welcome. These are now included with the Powerpoint presentation and the figures are as presented on the day.

5 Density and development mix

AGA set out the suggested range of schemes which the DAT will test. These are set out in the PowerPoint Presentation.

It was suggested that a range for densities through from 20 dph to 50 dph. Lower densities will drive larger housing.

Higher densities (above 50 dph) should be tested to deal with denser urban sites. One member stated that the density assumptions for some of the sites outlined in the Local Plan Issues, Options Preferred Approaches document (IOPA) were too high. JD stated that work on the capacity of sites is ongoing and will need to take account of constraints.

The SHMA promotes the requirement for smaller units in Runnymede, although this work will need to be updated.

Air quality measures have an impact on density of development, particularly where sites are next to main highways and motorways, although one member stated that measures could be designed or engineered into development to mitigate this impact

Delegates are asked to comment on typical mixes.

6 Development costs

AGA presented the proposed page that will be used for the testing framework. This is included in the PowerPoint presentation. It was explained that the construction costs (base build costs per square metre) will be calculated from the BCIS data source.

This was generally accepted as an appropriate approach, and the costs suggested were found to be appropriate for the larger house builders.

It is accepted that costs for smaller development may be higher although values may also be commensurate (i.e. higher).

7 Profit margin

There was some discussion on profit margins. It was agreed that the purpose of the margin is to reflect development risk and that between different locations and over time this may change.

It was stated that most Local Plan viability studies and site specific negotiations adopt a 20% margin for Market Housing and 6% for Affordable Housing, the latter being a lower rate reflecting the fact that Affordable Housing will be developed under contract for a housing association who will be a firm buyer of the product;

These rates are considered by AGA to be consistent with appeal decisions, LDP evidence bases and leading appraisal software (e.g. GLA Toolkit and the HCA's Economic Appraisal Toolkit (EAT)).

It was stated that some developers work to a blended rate across the scheme of around 17-18%

8 Affordable housing tests and issues

AGA suggested a range of policy scenarios which should be tested and questioned whether they were reasonable. These are set out in the PowerPoint Presentation.

It was stated that housing associations no longer obtain grant so this makes Affordable Housing more challenging.

In some instances it is sensible to have a commuted sum instead of an Affordable Housing contribution. This will normally be where a site is in an unsustainable location or where a housing association cannot be found to manage the units.

Affordable Housing contributions on small sites are subject to national policy and to local housing needs. Some authorities in the South (examples quoted were LB Richmond, Elmbridge, Reigate and Banstead as well as Brighton) require Affordable Housing contributions on smaller sites, in apparent contravention with government policy. In some instances (notably locally Elmbridge) these are taken on a 'sliding scale' approach with the Affordable Housing target increasing with scale of development/site. Small sites could be less attractive to RPs but they are becoming more practicable.

Payments for Affordable Housing vary by tenure. Affordable Rented housing is usually purchased by housing associations at 100% of the Local Housing Allowances (circa £200 per week) and should be capitalised at around £150,000 per unit.

Social Rent payments have been affected by rent capping and this has made the tenure less attractive for housing associations.

Starter Homes were briefly discussed. The White Paper now includes reference to starter homes and this will need to be considered in the viability assessment as appropriate.

9 Section 106 and CIL

Costs (other than those for Affordable Housing) were not discussed in detail. Developers raised concern over SUDS and their impact on the delay of schemes. SWALES are also expensive it was suggested.

Comment was made that costs of utilities and roads are similar for small or large sites and so there is an economy of scale.

Please can delegates provide examples of costs of this nature on sites they are bringing forward. Thank you.

The study will look at the potential for CIL (Community Infrastructure Levy) after Affordable Housing contributions have been met.

10 Commercial

The commercial sector was discussed briefly at the Workshop.

If delegates wish to add any market commentary or data on the commercial sector this will be much appreciated.

11 AOB and Next Steps

Feedback to this note, and the Powerpoint Presentation are key. They will inform all aspects of the study and where justified will be taken on board.

If you could direct your comments to Andrew Golland at the email addresses below and copy in John Devonshire, this would greatly assist in taking forward the Study.

Thank you

Dr Andrew Golland

Tel: 0116 270 1772

E-mail drajg@btopenworld.com

John Devonshire – Senior Planning Officer (Policy)

Tel: 01932 425635

E-mail john.devonshire@runnymede.gov.uk

Appendix 2 Method statement and assumptions

A2.1 Development Appraisal Toolkit (DAT)

The Development Appraisal Toolkit provides the user with an assessment of the economics of residential development. It allows the user to test the economic implications of different types and amounts of planning obligation and, in particular, the amount and mix of affordable housing. It uses a residual development appraisal approach which is the industry accepted approach in valuation practice.

The Toolkit compares the potential revenue from a site with the potential costs of development before a payment for land is made. In estimating the potential revenue, the income from selling dwellings in the market and the income from producing specific forms of affordable housing are considered. The estimates involve (1) assumptions about how the development process and the subsidy system operate and (2) assumptions about the values for specific inputs such as house prices and building costs. These assumptions are made explicit in the guidance notes. If the user has reason to believe that reality in specific cases differs from the assumptions used, the user may either take account of this in interpreting the results or may use different assumptions.

The main output of the Toolkit is the residual value. In practice, as shown in the diagram below, there is a 'gross' residual value and a 'net' residual value. The gross residual value is the total revenue that a scheme generates before Section 106 is required. Once Section 106 contributions have been taken into account, the scheme then has a net residual value, which is effectively the land owner's interest.

A2.2 Indicative new build house prices

Sub Market	Detached			Semi Detached			Terraces			Flats/Maisonettes			Bungalows	
	5 Bed	4 Bed	3 Bed	4 Bed	3 Bed	2 Bed	4 Bed	3 Bed	2 Bed	3 Bed	2 Bed	1 Bed	3 Bed	2 Bed
Wentworth	£2,170,000	£1,844,000	£1,476,000	£1,603,000	£1,395,000	£1,185,000	£1,483,000	£1,289,000	£1,180,000	£1,127,000	£903,000	£632,000	£1,673,000	£1,423,000
Virginia Water	£1,156,000	£984,000	£787,000	£855,000	£744,000	£631,000	£791,000	£687,000	£629,000	£601,000	£481,000	£337,000	£892,000	£759,000
Englefield Green	£934,000	£794,000	£635,000	£690,000	£600,000	£510,000	£638,000	£555,000	£508,000	£485,000	£388,000	£271,000	£720,000	£613,000
Ottershaw	£874,000	£743,000	£594,000	£646,000	£562,000	£477,000	£597,000	£519,000	£475,000	£454,000	£364,000	£255,000	£674,000	£573,000
Woodham	£804,000	£683,000	£547,000	£594,000	£516,000	£439,000	£550,000	£477,000	£437,000	£417,000	£334,000	£234,000	£619,000	£527,000
Chertsey	£774,000	£659,000	£526,000	£572,000	£498,000	£423,000	£529,000	£460,000	£421,000	£403,000	£322,000	£225,000	£597,000	£508,000
Egham	£773,000	£658,000	£526,000	£571,000	£497,000	£422,000	£528,000	£459,000	£420,000	£402,000	£321,000	£224,000	£597,000	£507,000
Addlestone	£701,000	£596,000	£476,000	£518,000	£450,000	£383,000	£478,000	£416,000	£380,000	£364,000	£291,000	£204,000	£540,000	£460,000
Staines Border & North	£687,000	£584,000	£467,000	£508,000	£442,000	£375,000	£469,000	£409,000	£373,000	£358,000	£286,000	£200,000	£530,000	£451,000

A2.3 Density and development mix

	Dwellings per Hectare						
	20	30	40	50	60	80	100
1 Bed Flat			5	5	5	10	15
2 Bed Flat			5	10	10	20	25
2 Bed Terrace	10	20	20	20	20	25	30
3 Bed Terrace	10	10	10	10	20	20	25
3 Bed Semi	15	15	15	15	20	15	5
3 Bed Detached	20	20	20	20	15	10	
4 Bed Detached	25	20	15	15	10		
5 Bed Detached	15	10	5				
3 Bed Bungalow	5	5	5	5			
Totals	100	100	100	100	100	100	100

A2.4 Unit sizes

	Market	Affordable
1 Bed Flats	46	48
2 Bed Flats	64	68
2 Bed Terraces	68	70
3 Bed Terraces	86	88
3 Bed Semis	88	90
3 Bed Detached	104	100
4 Bed Detached	125	115
5 Bed Detached	145	135

A2.5 Unit sizes

Construction and development costs

	Baseline	Externals	Sub Total	Runnymede Factor	Total
2 Storey Houses	£1,080	£162	£1,242	£186	£1,428
Bungalows	£1,207	£181	£1,388	£208	£1,596
Low Rise Flats	£1,246	£187	£1,433	£215	£1,648

Appendix 3 High Level Testing Results (Residual values per hectare) – July 2017

20 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£17.41	£16.44	£15.47	£14.51	£13.54	£12.58	£11.61
Virginia Water	£7.73	£7.26	£6.79	£6.32	£5.85	£5.38	£4.91
Englefield Green	£5.69	£5.33	£4.96	£4.59	£4.21	£3.84	£3.47
Ottershaw	£5.02	£4.68	£4.34	£4.01	£3.67	£3.34	£3.00
Woodham	£4.34	£4.04	£3.74	£3.45	£3.13	£2.83	£2.53
Chertsey	£4.06	£3.77	£3.49	£3.19	£2.91	£2.62	£2.33
Egham	£4.05	£3.76	£3.48	£3.18	£2.90	£2.61	£2.32
Addlestone	£3.35	£3.10	£2.85	£2.59	£2.34	£2.09	£1.84
Staines Border & North	£3.23	£2.98	£2.73	£2.48	£2.24	£1.99	£1.75

30 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£24.90	£23.60	£22.70	£20.90	£19.50	£18.20	£16.80
Virginia Water	£11.12	£10.45	£9.80	£9.11	£8.44	£7.77	£7.77
Englefield Green	£8.27	£7.75	£7.21	£6.68	£6.15	£5.62	£5.09
Ottershaw	£7.24	£6.74	£6.29	£5.81	£5.34	£4.86	£4.38
Woodham	£6.28	£5.85	£5.42	£4.99	£4.56	£4.13	£3.71
Chertsey	£5.87	£5.47	£5.06	£4.65	£4.24	£3.84	£3.43
Egham	£5.86	£5.45	£5.05	£4.64	£4.23	£3.83	£3.42
Addlestone	£4.86	£4.50	£4.15	£3.79	£3.43	£3.07	£2.72
Staines Border & North	£4.68	£4.33	£3.98	£3.64	£3.29	£2.94	£2.59

40 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£30.51	£28.86	£27.21	£25.55	£23.89	£22.25	£20.59
Virginia Water	£14.56	£13.69	£12.82	£11.95	£11.08	£10.21	£9.33
Englefield Green	£9.81	£9.19	£8.57	£7.95	£7.33	£6.71	£6.08
Ottershaw	£8.81	£8.24	£7.67	£7.09	£6.52	£5.95	£5.38
Woodham	£7.63	£7.12	£6.61	£6.09	£5.58	£5.07	£4.56
Chertsey	£7.14	£6.65	£6.16	£5.67	£5.19	£4.69	£4.21
Egham	£7.12	£6.63	£6.14	£5.65	£5.17	£4.67	£4.19
Addlestone	£5.90	£5.47	£5.05	£4.62	£4.19	£3.77	£3.34
Staines Border & North	£5.68	£5.27	£4.85	£4.43	£4.01	£3.60	£3.18

50 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£37.46	£35.42	£33.37	£31.33	£29.28	£27.23	£25.20
Virginia Water	£16.62	£15.62	£14.62	£13.62	£12.62	£11.62	£10.62
Englefield Green	£12.03	£11.26	£10.49	£9.72	£8.95	£8.18	£7.42
Ottershaw	£10.79	£10.09	£9.38	£8.67	£7.97	£7.26	£6.55
Woodham	£9.35	£8.71	£8.08	£7.44	£6.81	£6.18	£5.54
Chertsey	£8.75	£8.14	£7.54	£6.93	£6.33	£5.72	£5.12

Egham	£8.73	£8.12	£7.52	£6.91	£6.31	£5.70	£5.10
Addlestone	£7.22	£6.69	£6.16	£5.64	£5.11	£4.58	£4.05
Staines Border & North	£6.95	£6.44	£5.92	£5.41	£4.89	£4.38	£3.87

60 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£43.50	£41.10	£38.76	£36.38	£34.01	£31.60	£29.26
Virginia Water	£19.31	£18.16	£16.99	£15.84	£14.68	£13.53	£12.37
Englefield Green	£13.72	£12.85	£11.97	£11.11	£10.23	£9.35	£8.48
Ottershaw	£12.55	£11.74	£10.92	£10.09	£9.27	£8.46	£7.64
Woodham	£10.87	£10.14	£9.40	£8.67	£7.94	£7.20	£6.47
Chertsey	£10.28	£9.47	£8.78	£8.08	£7.38	£6.68	£5.98
Egham	£10.14	£9.45	£8.75	£8.05	£7.35	£6.66	£5.96
Addlestone	£8.40	£7.79	£7.18	£6.57	£5.96	£5.36	£4.75
Staines Border & North	£8.09	£7.50	£6.91	£6.31	£5.72	£5.12	£4.53

80 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£49.65	£46.99	£44.34	£41.68	£39.02	£36.37	£33.71
Virginia Water	£21.99	£20.71	£19.43	£18.16	£16.88	£15.60	£14.32
Englefield Green	£15.89	£14.92	£13.95	£12.97	£12.00	£11.03	£10.05
Ottershaw	£14.27	£13.37	£12.48	£11.58	£10.69	£9.80	£8.91
Woodham	£12.34	£11.54	£10.75	£9.95	£9.15	£8.35	£7.56
Chertsey	£11.54	£10.78	£10.02	£9.27	£8.51	£7.75	£6.99
Egham	£11.52	£10.76	£10.00	£9.25	£8.49	£7.73	£6.97
Addlestone	£9.51	£8.86	£8.19	£7.54	£6.88	£6.23	£5.58
Staines Border & North	£9.17	£8.53	£7.89	£7.25	£6.61	£5.97	£5.33

100 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£57.40	£54.29	£51.24	£48.19	£45.15	£42.10	£39.01
Virginia Water	£25.36	£23.91	£22.45	£20.99	£19.55	£18.09	£16.64
Englefield Green	£18.32	£17.22	£16.12	£15.01	£13.91	£12.81	£11.71
Ottershaw	£16.45	£15.44	£14.43	£13.42	£12.41	£11.40	£10.39
Woodham	£14.21	£13.31	£12.42	£11.52	£10.62	£9.73	£8.83
Chertsey	£13.29	£12.44	£11.59	£10.74	£9.88	£9.03	£8.18
Egham	£13.23	£12.39	£11.55	£10.70	£9.84	£8.99	£8.14
Addlestone	£10.94	£10.21	£9.48	£8.74	£8.02	£7.28	£6.54
Staines Border & North	£10.55	£9.84	£9.12	£8.41	£7.69	£6.98	£6.27

Appendix 4

Worked example: 40 Dph – Chertsey sub market – 30% Affordable Housing

1 - SITE IDENTIFICATION

Site Details

Site Address

Site Reference

Application Number

Scheme Description

I have read, and accepted, the terms and conditions set out in the [license agreement](#)

3 - BASIC SITE INFORMATION

Site Area

Total Size of Site In Hectares (You must enter a value in here)

Density / Number of Dwellings

Enter a number of dwellings (You must enter a value in here)

Percentage Increase/Decrease in Density:

You may test the effect of a percentage increase/decrease in the site density by using the cell below

%

Resulting Number of Dwellings

Resulting Density dph

4 - CHARACTERISTICS OF DEVELOPMENT

ALWAYS DEPRESS THE CLEAR TABLE BUTTON FIRST

You then have 2 options for entering information about the scheme

EITHER, enter information for up to 20 dwelling types – each row must be either fully complete or left blank (enter 1 if information not relevant e.g. size of affordable unit but is a market unit)

OR select the Toolkit default mix by depressing the button called Use Default Unit Types

Ref.	Description of Dwelling	No of Bed-Rooms	Dwelling Type	No of Units	Size in sq.m Affordable	Size in sq.m Market	Parking (flats only)	No. of Storeys (1-99)
1	1 Bed Flats	1	Flat	2.0	48	46	n/a	2
2	2 Bed Flats	2	Flat	2.0	68	64	n/a	2
3	2 Bed Terraces	2	House	8.0	70	68	n/a	n/a
4	3 Bed Terraces	3	House	4.0	88	86	n/a	n/a
5	3 Bed Semis	3	House	6.0	90	88	n/a	n/a
6	3 Bed Detached	3	House	8.0	100	104	n/a	n/a
7	4 Bed Detached	4	House	6.0	115	125	n/a	n/a
8	5 Bed Detached	5	House	2.0	135	145	n/a	n/a
9	3 Bed Bungalows	3	Bungalow	2.0	90	90	n/a	n/a
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
Total Number of units				40				

Previous Page

Next Page

5 - MARKET VALUES

This is a custom scheme, default values are not available.

ALWAYS DEPRESS THE CLEAR TABLE BUTTON FIRST

Clear Table

You can enter your own values for each dwelling type or select the Toolkit default market values by depressing the button called Default Market Values

View Default Values ->

You can adjust the market values by using the % increase/decrease arrows

100 %

Reset

Reset button to return to base market value

Ref.	Unit Type	No of Bed Rooms	Market Value	Adjusted Market Value
1	1 Bed Flats	1	£225,000	£225,000
2	2 Bed Flats	2	£322,000	£322,000
3	2 Bed Terraces	2	£421,000	£421,000
4	3 Bed Terraces	3	£460,000	£460,000
5	3 Bed Semis	3	£498,000	£498,000
6	3 Bed Detached	3	£526,000	£526,000
7	4 Bed Detached	4	£659,000	£659,000
8	5 Bed Detached	5	£774,000	£774,000
9	3 Bed Bungalows	3	£597,000	£597,000
10				

6 - TENURE MIX

If you are using a default mix then you can distribute units across the tenures by percentage; enter the percentage of units to assign to each tenure in the top row. The percentages are applied equally across all unit types

If you are not using a default mix then you may either enter units by percentage or by the exact number of units of each type for each tenure; in the table enter the exact number of units of each type for each tenure in the table

Whichever method is selected, ensure that relevant information is entered in the boxes at the bottom of the table.

Input by Percentages Input by Quantity

Clear Table

Ref.	Description	SALE	AFFORDABLE				Required No. of Units
			Social rent	New Build HomeBuy	Intermediate rent	Discount Market	
		70%	15%	6%	9%		
1	1 Bed Flats	1.4	0.3	0.1	0.2		2.0
2	2 Bed Flats	1.4	0.3	0.1	0.2		2.0
3	2 Bed Terraces	5.6	1.2	0.5	0.7		8.0
4	3 Bed Terraces	2.8	0.6	0.2	0.4		4.0
5	3 Bed Semis	4.2	0.9	0.4	0.5		6.0
6	3 Bed Detached	5.6	1.2	0.5	0.7		8.0
7	4 Bed Detached	4.2	0.9	0.4	0.5		6.0
8	5 Bed Detached	1.4	0.3	0.1	0.2		2.0
9	3 Bed Bungalows	1.4	0.3	0.1	0.2		2.0
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
Total		28.0	6.0	2.4	3.6		40.0

10 - DEVELOPMENT COSTS

ALWAYS DEPRESS THE CLEAR TABLES BUTTON FIRST

Clear Tables

Build Costs per sq m

You can enter your own values in the white cells below.
Where cells are left blank, the Toolkit value for that row will be used

	Toolkit Values	User Values
Bungalows	£915	£1,596
Flats (6+ storeys)	£1,375	
Flats (5 & less storeys)	£1,050	£1,648
Houses <= 75m2	£870	£1,428
Houses > 75m2	£835	£1,428

Other Development Costs

You can enter your own values in the white cells below. Enter 0% for non-applicable items.
Where cells are left blank, the Toolkit value for that row will be used.

	Toolkit Values	User Values	
Professional Fees %	12.00%		of build costs
Internal Overheads	5.00%	0.00%	of build costs (Market and Discount Market units)
Interest Rate (Market)	7.00%	6.75%	of build Costs (Market, Discount Market and Low Cost Sale units)
Interest Rate (Affordable Housing)	7.00%	6.75%	of build costs (SR, HB, IR units)
Marketing Fees	3.00%		of market value (Market and Discount Market units)
Developers Return	15.00%	20.00%	of market value (Market and Discount Market units)
Contractors Return	6.00%		of development costs (SR, HB, IR and LCS units)
Land financing costs	£	-	Please see the Guidance Notes for use of this value

Exceptional Development Costs

You may enter SCHEME totals for exceptional costs. The first row is for Sustainable Homes costs. The other three rows are for user defined costs. You can enter the name of the cost in the left hand cells and SCHEME value in the right hand cell.

Sustainable Homes Standard	
Market Housing	Affordable Housing
None	None

Costs incurred for Sustainable Homes Levels None and None	£	-
<Enter Costs Description>	£	-
<Enter Costs Description>	£	-
<Enter Costs Description>	£	-

Scheme Total	£0
per dwelling	£0
per hectare	£0

Previous Page

Next Page

11 - PLANNING OBLIGATIONS

ALWAYS DEPRESS THE CLEAR TABLE BUTTON FIRST

For each type of contribution you may either enter a total figure (for that row) or you may enter values per unit (for each tenure). If you choose the second option, the Toolkit will calculate the total obligation 'cost' for the scheme.

To enter one total value for a row, tick the corresponding box in the "Enter Total?" column and enter a value in the "User Total" column : To enter the values by tenure leave the box un-ticked

	Input by Total		Input by Unit					Calculated Total (Affordable and Sale)
	Enter Total?	User Total	Sale	Affordable				
				Social rent	New Build HomeBuy	Intermediate rent	Discount Market	
Education Contribution	<input type="checkbox"/>							
Highway Works	<input type="checkbox"/>							
Contribution to public transport	<input type="checkbox"/>							
Contribution to community facilities	<input type="checkbox"/>							
Provision for open space	<input type="checkbox"/>							
Contribution to public realm	<input type="checkbox"/>							
Contribution to public art	<input type="checkbox"/>							
Environmental improvements	<input type="checkbox"/>							
Town centre improvements	<input type="checkbox"/>							
Waterfront Improvements	<input type="checkbox"/>							
Support for employment development	<input type="checkbox"/>							
Employment related training	<input type="checkbox"/>							
<Enter Planning Obligation Description here>	<input type="checkbox"/>							
<Enter Planning Obligation Description here>	<input type="checkbox"/>							
<Enter Planning Obligation Description here>	<input type="checkbox"/>							

Obligations package per unit

Contribution from Commercial

Total for Scheme	£105,200
Total for Scheme per hectare	£105,200
Total for Scheme divided by total number of units	£2,630
Total for Scheme divided by number of sale units	£3,757

13 - SCHEME REVENUE FROM AFFORDABLE HOUSING

Please choose the method by which the payment is made by the affordable housing provider to the developer

- Payment by affordable housing provider to developer is calculated by the Toolkit
- Payment by affordable housing provider to developer is fixed and is a known amount

Previous Page

Next Page

14 - KNOWN PAYMENT FOR AFFORDABLE HOUSING

ALWAYS DEPRESS THE CLEAR PAGE BUTTON FIRST

Clear Page

Enter a known payment from the affordable housing provider either by unit, as a total sum for each tenure or as a total across the three affordable tenures shown on this page.

	Affordable Housing Tenures			Total
	Social rent	New Build HomeBuy	Intermediate rent	Affordable Units
Number of units	6.0	2.4	3.6	12
Payment By Unit	£ 80,000	£ 328,000	£ 150,000	
Or Payment By Tenure				
Or Scheme Total	Enter a lump sum payment for Affordable Housing			
Tenure Total	£ 480,000	£ 787,200	£ 540,000	
Method by which Affordable Housing Revenue is calculated	By Unit	By Unit	By Unit	
Total Known Payment for Affordable Housing	£ 1,807,200			

Previous Page

Next Page

TOTAL NUMBER OF UNITS	
Dwellings	40
% Wheelchair Units	

DENSITY (per hectare)	
Dwellings	40.0

AFFORDABLE UNITS		
	Quantity	% of All Units
Total	12.0	30%
Social rent	6.0	15%
Intermediate	6.0	15%

REVENUE AND COSTS	
Total scheme revenue	£ 15,943,200
Total scheme costs	£ 9,778,000

RESIDUAL VALUE	
Whole scheme	£ 6,165,200
Per hectare	£ 6,165,000
Per dwelling	£ 154,000
Per market dwelling	£ 220,000

Contribution to revenue from:	
Market housing	£ 14,136,000
Affordable Housing	£ 1,807,200
- Social rent	£ 480,000
- New Build HomeBuy	£ 787,000
- Intermediate Rent	£ 540,000
- Discount Market	£ -
- Local Sale	£ -
Capital Contribution	£ -
Commercial Elements	£ -

PUBLIC SUBSIDY (GRANT)	
Whole Scheme	£ -
Per Social Rental dwelling	£ -
Per New Build HomeBuy dwelling	£ -
Per Intermediate Rent dwelling	£ -

Contribution to costs from:	
Market housing	£ 7,694,000
Affordable Housing	£ 1,979,000
- Social rent	£ 989,000
- New Build HomeBuy	£ 396,000
- Intermediate Rent	£ 594,000
- Discount Market	£ -
- Local Sale	£ -
Land Finance	£ -
Planning Obligations	£ 105,000
Total Exceptional Costs	£ -
Commercial Elements	£ -

Alternative Site Values		Against residua
Existing Use Value	£ -	£ -
Acquisition Cost	£ -	£ -
Alternative Use Value 1	£ -	£ -
Alternative Use Value 2	£ -	£ -
Alternative Use Value 3	£ -	£ -

Save Results

View Results

Cost Components

View DCF Page

Previous Page

Appendix 5 – Infrastructure Costs & Assumptions

¹ Highway infrastructure cost based on standard cost of £4,000 per dwelling or calculated as compound inflation on £1,333 per occupant from 2007-2016 (=£1,697) multiplied by occupancy of 2.4 for dwellings or 37.5 workers per sqm for light industrial and 34.4 workers per sqm for retail.

² On site requirements based on £348 per sqm for formal playspace, £23 per sqm for informal playspace, £348,315 per ha for sports pitches and £232,310 per ha for parks/allotments taken from Appendix B of Runnymede INA. Contributions based on costs in Section 25 of INA adjusted for increase/decrease in dwelling numbers.

³ Cost of on-site SANG taken as cost for Park & Garden set out in Appendix B of Runnymede INA at £232,210 per ha. Contribution to SANG uses standard RBC tariff of £2,000 per dwelling + £630 per dwelling for SAMM.

⁴ Based on number of dwellings x 0.65 (market %) x Average floorspace (70sqm for flats/100sqm for houses) x discount for existing floorspace (%) x £150

⁵ Based on cost of 3GP surgery taken from Aecom LGV Study

⁶ Based on cost of a 350sqm community building at £1,428 per sqm. Cost figures based on Appendix B of Runnymede INA. Total cost run through 10 years compound inflation to give approx. cost of £700,000 for the building. Cost divided by total dwellings at St Peter's, Parcel D & Parcel E of Chertsey Bittams (595) to give per dwelling cost.

GLOSSARY OF TERMS

A

Abnormal Development Costs: Costs associated with difficult ground conditions e.g. contamination.

Affordable Housing: As defined in PPS3 as housing that includes Social Rented and Intermediate Affordable housing.

Affordable Rented Housing: Housing let at above Social Rented levels and up to 80% of Open Market Rent

Appraisal: development calculation taking into account scheme revenue and scheme cost and accounting for key variables such as house prices, development costs and developer profit.

B

Base Build Costs: including costs of construction: preliminaries, sub and superstructure; plus an allowance for external works.

C

Commuted Sum: a sum of money paid by the applicant in lieu of providing affordable housing on site.

Community Infrastructure Levy: A levy raised by local authorities from developers and land owners in order to cover the costs of providing infrastructure, where the form of provision can include physical, social and environmental infrastructure. The levy is charged on a per square metre basis across a range of development uses.

D

Developer's Profit or margin: a sum of money required by a developer to undertake the scheme in question. Profit or margin can be based on cost, development value; and be expressed in terms of net or gross level.

Developer Cost: all encompassing term including base build costs (see above) plus any additional costs incurred such as fees, finance and developer margin.

Development Economics: The assessment of key variables included within a development appraisal; principally items such as house prices, build costs and affordable housing revenue.

E

Existing Use Value (EUV): The value of a site in its current use; for example, farmland, industrial or commercial land.

F

Finance (developer): usually considered in two ways. Finance on the building process; and finance on the land. Relates to current market circumstances

G

Gross Development Value (GDV): the total revenue from the scheme. This may include housing as well as commercial revenue (in a mixed use scheme). It should include revenue from the sale of open market housing as well as the value of affordable units reflected in any payment by a housing association(s) to the developer.

I

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

L

Land Value: the actual amount paid for land taking into account the competition for sites. It should be distinguished from Residual Value (RV) which is the figure that indicates how much should be paid for a site.

Local Development Framework (LDF): a folder of planning documents encompassing DPDs (Development Plan Documents) and SPDs (Supplementary Planning Documents)

M

Market Housing: residential units sold into the open market at full market price to owner occupiers, and in some instances, property investors. Usually financed through a mortgage or through cash purchase in less frequent cases.

P

Planning Obligation: a contribution, either in kind or in financial terms which is necessary to mitigate the impacts of the proposed development.

Affordable housing is a planning obligation as are, for example, education and open space contributions. (See Section 106)

Proportion or percentage of Affordable Housing: the proportion of the scheme given over to affordable housing. This can be expressed in terms of units, habitable rooms or floorspace

R

Residual Valuation: a key valuation approach to assessing how much should be paid for a site. The process relies on the deduction of development costs from development value. The difference is the resulting 'residue'

Residual Value (RV): the difference between Gross Development Value (GDV) and total scheme costs. Residual value provides an indication to the developer and/or land owner of what should be paid for a site. Should not be confused with land value (see above)

Registered Provider (RP): a housing association or a not for profit company registered with the Homes and Communities Agency and which provides affordable housing

S

Scheme: development proposed to be built. Can include a range of uses – housing, commercial or community, etc

Section 106 (of the Town and Country Planning Act 1990): This is a legally binding agreement between the parties to a development; typically the developer, housing association, local authority and/or land owner. The agreement runs with the land and binds subsequent purchasers. (See Planning Obligation)

Shared Ownership (SO): Also known as a product as 'New Build HomeBuy'. From a developer or land owner's perspective SO provides two revenue streams: to the housing association as a fixed purchase sum on part of the value of the unit; and on the rental stream. Rent charged on the rental element is normally lower than the prevailing interest rate, making this product more affordable than home ownership.

Social Rented Housing (SR): Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are SET through the national rent regime.

Sub Markets: Areas defined in the Viability Study by reference to house price differentials. Areas defined by reference to postcode sectors, or amalgams thereof.

Supplementary Planning Document (SPD): planning documents that provide specific policy guidance on e.g. affordable housing, open space, planning obligations generally. These documents expand policies typically set out in Local Plans and LDFs.

T

Target: Affordable housing target. Sets the requirement for the affordable housing contribution. If say 30% on a scheme of 100 units, 30 must be affordable (if viable).

Tenure Mix: development schemes usually comprise a range of housing tenures. These are described above including market and affordable housing.

Threshold: the trigger point which activates an affordable housing contribution. If a threshold is set at say 15 units, then no contribution is payable with a scheme of 14, but is payable with a scheme of 15. The appropriate affordable housing target is then applied at the 15 units, e.g. 20%, or 30%.

V

Viability: financial variable that determines whether a scheme progresses or not. For a scheme to be viable, there must be a reasonable developer and land owner return. Scale of land owner return depends on the planning process itself.