Castle Point Borough Council

Whole Plan Viability Study

STAGE ONE REPORT

On behalf of **Castle Point Borough Council**

castlepoint
benfleet | canvey | hadleigh | thundersley

Project Ref: 27937 - 001 | Rev: 1 | Date: October 2013

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Document Control Sheet

Project Name: **Castle Point Borough Council New Local Plan**

Project Ref: **27937-001**

Report Title: **Whole Plan Viability Study**

Date: **October 2013**

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Revision	Date	Description	Prepared	Reviewed	Approved
Final draft V.2	25/09/13	Draft Castle Point Borough Council New Local Plan	SC	MB	MP

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1 INTRODUCTION

1.1.1 The objective of this study is, in the words of the brief, 'to help inform the decisions by locally elected members about the risk and balance between the policy aspirations of achieving sustainable development and the realities of economic viability'. In making their decision on the balance, members are seeking guidance on

- The recommended level of affordable housing in policy;
- The maximum level of CIL, and the recommended level of CIL; and
- The cumulative viability implications of these and other policy costs.

1.1.2 These factors need to be taken into account in order to ensure as far as practicable that development in Castle Point Borough remains deliverable.

1.1.3 These are complex questions and issues, and the only way to make the decision properly is to explicitly understand the trade-offs being made between those choices. This study aims to provide an understanding of those issues to enable the decision making process relating to trade-offs between policies to be made.

1.1.4 This report and the accompanying appraisals have been prepared in line with RICS valuation guidance. However, it is first and foremost a supporting document to inform the drafting of the CIL evidence base and planning policy.

1.1.5 This appraisal is not a formal ‘Red Book’ (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.

2 PLANS AND POLICIES: POLICY CONTEXT

2.1 Introduction

2.1.1 The importance of maintaining plan viability is a central theme of national planning policy and guidance in recent years.

2.2 Defining viability: the Harman Report

2.2.1 The Harman Report usefully defines viability. 'Viability Testing Local Plans' (Local housing Delivery Group, June 2012), states that:

'An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs, and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place, and generates a land value sufficient to persuade the land owner to sell the land for the development proposed.'

2.3 National Planning Policy Framework

2.3.1 The NPPF resembles the Harman report, both in its approach to the concept of viability, and its concern to ensure that cumulative effects of policy do not combine to render plans unviable (para. 173):

'The costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable'.

2.4 Community Infrastructure Levy: Introduction

2.4.1 The Community Infrastructure Levy (CIL) is a planning charge that came into force on 6 April 2010. The levy allows local authorities in England and Wales to raise contributions from developers to help pay for infrastructure that is needed as a result of development. Local authorities who wish to charge the levy must produce a draft charging schedule setting out CIL rates for their areas – which are to be expressed as pounds (£) per square metre, as CIL will be levied on the gross internal floorspace of the net additional liable development. Before it is approved by the Council, the draft schedule has to be approved by an independent examiner.

2.4.2 Below, we summarise the key points from the main points from both legislation concerning CIL and statutory guidance documents.

2.5 CIL legal requirements

Finding the balance

2.5.1 Regulation 14 requires that a charging authority 'aim to strike what appears to the charging authority to be an appropriate balance' between

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

By itself, this statement is not easy to interpret. The statutory guidance[1] explains its meaning. This explanation is important and worth quoting at length:

'By providing additional infrastructure to support development of an area, the levy is expected to have a positive economic effect on development across an area. In deciding the rate(s) of the levy for inclusion in its draft charging schedule, a key consideration is the balance between securing additional investment for infrastructure to support development and the potential economic effect of imposing the levy upon development across their area. The Community Infrastructure Levy regulations place this balance of considerations at the centre of the charge-setting process. In meeting the requirements of regulation 14(1), charging authorities should show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant Plan and support the development of their area. As set out in the National Planning Policy Framework in England, the ability to develop viably the sites and the scale of development identified in the Local Plan should not be threatened'.[2]

2.5.2 In other words, the 'appropriate balance' is the level of CIL which the authority judges will maximise the quantum of development in the area. If the CIL charging rate is above this appropriate level, there will be less development than there could be, because CIL will make too many potential developments unviable. Conversely, if the charging rates are below the appropriate level, development will also be less than it could be, because it will be constrained by insufficient infrastructure.

2.5.3 The above quote from the statutory Guidance sets the development of the area firmly in the context of delivering the Local Plan. This is linked to the plan viability requirements of the NPPF, particularly paragraphs 173 and 174. This point is given emphasis throughout the Guidance. For example, in guiding examiners, the Guidance makes it clear that the independent examiner should establish that:

'…..evidence has been provided that shows the proposed rate (or rates) would not threaten delivery of the relevant Plan as a whole.' [3]

2.5.4 Common sense suggests that an appropriate balance is not easy to find, and must be a matter of judgment as much as rigorous calculation. It is not surprising, therefore, that charging authorities are allowed discretion in this matter. This is set out in the legislation and guidance. For example, Regulation 14 requires that in setting levy rates, the Charging Authority (our underlinings highlight the discretion):

'must <u>aim</u> to strike what <u>appears to the charging authority</u> to be <u>an</u> appropriate balance…' [4]

and the statutory guidance says

'The legislation… requires a charging authority to use appropriate available evidence to '<u>inform</u> the draft charging schedule'. A charging authority's proposed levy rate (or rates) should be reasonable given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence… there is room for some pragmatism.'[5]

2.5.5 Regulation 14 effectively recognises that the introduction of CIL may put some potential development sites at risk. The focus is on seeking to ensure development envisaged by the Local Plan can be delivered. Accordingly, when considering evidence the guidance requires that charging authorities should '*use an area based approach, which involves a broad test of viability across their area*', supplemented by sampling *'…an appropriate range of sites across*

[1] DCLG (April 2013) *Community Infrastructure Levy Guidance*
[2] DCLG (April 2013) *Community Infrastructure Levy Guidance* (para 8)
[3] DCLG (April 2013) *Community Infrastructure Levy Guidance* (Para 9)
[4] DCLG (April 2013) *Community Infrastructure Levy Guidance* (Para 7)
[5] DCLG (April 2013) *Community Infrastructure Levy Guidance* (para 28)

its area…' with the focus '*...in particular on strategic sites on which the relevant Plan relies…*' [6]

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

Keeping clear of the ceiling

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

'Charging authorities should avoid setting a charge right up to the margin of economic viability across the vast majority of sites in their area. Charging authorities should show, using appropriate available evidence, including existing published data, that their proposed charging rates will contribute positively towards and not threaten delivery of the relevant Plan as a whole at the time of charge setting and throughout the economic cycle..'[7]

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

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

Varying the charge

2.5.9 CIL Regulations (Regulation 13) allow the charging authority to introduce charge variations by geographical zone in its area, by use of buildings, or both. (It is worth noting that the phrase 'use of buildings' indicates something distinct from 'land use')[8]. As part of this, some rates may be set at zero. But variations must reflect differences in viability; they cannot be based on policy boundaries. Nor should differential rates be set by reference to the costs of infrastructure.

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

2.5.11 Moreover, generally speaking, 'it would not be appropriate to seek to differentiate in ways that 'impact disproportionately on particular sectors, or specialist forms of development'[10], otherwise the CIL may fall foul of State Aid rules.

2.5.12 It is worth noting, however, that the guidance is clear that 'In some cases, charging authorities could treat a major strategic site as a separate geographical zone where it is supported by robust evidence on economic viability.'[11]

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[6] DCLG (April 2013) *Community Infrastructure Levy Guidance* (Paras 23 and 27)

[7] DCLG (April 2013) *Community Infrastructure Levy Guidance* (Para 30)

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

[9] DCLG (April 2013) *Community Infrastructure Levy Guidance* (Para 37)

[10] DCLG (April 2013) *Community Infrastructure Levy Guidance* (Para 37)

Supporting evidence

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

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

Chargeable floorspace

2.5.15 CIL will be payable on ‘most buildings that people normally use’.[14] It will be levied on the net additional floorspace created by any given development scheme.[15] This means that new build that replaces existing floorspace that has been in recent use on the same site will not pay any CIL, even if the new floorspace belongs to a higher-value use than the old.

2.6 What the examiner will be looking for

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

- The charging authority has complied with the requirements set out in legislation
- The charging authority’s draft charging schedule is supported by background documents containing appropriate available evidence
- The proposed rate or rates are informed by and consistent with, the evidence on economic viability across the charging authority's area; and
- Evidence has been provided that shows the proposed rate would not threaten delivery of the relevant Plan as a whole.’[16]

Policy requirements

2.6.2 Above, we have dealt with legal and statutory guidance requirements which are specific to CIL. More broadly, the CIL Guidance says that charging authorities ‘should consider relevant national planning policy (including the NPPF in England) when drafting their charging schedules’[17]. In addition, where consideration of development viability is concerned, the CIL Guidance draws specific attention to paragraphs 173 to 177 of the NPPF.

2.6.3 The only policy requirements which relate directly to CIL are set out at paragraph 175 of the NPPF, covering, firstly, working up CIL alongside the plan making where practical; and secondly placing control over a meaningful proportion of funds raised with neighbourhoods where development takes place. Since April 2013[18] this policy requirement has been

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[11] DCLG (April 2013) *Community Infrastructure Levy Guidance* (Para 34)

[12] Section 211 (7A) of the Planning Act 2008

[13] Section (April 2013) *Community Infrastructure Levy Guidance* (Para25)

[14] DCLG (Nov 2010) *Community Infrastructure Levy – An Overview* (paragraph 37)

[15] DCLG (Nov 2010) *Community Infrastructure Levy – An Overview* (paragraph 38)

[16] DCLG (April 2013) *Community Infrastructure Levy Guidance* (Para 9)

[17] DCLG (April 2013) *Community Infrastructure Levy Guidance* (Para 4)

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

complemented with a legal duty on charging authorities to pass a specified proportion of CIL receipts to local councils, or spend it on behalf of the neighbourhood if there is no local council for the area where development takes place. Whilst important considerations, particularly as the latter would affect the way an authority allocates CIL money, these two points are outside our immediate remit in this study to consider the setting of CIL charges.

2.7 Summary

2.7.1 To meet legal requirements and satisfy the independent examiner, a CIL charging schedule should:

'Aim to strike what appears to the charging authority to be an appropriate balance' between the need to fund infrastructure and the impact of CIL'; and

'Not threaten delivery of the relevant plan as a whole'.

2.7.2 As explained in statutory guidance, this means that the net effect of the levy on total development across the area should be positive. CIL may reduce development by making certain schemes which are not plan priorities unviable. Conversely, it may increase development by funding infrastructure that would not otherwise be provided, which in turn supports development that otherwise would not happen. The law requires that, in the judgment of the local authority, the net outcome of these two impacts should be positive. This judgment is at the core of the charge-setting process.

2.7.3 Legislation and guidance also set out that:

- Authorities should avoid setting charges up to the margin of viability for the bulk of sites;
- CIL charging rates may vary across geographical zones and building uses (and only across these two factors). But there are restrictions on this differential charging. It must be justified by differences in development viability, not by policy or by varying infrastructure costs; it should not introduce undue complexity; and it should have regard to State Aid rules.
- Charging rates should be informed by 'appropriate available evidence', which need not be 'fully comprehensive or exhaustive';
- While charging rates should be consistent with the evidence, they are not required to 'mirror' the evidence[19]. In this and other ways, charging authorities have discretion in setting charging rates.

2.7.4 In our analysis and recommendations below, we aim both to meet these legal and statutory guidance requirements and to maximise achievement of the Councils' own priorities, using the discretion that the legislation and guidance allow.

[19] Planning Act 2008 (Section 211 (7A)) and DCLG (April 2013) *Community Infrastructure Levy Guidance* (para 28)

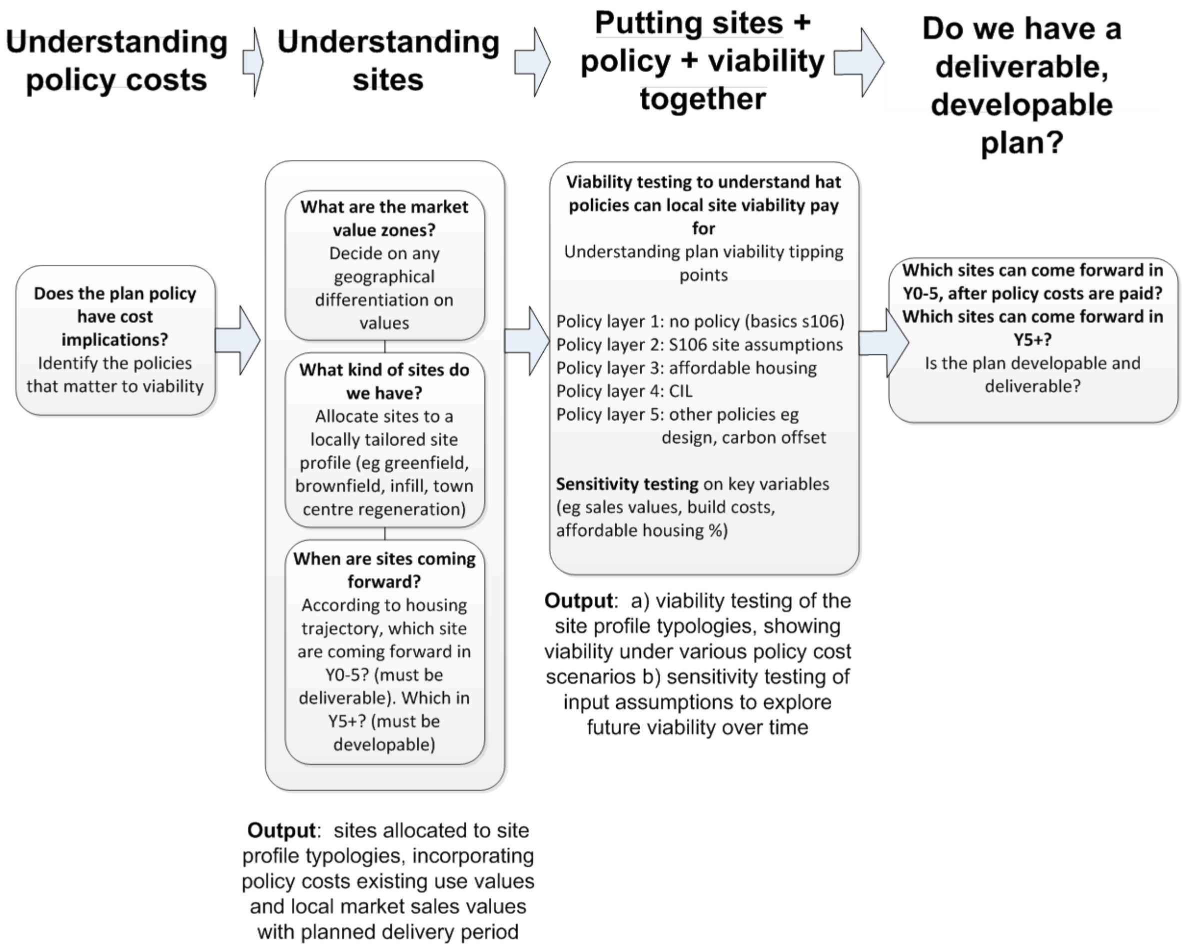
3 PROCESS

3.1 Introduction

3.1.1 This chapter explains the overall process adopted in this study.

3.1.2 In designing this process, Government and industry guidance has been taken into account.

Figure 3.1 Whole plan viability testing process flow



Source: PBA

3.2 Understanding policy costs

3.2.1 Understanding the policy costs provides a starting point for the analysis.

3.3 Understanding sites

3.3.1 The next stage is to understand the sites which are emerging through the planning process.

3.3.2 In order to understand sites, three further questions are asked.

- What are the market value zones for the area? An otherwise identical development may have a very different value, depending on its location. The report seeks to understand how this economic geography might affect site viability in the area. Planned sites are allocated to these market value zones.

- What kind of sites are emerging through the plan? Different sites might have different viabilities depending on the existing use or condition of the site. This is taken into account. Planned sites are allocated to different categories tailored to local conditions.

- When are sites coming forward? Analysis is undertaken of the emerging housing trajectory to understand the time period that different developments are expected, and explore whether the NPPF would require a site to be 'deliverable' in Years 0-5 of the plan, or 'developable' in Years 6 onwards. This emerging housing trajectory is provided by the Local Planning Authority and hence the analysis is reliant upon the quality of the information provided.

3.3.3 The above provides a good understanding of how location and policy costs might combine to affect viability. The next stage is to look at the issue of viability itself.

3.4 What policies can local site viability pay for?

3.4.1 Having understood the viability implications of a site's location and current status, layers of policy costs are added.

3.4.2 These policy costs will tend to negatively affect viability, but may deliver valuable benefits to wider society.

3.4.3 Analysis of the trade-offs involved is undertaken to establish these policy choices, in order that elected members may arrive at a reasoned and prioritised set of policy choices.

3.5 Is there a developable, deliverable plan?

3.5.1 This output forms the answer to the central question of the study.

3.5.2 With regards to housing supply, the National Planning Policy Framework states that evidence must show the Inspector that the plan is 'deliverable' for the first five year period following adoption. The approach required for land for years 6-10 and beyond is different to that adopted for the sites expected in Years 0-5 of the plan. These residential sites need to be 'developable'.

3.6 Stakeholder engagement method

3.6.1 Considerable stakeholder engagement has taken place as part of this study, as follows.

- Discussions with officers of the Local Planning Authority to understand the emerging plan, proposed patterns of development, policies and their implications for the cost of development;

- Semi-structured interviews. A range of semi-structured interviews has been undertaken with local housebuilders, developers, landowners and agents to develop a picture of the local residential and commercial property markets; and

- Developer workshop. A developer workshop was undertaken with local housebuilders and developers at this event the assumptions and method was outlined, and sought comments.

4 PLANS & POLICIES: PLANNED DEVELOPMENT

4.1 Introduction

4.1.1 The CIL charge needs to ensure that it supports development in general, and supports delivery of the Council's priorities. In this chapter recent patterns of development are reviewed as well as the objectives and proposals of the District's Core Strategy.

4.1.2 The implications of this analysis for the charging schedule are assessed at the end of this chapter.

4.2 Recent Patterns of Development and Castle Point's Core Strategy

4.2.1 The Council's housing targets are set out within the Draft New Local Plan Proposed Policies Document in Policy H1. This specifies that at least 4,000 new homes will be delivered in Castle Point during the period 2011 to 2031.

4.2.2 Policies H4-H15 set out strategic locations for these new homes. The largest sites are for 600 dwellings. In total there are 8 identified sites with a maximum potential yield of 100 dwellings or more:

- H4 – Land off Kiln Road, Thundersley – 600 homes
- H5 – Land at Thorney Bay Caravan Park, Canvey Island – 600 homes
- H6 – Land at Point Road, Canvey Island – 160 homes
- H9 – Land between Felstead Road and Catherine Road, Benfleet – 200 homes
- H10 – Land East of Rayleigh Road, Hadleigh – 450 homes
- H11 – Land South of Daws Heath, Hadleigh – 140 homes
- H13 – Land West of Glebelands, Thundersley – 110 homes
- H14 – Land West of Benfleet – 600 homes (and a residential care home)

4.2.3 In addition to these larger sites, the Local Plan also allocates housing at the following sites:

- H15 – Land off the Glyders, Benfleet – 35 homes
- H7 – Land off Scrub Lane, Hadleigh – 40 homes
- H8 – Land at the former Castle View School, Canvey Island – 50 units of specialist care accommodation for older people
- H12 – Land off Central Avenue, Hadleigh – 90 homes

4.2.4 In the period 2011 to 2013 only 125 homes were delivered in Castle Point. Therefore, during the remainder of the plan period to 2031 there is a need for at least 3,875 homes to be delivered in accordance with the Council's agreed housing target.

4.2.5 The recently published National Planning Practice Guidance indicates that where there has been under-delivery of housing against a target, this under-delivery should be caught up within the five year housing land supply. As a result of under-delivery in the period 2011 to 2013, there is a need for 255 homes per annum to be delivered in Castle Point in the period 2013 to

2018. Assuming this is achieved the delivery requirement would revert to 200 homes per annum thereafter.

4.2.6 The majority of housing completions in the period 2011/2012 were on small scale infill plots and this is unlikely to alter until development commences at the strategic allocations identified in the draft Local Plan. The AMR states that the biggest two housing sites completed in 2011/2012 were 17 new homes at the Lighthouse PH, London Road and 15 new homes at 350-356 London Road.

4.2.7 Therefore, whilst in recent years the level of housing growth has not been substantial, the Council remain committed to delivering substantial housing growth, as evidenced in their Draft Local Plan strategic allocations.

4.3 B-class development

4.3.1 Draft Local Plan Policy E1 states the Council will maintain a flexible employment land supply that has the potential to deliver around 21,000 sqm of additional floorspace for B1a, B1c and B2 use. The Local Plan allocates some sites for employment use as follows:

- Extension to Manor Trading Estate – 4ha available for B1b, B1c and B2 employment purposes
- Extension to Charfleets Industrial Estate – 7ha available for B1b, B1c and B2 employment purposes
- Land for Employment South of Northwick Road – 8ha available for B1b, B1c and B2 employment purposes.

4.3.2 The evidence base for the employment policies found that there was a similar floorspace requirement for B2 uses and B1 uses, therefore they have taken a flexible approach to the delivery of this additional floorspace in the policy.

4.3.3 The AMR found that during 2011/12 there was a loss of industrial employment floorspace in Castle Point, mostly through changes of use to D2 and Sui Generis uses.

4.3.4 Whilst there has been little new development of employment floorspace in recent years, the Council still have an aspiration to deliver new additional floorspace over the plan period. Therefore it is important that the viability of such uses is tested.

4.4 Retail

4.4.1 Local Plan Policy R1 sets out a target of delivering an additional 3,300 sqm of convenience floorspace within local town centres in the period 2014 to 2031 and an additional 8,350 sqm of comparison floorspace in the same period. Policies R2 and R3 allocate the following amount of retail floorspace:

- Canvey Town Centre – 13,000 sqm
- Hadleigh Town Centre – 1,300 sqm

4.4.2 In the year 2011/12 around 7,769 sqm of retail (A1-A5) floorspace was completed. 7,693 sqm of this was completed as part of the Morrison's development at 175 London Road, Hadleigh. There were also a number of extant planning permissions in the year 2011/2012 which have the potential to deliver 7,982 sqm of retail (A1-A5) floorspace.

4.5 Restaurants and cafes/ Drinking establishments/ Hot food takeaways

4.5.1 Policy E9 of the local plan identifies supports development for A3, A4, and A5 uses on ground floor level in the Seafront Entertainment Area.

4.5.2 Policy R8 states that A3 and A4 uses that complement the existing uses will be supported in the South Benfleet Leisure Quarter.

4.5.3 There is also a need for approximately 3,600 sq m of A2, A3, A4 and A5 provision to complement the growth in retail provision in town centre locations.

4.6 Care homes

4.6.1 The Local Plan has also included plans for specialist care accommodation for older people, the Council will meet this need through the provision of two additional residential care and nursing homes. The Council has identified two sites; land West of Canvey Road Canvey Island, and land at Jotmans Farm Benfleet.

4.7 Summary

4.7.1 The land uses which are central to delivery of the Local Plan or otherwise likely to significant forms of development, comprise:

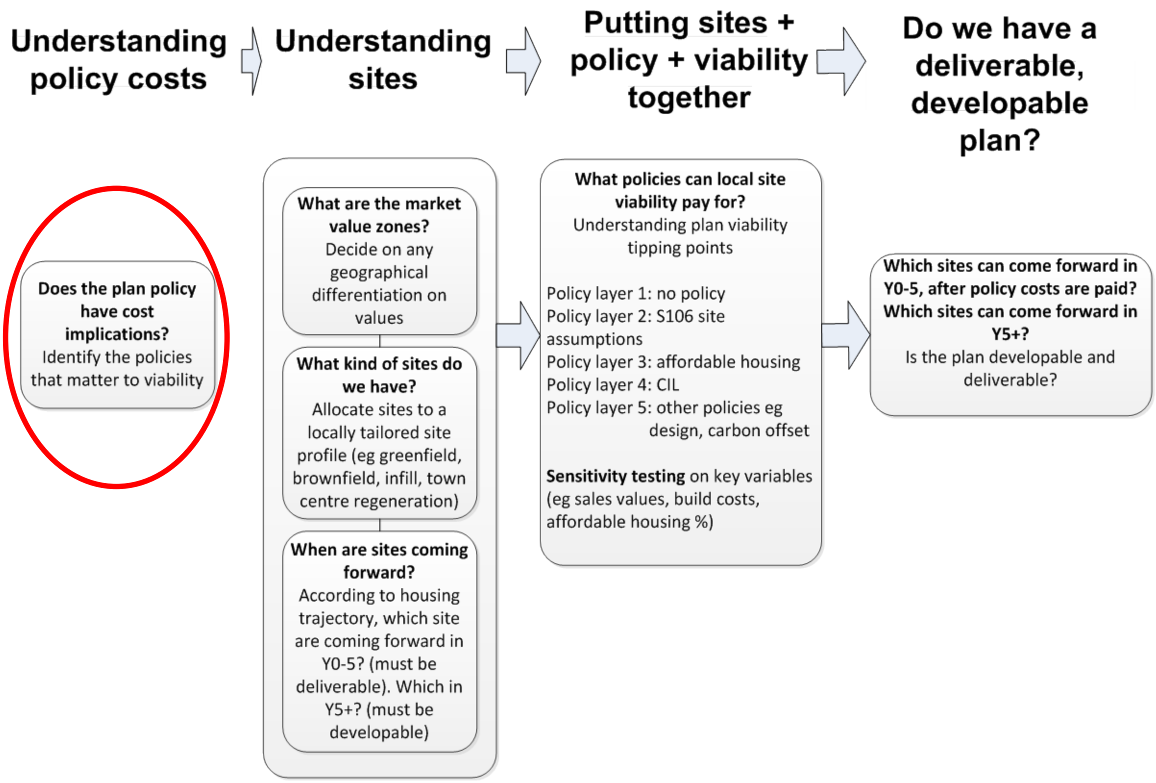
- Residential
- Employment (offices and industrial)
- Restaurants and cafes/ Drinking establishments/ Hot food takeaways
- Retail
- Care homes

5 DOES THE PLAN POLICY HAVE COST IMPLICATIONS?

5.1 Introduction

5.1.1 The draft copy of the Castle Point Borough Council Local Plan has been has been analysed to identify the elements that may add to the cost of development, and so affect viability.

Figure 5.1 Process flow stage



Source: PBA

5.2 Plan policies with cost implications for residential development

5.2.1 The plan is being written in full knowledge of poor local development conditions. There is therefore an effort to ensure that policy costs are kept modest.

Affordable housing policy

5.2.2 Affordable housing policy will form part of the Core Strategy, and will affect viability.

5.2.3 Affordable housing policy is being partly set on the basis of evidence of need. Viability will be taken into account.

Density standards

5.2.4 Emerging policy is likely to contain a housing density standard. This has been incorporated into the viability testing assumptions.

S106 developer contributions

5.2.5 The Council will levy Section106 contributions in the now tightly controlled circumstances set out in Legislation. With the exception of affordable housing requirements, Tthe CIL Regulations 2011 Regulation 122(2) tests state that any S106 charge must meet three tests of being[20]

- Necessary make the development acceptable in planning terms. For the LPA to take account of S106 in granting planning permission it needs to be convinced that, without the obligation, permission should be refused

- Directly related to the development. If the LPA fails to show a real connection to the development in question, then it will be unlawful for the LPA to take account of S106 in granting permission.

- Fairly and reasonably related in scale to the development proposed.

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

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

5.3 Plan policies with cost implications for non-residential development

5.3.1 The Council may require S106 and S278 planning obligations in order to make development acceptable in planning terms. These requirements will be directly related to development and fairly and reasonably related in scale to the development in question.

5.3.2 Requirements will be made on a case by case basis. Without reference to specific cases, it is difficult to predict the level of policy costs that development might incur. The emerging plan does not anticipate making this development subject to systematically applied policy costs. The Council is well aware of the dangers of rendering valuable employment development unviable.

5.3.3 There is therefore no substantial risk that the emerging plan itself will impose 'obligations and policy burdens that their ability to be developed viably is threatened'.[21]

5.3.4 However, in individual cases, some S106 costs may be levied to make development acceptable in planning terms.

5.4 Policy on Community Infrastructure Levy

5.4.1 Community Infrastructure Levy (CIL) is most desirable and effective when all of the following conditions are fulfilled.

1. There is a strategic area wide infrastructure requirement;

2. There are very many small sites, making developer contributions difficult and expensive to negotiate and collect;

3. There are enough receipts in prospect to make setting up the CIL worthwhile;

[20] Planning Officers Society (2011) *Section 106 Obligations and the Community Infrastructure Levy* accessed 7 June http://www.planningofficers.org.uk/downloads/pdf/POS_Advice_Note_S106_and_CIL_final_version_Apr2011.pdf
[21] DCLG (2012) NPPF para 173

4. There are relatively homogenous value zones, where values within and between the zones are relatively predictable.

5.4.2 An analysis of the proposed plan policy cost implications is set out in Table 5.1 overleaf.

Table 5.1 Cost implications of anticipated plan policy

Anticipated plan policy area	Does the policy have a cost implication?	Application to all development, specific forms of development or specific sites?	How have these costs been dealt with in this study?
Building a strong, competitive economy (E policies)	No		
Ensuring the vitality of town centres (R policies)	No		
Promoting sustainable transport (T policies)	No	All large scale development	The study assumes it will be paid for through a combination of CIL and site-specific S106 costs.
Improvements and Alterations to the Highways Network (T policies)	Yes	All large scale development	The study assumes that these costs will be paid through CIL or other third parties means such as Essex County Council's Highways Programme.
Supporting high quality communication infrastructure (COM policies)	Yes	All development	A costs allowance has been made for plot external works which cover costs for communication infrastructure. Land values assume fully serviced site, therefore any communication infrastructure to service the site will need to be reflected in the price paid by the purchaser.
Delivering a wide choice of high quality homes – Securing more	Yes	All development	Different levels of affordable housing requirements and their impact on viability has been

Anticipated plan policy area	Does the policy have a cost implication?	Application to all development, specific forms of development or specific sites?	How have these costs been dealt with in this study?
Affordable Housing (H policies)			assessed. Viability testing assumes affordable units are built to HCA compliant space standards. The plan requires a mix of affordable housing units which should comprise 30% 1 bedroom units, 50% 2 bedroom units and 20% 3 bedroom units. The average house unit size used for the affordable housing for a house used 93 sq m which is the same as HCA space standard for a 3 bedroom/5 person house. The average flat sized used in the viability testing is 64 sq m. This is larger than a blended rate of the HCA standards for a 1 bed/ 2 person home at 51 sq m and 2 bed/3 person home at 66 sq m. The plan requires a housing tenure mix used 50% affordable rent and 50% intermediate, this has been tested.
Delivering a wide choice of high quality homes – Residential Institutions (H policies)	**No**		Viability testing considers care home, family homes, apartments, and affordable housing.
Requiring good design (DES policies)	**Yes**	All development	The study assumes that BCIS costs cover Code for Sustainable Homes Level 4 which is currently above building regulations requirements.

Anticipated plan policy area	Does the policy have a cost implication?	Application to all development, specific forms of development or specific sites?	How have these costs been dealt with in this study?
			Commercial build cost cover BREEAM (Building Research Establishment Assessment Method) Very Good standard. Both of which are local design requirements. Development density used is at the lower end of what the council is seeking to achieve.
Public Realm/ Public Art/ Local Reference Points (DES policies)	**Yes**	All development, particularly town centre and employment areas	A cost allowance for external works has been made within the viability appraisal. This includes town centre and employment sites. These sites are likely to have less on-site landscaping requirements but these sums allocated can be spent on public realm
Promoting healthy communities (HC policies)	**Possible**	All development	It is assumed that infrastructure costs related to active and healthy communities will be funded from the CIL pot
Protecting Green Belt land (GB policies)	**Possible**	All development	Will be paid for through a combination of CIL and site-specific S106 costs.
Meeting the challenge of climate change, flooding and coastal change (CC policies)	**Possible**	Development within Canvey Island	A cost allowance has been made for additional construction costs associated with flood mitigation on Canvey Island for site specific construction. It is assumed that any

Anticipated plan policy area	Does the policy have a cost implication?	Application to all development, specific forms of development or specific sites?	How have these costs been dealt with in this study?
			strategic infrastructure for mitigation is funded from a combination of CIL and/or the Environment Agency.
Conserving and enhancing the natural environment (DE policies)	**Possible**	Development adjacent to specific sensitive sites	It is assumed that any specific requirements on sensitive sites will result in the command of a lower than usual land price.
Conserving and enhancing the historic environment (HE policies)	**Possible**	Development adjacent to specific historic sites or subject to archaeological potential	It is assumed that any specific requirements on sites will result in the command of a lower than usual land price.
Traveller Sites (GT policies)	**No**		

Source: PBA/Castle Point Borough Council Draft Local Plan

6 UNDERSTANDING SITES

6.1 Introduction

6.1.1 A major determinant of the viability of a site is its location. Site locations affect viability through the interaction of supply of, and demand for, land in a particular location. For example, land might be in particular demand in an area due to a pleasant living environment, or vice versa. A better environment may mean that houses sell for more, generally making that development more viable, assuming that other things are equal.

6.1.2 This section looks at:

- The make-up of these market value zones for residential development only. The study concentrates on residential development here because the viability of non-residential developments are very much less sensitive to precise locations. In the case of supermarkets, for example, viability is driven by occupier covenant rather than store location.

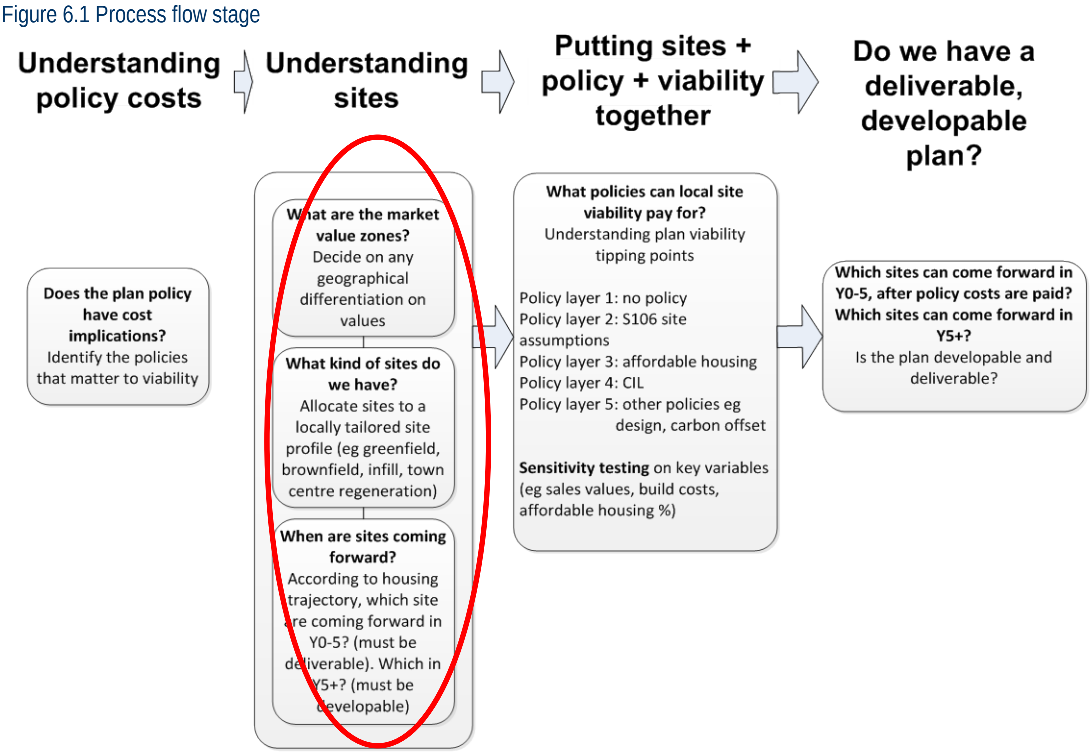
- The emerging plan housing trajectory to understand the time period that different developments are expected, and explore whether the NPPF would require a site to be 'deliverable' in Years 0-5 of the plan, or 'developable' in Years 6 onwards.

- The type of sites planned through allocating development sites to an appropriate development category. This allows the study to deal efficiently with the very high level of detail that would otherwise be generated by an attempt to viability test each site. This approach is suggested by the Harman Report, which suggests 'a more proportionate and practical approach in which local authorities create and test a range of appropriate site typologies reflecting the mix of sites upon which the plan relies'.[22]

- Testing market value zones with consultation evidence to ensure evidences gathered is reflective of what is being delivered 'on the ground'.

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

Figure 6.1 Process flow stage



Source: PBA

6.2 What are the value zones

6.2.1 CIL Regulations (Regulation 13) are helpful in determining a robust way forward on this issue, particularly given that this evidence may be used to structure a geographically varied affordable housing policy.

6.2.2 Regulations state that all differences in rates need to be justified by reference to the economic viability of development. Setting up a CIL which levies different amounts on development in different places increases the complexity of evidence required, and may be contested at examination; this logic is also likely to apply to the creation of a geographically varied affordable housing charge.

Principles in setting the value zones

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

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

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

6.2.6 To avoid these statistical and boundary problems, a robust set of differential charging zones should ideally meet two conditions:

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

6.2.7 These principles have been held in devising zone boundaries in Castle Point.

Method in setting the value zones

6.2.8 Setting zones requires to marshal the 'appropriate available evidence' available from a range of sources in order to advise on the best way forward. The following steps have been undertaken:

- The first step was to look at home prices. Sales prices of homes are a good proxy for viability. This was downloaded from the Land Registry. These are only a first step and assist in generating a range of options or hypotheses.
- Secondly, likely patterns of future development are considered to investigate whether it was worthwhile setting up additional zones.
- Thirdly, consultation was undertaken with developers and officers.
- Finally, this main hypothesis was tested through formal development appraisals.

6.2.9 The process is explained below.

Using house prices to understand value zones

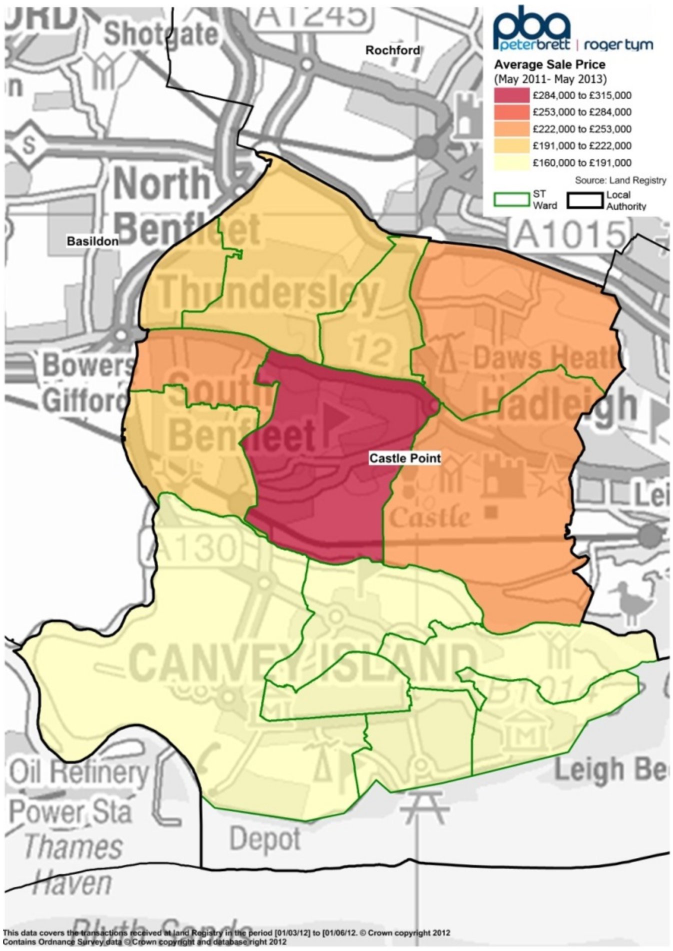
6.2.10 In advising on charging zones, the first step was to look at residential sales prices. Figure 6.2 below looks at the average sales prices of all homes over a two year period. Average prices are shown for each Census Standard Table (ST) ward[23]. Aside from the highest and lowest bands (which are tailored to actual values), average prices are broken in equal bands of £31,000 each.

6.2.11 The data is presented on a map because to provide an understanding to the broad contours of residential prices in the Castle Point area. Sales prices are a reasonable, though imperfect, proxy for development viability, so the map provides us with a broad idea of which areas would tend to have more viable housing developments, other things being equal.

6.2.12 It is worth noting that new homes are typically more expensive than second hand homes, but the prices that have mapped include both second hand and new homes. The data on both new and second hand homes has been used because, firstly, datasets on sales values for new homes only would be very much smaller (and so more unstable), and secondly, because at this stage it is the differentials between areas that is trying to be identified, not the absolute price levels. There were therefore good reasons to look at both new and second hand data, and no compelling reasons to avoid it.

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

Figure 6.2 Average sales price of homes (May 2011- May 2013)



Source: Land Registry, PBA

6.2.13 Mapping the Land registry data shows that there is a clear north/south split of average prices in the borough. The lower band of £160,000 to £191,000 is shown just across the south of the borough (Canvey Island). With the upper average price bands all across the north of the borough (main land).

6.2.14 On balance, this spread of prices suggested that it might be worthwhile to create more than one charging band.

6.2.15 However, the future profile of development must be considered to inform the decision about charging boundaries. Before coming to a decision on charging boundaries, it is important to analyse:

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

6.3 Understanding the types of sites planned

6.3.1 The objective here is to allocate development sites to an appropriate development category.

6.3.2 This allows the study to deal efficiently with the very high level of detail that would otherwise be generated by an attempt to viability test each site. This approach is suggested by the Harman Report, which suggests 'a more proportionate and practical approach in which local authorities create and test a range of appropriate site typologies reflecting the mix of sites upon which the plan relies'.[24]

6.3.3 This has been achieved through analysis of the emerging housing trajectory to understand the time period that different developments are expected, and explore whether the NPPF would require a site to be 'deliverable' in Years 0-5 of the plan, or 'developable' in Years 6 onwards.

The plan's anticipated trajectory

6.3.4 Sites anticipated in Years 0-5 of the plan must be 'deliverable'.

6.3.5 Sites anticipated in Years 6 onwards of the plan must be 'developable'.

6.3.6 Appendix A shows the expected period of delivery of different sites, taken from the existing housing trajectory.

6.3.7 The trajectory identifies sites that range in size from 1.1 hectares to 28.6 hectares (although a small number have no estimated site areas) on a gross basis. These sites have been identified to deliver between 13 units to 500 units.

6.3.8 Flatted development has been identified within the trajectory. However, it does not form the bulk of the proposed development over the trajectory. This has been analysed in Table 6.1 which shows that it is anticipated in Years 0-5 solely flatted development represents 3% of total development and Years 6 onwards it represents 6%. Over the entire plan period flatted development represents just 5.3% of the total development proposed.

6.3.9 The trajectory also identifies flatted development will come forward as part of a mixed housing development. Even taking this into account flatted development is only likely to form 11% of total development during the plan period, with the bulk of flatted development occurring Years 6 onwards.

Table 6.1 Flatted development in housing trajectory

	TRAJECTORY 0 to 5 YEARS	TRAJECTORY 5 to 10 YEARS	TRAJECTORY 10 to 15 YEARS	Total
Flats & flats in mixed use[25]				
Actual number	135	306	64	505
Total for period	1,033	1,675	1,756	4,464
Percentage of total	13%	18%	3.6%	**11.30%**
Flats only				
Actual number	30	209		239

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

[25] Assumed that flatted development in mixed use schemes represents one fifth of development which is typical mix housing sites

Percentage of total	3%	6%	**5.3%**

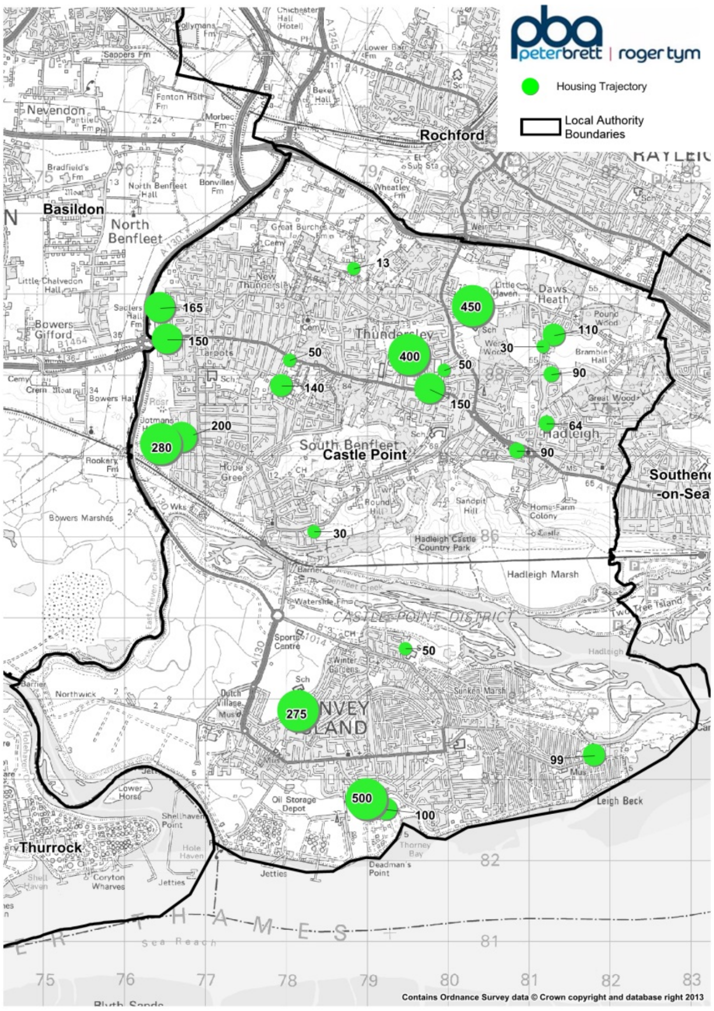
Source: PBA

6.3.10 None of the sites identified in the trajectory could be considered 'large-scale' development, and as such could be delivered between a single to three phases during the life of the trajectory.

6.3.11 As shown in Figure 6.3 below shows the majority of housing development will be delivered on the mainland. The scale of infrastructure demand is likely to be less than in other parts of the country where very large scale sites are proposed such as Sustainable Urban Extensions. The infrastructure demands will be specific to the nature and location of the site and development proposed.

6.3.12 Sites within Canvey Island represent one-third of the planned trajectory. In the viability testing specific assumptions have been made regarding flood risk mitigation to account for the additional costs in bringing sites forward on Canvey Island.

Figure 6.3 Location of proposed housing development



Source: PBA/Castle Council Draft Housing Trajectory

6.3.13 Consultation has occurred with the landowners/agents of the larger sites within the Borough. The following parties have been consulted and their used to inform the assumptions tested in the appraisal process:

- Gary Smith, Lambert Smith Hampton, Chelmsford Office
- Martin Jordan, Whirledge & Nott
- Simon Fisher, Barton Willmore
- Nick Fennell, Dalton Warner Davis
- David Fletcher, Strutt & Parker
- Mark Evershed, Regeneration Delivery Manager, Castle Point Borough Council

6.3.14 It has been identified in the trajectory that the sites will deliver both housing and flatted development. The viability testing has ensured that both unit types have been reflected in viability testing across a range of development scenarios.

Using site profile categories to inform viability testing scenarios

6.3.15 Using the analyses of the draft housing trajectory the following scenarios have been tested which are indicative of development coming forward and therefore appropriate to test:

Figure 6.4 Residential testing scenarios

Residential scenarios	Client team & developer workshop	Residential development over the Council's plan period (as evidenced within the Strategic Housing Land Availability Assessment Update May 2012) will be delivered through a range of sites. These sites range from small 1 unit sites up to large sites that can deliver 600 units. To reflect this wide range of development scenarios, and the mix of both flatted and housing development which is delivered in the borough we have tested the following scenarios:				
					65% Private	**35% Affordable**
		Houses –	2	Units	1.3	0.7
		Houses –	5	Units	3.25	1.75
		Houses –	9	Units	5.85	3.15
		Houses –	15	Units	9.75	5.25
		Houses –	50	Units	32.5	17.5
		Houses –	100	Units	65	35
		Strategic site 1 -Phase 1 NW Benfleet	180	units	117	63
		Strategic site 2 - PCB09	400	Units	260	140
		Flats -	5	Units	3.25	1.75
		Flats -	15	Units	9.75	5.25
		Flats -	30	Units	19.5	10.5
		Flats -	60	Units	39	21

Source: PBA

6.3.16 Strategic site 1 assumes a single phase of a potential Sustainable Urban Extension located in NW Benfleet. Strategic site 1 is not fundamental to the delivery of the plan but has been selected to establish whether a site with significant infrastructure constraints can be delivered and therefore would be a potential contribution towards the Borough's housing numbers.

6.3.17 Strategic site 2, a grouping of sites located on Kiln Road, Benfleet, has been selected for testing as it has the characteristic of larger scale development proposed in the Borough.

6.3.18 To inform the site testing the following development densities have been assumed based upon the Council's Core Strategy Final Publication Document:

Table 6.2 Residential density scenarios

Scenarios				
Densities	Client team and Stakeholder consultation	Design Policies set out in the Council's Core Strategy Final Publication Document states the minimum development density target for the borough is 30 dwellings per hectare. With the Council expecting densities of between 30 and 50 dwellings units per hectare on larger development sites. Based upon this guidance we have assumed the following development densities:		
		Houses (small sites: up to 5 units): –	30	dwph
		Houses –	35	dwph
		Apartments -	65	dwph

Source: PBA/Castle Point Borough Council Core Strategy Final Publication Document

6.4 Testing market value zones with consultation evidence

Consultation

6.4.1 Discussions with local developers and agents highlighted that the Castle Point residential market was split between the mainland and Canvey Island.

6.4.2 Stronger areas were seen as being:

Benfleet

- Benfleet is considered a good location due to its proximity to Benfleet rail station and is on the c2c line into London which takes less than 1 hour into Fenchurch Street. Benfleet stock is not of the best quality but the links to London are an attraction which tends to keep the values up. It is the only rail link in Castle Point Borough.

- Thundersley has good schools (eg King John School) which is a draw for families. Sits in the middle of the mainland.

- Hadleigh is the best part of the mainland; comprising nice detached housing with access to a range of amenities; however, this is furthest from the station at Benfleet. This has good highways links however. Hadleigh is quite rural; Daws Heath to the north which is an attraction.

- Strong demand for properties under £400,000.

- St Marys Road, Benfleet is one of the higher value areas, just a few minutes' walk from Benfleet Train Station and town (with excellent shopping facilities) and located within the King John School catchment. 5-bed properties here c. £700,000.

- Flatted market is quite small. C. £130,000-£150,000 for 2 bed flats. Modern development on Oak Road South, Hadleigh – 2 bed flat on market at £150,000 is within easy access of Hadleigh town centre.

6.4.3 Weaker areas were seen as:

Canvey Island

- Canvey offers a cheaper alternative to Benfleet and Billericay.
- A nice 3 –bed property in a good location could achieve c. £225,000.
- 60 Acres close to the former Castle View school is a relatively new housing development. This comprises larger properties. 4-bed properties range from £250,000-£270,000. The development is close to the golf course and provides easy access off the north of the island.
- 3-bed semi-detached properties are in the region of £225,000-£240,000 on average.
- Canvey Island is a very localised market.
- There are lots of 1-bed bungalows in the area and very few flats. At 60 Acres the 1-bed flats are selling for c. £105,000. Older 2-bed flats on the island are in the region of £97,500.
- Good demand from downsizers. There is generally good demand for properties under £250,000.

6.5 Allocating residential sites to value zones

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

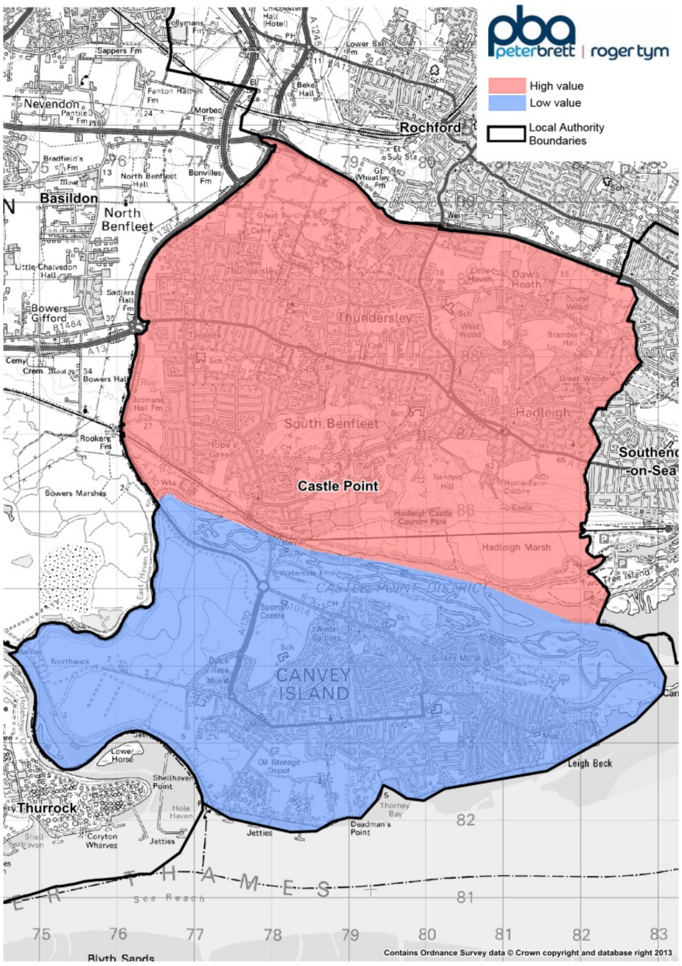
6.5.2 The summary arrived at also needs to incorporate a view not only on market values, but on the location of future growth in the area, and the likely impact of prices on site viability.

6.5.3 Given these considerations, there appeared to be arguments in favour of seeing the Castle Point market as being in two very broad halves – one of very marginal viability where values are very low, and one of some viability.

- Firstly, there is a particularly low viability area around Canvey Island. Sales values here are particularly low, and are at a point where underlying site viability might be threatened, irrespective of policy costs.
- Secondly, there is everywhere else. Other areas have values at a level that may be able to sustain some kind of affordable housing (or CIL) charge.

6.5.4 The value zones are as follows –

Figure 6.5 Proposed value zones for Castle Point Borough Council



Source: PBA

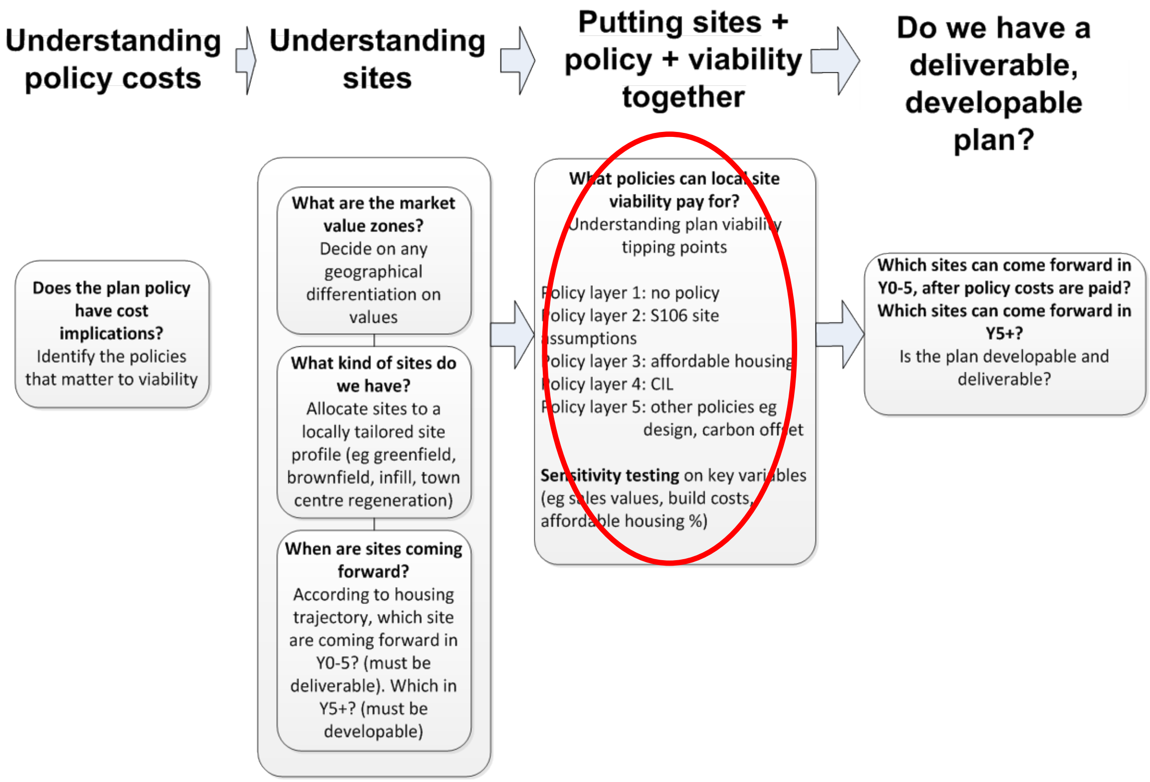
7 WHAT POLICY COSTS CAN LOCAL RESIDENTIAL SITES BEAR?

7.1 Introduction

7.1.1 At this stage, there is a good understanding of how location and policy costs might combine to affect viability. In effect, there are sites allocated to site profile typologies, incorporating policy costs, existing use values and local market sales values with planned delivery period.

7.1.2 At this stage viability testing of the site profile typologies can be undertaken.

Figure 7.1 Process flow stage



Source: PBA

7.2 The need for development appraisals

7.2.1 Development appraisals are necessary to inform plan viability testing. This is because:

- First, development appraisals use sales prices which relate to the last six months only, and relate to new dwellings specifically. To arrive at these prices consultation has been undertaken with developers and agents who have been selling new housing over the last six months. (By contrast, Land Registry prices presented earlier cover the last two years and second-hand as well as new houses).
- Secondly, the results of the development appraisal (which shows the price that a developer can afford to pay for land) can be compared with prevailing benchmark land values (in effect, what the landowner will accept in order to sell the land). Benchmark values have an important bearing on the amount of developer contributions assumed to be available.

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

7.3 Viability testing method

7.3.1 The purpose of the assessment is to identify the policy costs at which the bulk of the development proposed in the development plan is financially viable, in order to ensure that policy costs do not put at risk the overall development planned for the area.

7.3.2 To do this, there is a need to be able to estimate two things.

- The threshold (or benchmark) land value. This is the estimated value at which the landowner will sell the site.

- The residual land value. This is the value of the land to the developer, assuming that affordable housing and other policy costs are paid, and the developer makes a target profit.

7.3.3 If the residual land value exceeds the threshold land value, the site is viable. If the residual land value does not exceed the threshold land value, then the site is not viable. In that instance, the scheme will not take place.

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

7.3.5 However, the planning system can require developers to make contributions to reflect the costs that development places on wider society. These contributions include S106 and CIL. The developer will ordinarily know in advance that these contributions have to be paid, and so the developer will adjust downwards the amount of money he or she is willing to pay the landowner for the site. If not imposed at sensible levels, there is a risk that these contributions will reduce the residual land value of the development below the threshold land value. This may make development unviable.

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

7.3.7 How residential threshold land values have been estimated is set out in Appendix B.

7.4 How the site profile typologies and site sampling have been used

7.4.1 The approach to understanding site viability is two-fold. In both cases, the current costs and values have been used.

7.4.2 The work has been undertaken in two phases.

- Phase 1: Getting an area-wide understanding of current viability using a typologies approach. Work in the previous stages provides an understanding of the types of sites in the area, and how location might affect their viability. When added to a set of locally based assumptions on new-build sales values, land values and developer profits, an area-wide development viability tests of these typologies can be ran. This allows to take account of a general view of the viability of sites in an area, which is particularly important where it is not possible to anticipate the detail of a forthcoming application. Harman says this site typologies approach is sensible. According to Harman, Whole Plan Viability testing 'does not require a detailed viability appraisal of every site anticipated to come forward over the plan period…[it] suggests a more proportionate and practical approach in which local authorities create and test a range of appropriate site typologies reflecting the mix of sites upon which the plan relies'[26]. Critically, however, the method allows a measure of 'traceability': each local site which has been allocated are known against development typology and value zone, so that it can be said with some precision whether a given site is expected to be viable.

- Phase 2: Sampling larger sites in detail. CIL Guidance April 2013 goes a little further than Harman on detailing the requirements of sampling particular development sites. The guidance, which is statutory, states that the 'charging authority should sample directly an appropriate range of types of sites …focus should be in particular on strategic sites on which the relevant Plan relies and those sites where the impact of the levy on economic viability is likely to be most significant.'[27] [28] Whether or not a CIL policy is being pursued, this sampling process is desirable as it allows to reality-test the assumptions that have made in the typologies approach above.

7.4.3 Both area-wide and site specific testing are intended to be high level. Harman states that 'the role of the test is not to give a precise answer as to the viability of every development likely to take place during the plan period. No assessment could realistically provide this level of detail…rather, it is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan.'[29]

7.5 Viability testing assumptions

7.5.1 The viability testing requires a series of assumptions to be made about the developments in question.

7.5.2 Residential assumptions that have been used are set out in Appendix C.

7.5.3 Residential appraisal summary sheets are set out in Appendix D.

7.5.4 The results of the viability assessment are summarised in the tables below. The theoretical maximum CIL charge is shown on the far right column of the table.

7.6 Testing viability with policy 'layers'

7.6.1 Taking the site typologies as a basis, policies costs are added on in 'layers' in order judge the cumulative impact of policies.

- The first policy 'layer' is to test a 'policy off' scenario. At this stage the cost of any affordable housing or other requirements are not added, although an allowance is made for a basic assumption of £1,000 per unit for S106/278 which is paid for requirements such as connections to existing roads.
- The second policy layer added is any additional S106/278 planning obligations infrastructure requirements beyond the basic assumptions set out above. Some sites may require the provision of particular infrastructure that will affect site viability.

26 Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans* (11)
27 DCLG (December 2012) *Community Infrastructure Levy Guidance* (page 9)
28 Although PPS12 is no longer current, it has a useful definition of strategic sites. It states that 'strategic sites…[are] those sites considered central to achievement of the strategy.' DCLG Planning Policy Statement 12 (para 4.6)
29 Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans* (15)

- The third policy layer is the addition of affordable housing at policy rates. This requirement can have a significant effect on values.

- The fourth policy layer is the CIL, if any.

7.6.2 Sensitivity-testing of the results using key variables can be undertaken. These can include different levels of affordable housing policy, changing sales values, and changes in build costs.

7.6.3 This allows to assist the Council in tuning the plan policies to a sensible level that both protects plan viability and ensures that a sustainable plan can be created.

7.6.4 The viability analysis has been set through testing the threshold land value. If the residual land value of the development scenario does not achieve the threshold land value then the scenario is unviable.

7.7 Policy layer 1: no policy (but including basic £1,000 S106 costs)

7.7.1 Table 7.1 overleaf shows that, with these very basic policy costs the viability situation is as follows.

- In both the lower value and higher value areas, all the generic housing sites are viable at this level of policy cost.

- In both the lower value and higher value areas, all the generic flatted sites are un-viable at this level of policy cost.

- Strategic site 1 which requires upfront infrastructure costs of £50,000 per unit, on a pro-rata basis, is viable at this policy level.

- Strategic site 2 of 400 units which does not require any significant upfront infrastructure is viable at this policy level.

Table 7.1 Policy layer 1: no policy (but including basic £1,000 S.106 costs)

	No of dwellings	Net site area ha	Density	Total Floor Space per sq.m Floor Space	CIL Chargeable Floor Space per sq.m Floor Space	Residual land value Per Ha	Residual land value Per £psm	Benchmark Per Ha	Benchmark Per £psm	CIL Overage Per Ha	CIL Overage Per £psm
Lower Value											
Houses –	2	0.07	30	240	240	£1,828,047	£508	£1,250,000	£347	£578,047	£161
Houses –	5	0.17	30	600	600	£1,626,342	£452	£1,250,000	£347	£376,342	£105
Houses –	9	0.26	35	1,080	1,080	£1,668,980	£397	£1,250,000	£298	£418,980	£100
Houses –	15	0.43	35	1,800	1,800	£1,924,108	£458	£1,250,000	£298	£674,108	£161
Houses –	50	1.43	35	6,000	6,000	£1,886,207	£449	£1,250,000	£298	£636,207	£151
Houses –	100	2.86	35	12,000	12,000	£1,823,495	£434	£1,250,000	£298	£573,495	£137
Flats -	5	0.08	65	375	375	-£1,487,969	-£305	£1,500,000	£308	-£2,987,969	-£613
Flats -	15	0.23	65	1,125	1,125	-£1,490,965	-£306	£1,500,000	£308	-£2,990,965	-£614
Flats -	30	0.46	65	2,250	2,250	-£1,474,495	-£302	£1,500,000	£308	-£2,974,495	-£610
Flats -	60	0.92	65	4,500	4,500	-£1,461,852	-£300	£1,500,000	£308	-£2,961,852	-£608
Higher Value											
Houses –	2	0.07	30	240	240	£3,390,706	£942	£2,200,000	£611	£1,190,706	£331
Houses –	5	0.17	30	600	600	£3,095,361	£860	£2,200,000	£611	£895,361	£249
Houses –	9	0.26	35	1,080	1,080	£3,345,119	£796	£2,200,000	£524	£1,145,119	£273
Houses –	15	0.43	35	1,800	1,800	£3,666,071	£873	£2,200,000	£524	£1,466,071	£349
Houses –	50	1.43	35	6,000	6,000	£3,594,433	£856	£2,200,000	£524	£1,394,433	£332
Houses –	100	2.86	35	12,000	12,000	£3,475,896	£828	£2,200,000	£524	£1,275,896	£304
Flats -	5	0.08	65	375	375	£1,597,203	£328	£2,200,000	£451	-£602,797	-£124
Flats -	15	0.23	65	1,125	1,125	£1,568,918	£322	£2,200,000	£451	-£631,082	-£129
Flats -	30	0.46	65	2250	2,250	£1,530,044	£314	£2,200,000	£451	-£669,956	-£137
Flats -	60	0.92	65	4500	4,500	£1,512,421	£310	£2,200,000	£451	-£687,579	-£141
Strategic site 1	150	4.29	35	18,000	18,000	£1,558,730	£371	£1,250,000	£298	£308,730	£74
Strategic site 2	400	11.43	35	48,000	48,000	£2,849,968	£679	£2,200,000	£524	£649,968	£155

Source: PBA

7.8 Policy layer 2: affordable housing at current policy

7.8.1 The next policy cost layer to test is that of affordable housing.

7.8.2 The current percentage requirement for affordable housing in Castle Point is 35% on sites of 15 proposed units or more. The Council's Supplementary Planning Document (SPD) 'developer contributions guidance spd' October 2008 states:

"all residential developments resulting in a net increase in dwellings to make a 35% contributions towards affordable housing on site and in kind, subject to negotiation and consideration of economic viability."

The council typically seeks a tenure split of 50% affordable rent and 50% shared ownership.

Social rented housing is defined within the SPD as:
"Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant."

Intermediate affordable housing is defined as:
"Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent."

7.8.3 The affordable housing policy at 35% across both value bands and all scenarios has been tested.

7.8.4 Table 7.2 overleaf shows that with affordable housing policy at current policy level the viability situation is as follows.

- In the lower value areas the majority of the generic housing sites are viable at this level of policy cost with just the smaller site scenarios of 5 and 9 units unviable.

- In the higher value areas all the generic housing sites are viable at this level of policy cost with a surplus for a potential CIL charge.

- Strategic site 2 of 400 units which does not require any significant upfront infrastructure is viable at this policy level and shows a small potential for CIL.

Table 7.2 Policy layer 2: affordable housing at 35%

				Total Floor Space per sq.m	CIL Chargeable Floor Space per sq.m	Residual land value		Benchmark		CIL Overage	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Lower Value											
Houses –	2	0.07	30	221	156	£1,383,360	£417	£1,250,000	£377	£133,360	£57
Houses –	5	0.17	30	553	390	£1,225,298	£369	£1,250,000	£377	-£24,702	-£11
Houses –	9	0.26	35	995	702	£1,203,939	£311	£1,250,000	£323	-£46,061	-£17
Houses –	15	0.43	35	1,658	1,170	£1,425,478	£368	£1,250,000	£323	£175,478	£64
Houses –	50	1.43	35	5,528	3,900	£1,397,234	£361	£1,250,000	£323	£147,234	£54
Houses –	100	2.86	35	11,055	7,800	£1,350,501	£349	£1,250,000	£323	£100,501	£37
Flats -	5	0.08	65	375	244	-£1,843,242	-£378	£1,500,000	£308	-£3,343,242	-£1,055
Flats -	15	0.23	65	1,125	731	-£1,847,235	-£379	£1,500,000	£308	-£3,347,235	-£1,056
Flats -	30	0.46	65	2,250	1,463	-£1,827,805	-£375	£1,500,000	£308	-£3,327,805	-£1,050
Flats -	60	0.92	65	4,500	2,925	-£1,812,588	-£372	£1,500,000	£308	-£3,312,588	-£1,045
Higher Value											
Houses –	2	0.07	30	221	156	£2,783,351	£839	£2,200,000	£663	£583,351	£249
Houses –	5	0.17	30	553	390	£2,559,516	£772	£2,200,000	£663	£359,516	£154
Houses –	9	0.26	35	995	702	£2,724,830	£704	£2,200,000	£569	£524,830	£192
Houses –	15	0.43	35	1,658	1,170	£3,002,119	£776	£2,200,000	£569	£802,119	£294
Houses –	50	1.43	35	5,528	3,900	£2,943,340	£761	£2,200,000	£569	£743,340	£272
Houses –	100	2.86	35	11,055	7,800	£2,846,081	£736	£2,200,000	£569	£646,081	£237
Flats -	5	0.08	65	375	244	£1,169,232	£240	£2,200,000	£451	-£1,030,768	-£325
Flats -	15	0.23	65	1,125	731	£1,136,884	£233	£2,200,000	£451	-£1,063,116	-£336
Flats -	30	0.46	65	2250	1,463	£1,108,482	£227	£2,200,000	£451	-£1,091,518	-£344
Flats -	60	0.92	65	4500	2,925	£1,095,528	£225	£2,200,000	£451	-£1,104,472	-£349
Strategic site 1	150	4.29	35	16,583	11,700	£987,584	£255	£1,250,000	£323	-£262,416	-£96
Strategic site 2	400	11.43	35	44,220	31,200	£2,332,508	£603	£2,200,000	£569	£132,508	£49

Source: PBA

7.9 Sensitivity testing to understand impacts of varying affordable housing thresholds

7.9.1 Table 7.3 shows that,reducing the affordable housing policy from 35% to 25% improves the viability situation is as follows.

- In both the lower value and higher value areas, all the generic housing sites are viable at this level of policy cost and shows overages for a potential CIL charge.

Table 7.3 Affordable housing reduced to 25%

	No of dwellings	Net site area ha	Density	Total Floor Space per sq.m Floor Space	CIL Chargeable Floor Space per sq.m Floor Space	Residual land value Per Ha	Residual land value Per £psm	Benchmark Per Ha	Benchmark Per £psm	CIL Overage Per Ha	CIL Overage Per £psm
Lower Value											
Houses –	2	0.07	30	227	180	£1,515,784	£446	£1,250,000	£368	£265,784	£98
Houses –	5	0.17	30	566	450	£1,349,638	£397	£1,250,000	£368	£99,638	£37
Houses –	9	0.26	35	1,019	810	£1,336,808	£337	£1,250,000	£315	£86,808	£28
Houses –	15	0.43	35	1,699	1,350	£1,567,944	£396	£1,250,000	£315	£317,944	£101
Houses –	50	1.43	35	5,663	4,500	£1,536,941	£388	£1,250,000	£315	£286,941	£91
Houses –	100	2.86	35	11,325	9,000	£1,485,642	£375	£1,250,000	£315	£235,642	£75
Flats -	5	0.08	65	375	281	-£1,741,736	-£357	£1,500,000	£308	-£3,241,736	-£887
Flats -	15	0.23	65	1,125	844	-£1,745,444	-£358	£1,500,000	£308	-£3,245,444	-£888
Flats -	30	0.46	65	2,250	1,688	-£1,726,859	-£354	£1,500,000	£308	-£3,226,859	-£883
Flats -	60	0.92	65	4,500	3,375	-£1,712,196	-£351	£1,500,000	£308	-£3,212,196	-£879
Higher Value											
Houses –	2	0.07	30	227	180	£2,956,881	£870	£2,200,000	£648	£756,881	£280
Houses –	5	0.17	30	566	450	£2,721,998	£801	£2,200,000	£648	£521,998	£193
Houses –	9	0.26	35	1,019	810	£2,902,055	£732	£2,200,000	£555	£702,055	£223
Houses –	15	0.43	35	1,699	1,350	£3,191,820	£805	£2,200,000	£555	£991,820	£315
Houses –	50	1.43	35	5,663	4,500	£3,129,367	£789	£2,200,000	£555	£929,367	£295
Houses –	100	2.86	35	11,325	9,000	£3,026,028	£763	£2,200,000	£555	£826,028	£262
Flats -	5	0.08	65	375	281	£1,296,202	£266	£2,200,000	£451	-£903,798	-£247
Flats -	15	0.23	65	1,125	844	£1,260,322	£259	£2,200,000	£451	-£939,678	-£257
Flats -	30	0.46	65	2250	1,688	£1,228,928	£252	£2,200,000	£451	-£971,072	-£266
Flats -	60	0.92	65	4500	3,375	£1,214,640	£249	£2,200,000	£451	-£985,360	-£270
Strategic site 1	150	4.29	35	16,988	13,500	£1,150,769	£290	£1,250,000	£315	-£99,231	-£32
Strategic site 2	400	11.43	35	45,300	36,000	£2,480,354	£626	£2,200,000	£555	£280,354	£89

Source: PBA

7.9.2 Table 7.4 shows that, reducing the affordable housing policy from 35% to 15%, improves the level of CIL overage on the generic sites. This scenario provides a maximum CIL overage of £130 sq m in the lower value areas and £331 sq m in the higher value areas. 15% affordable housing does provide a viable scenario for Strategic Site 1 which has the burden of infrastructure applied at a pro-rata rate of £50,000 per unit, cashflowed throughout the entire development process.

7.9.3 Strategic Site 2 can support a maximum CIL overage of £120 per sq m and site specific 106 obligations of £400,000 (£1,000 per unit). Cost relating to impacting of protecting wildlife and site assembly will need to be reflected in the purchase price of the land.

Table 7.4 Affordable housing reduced to 15%

				Total Floor Space per sq.m	CIL Chargeable Floor Space per sq.m	Residual land value		Benchmark		CIL Overage	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Lower Value											
Houses –	2	0.07	30	232	204	£1,648,208	£474	£1,250,000	£359	£398,208	£130
Houses –	5	0.17	30	580	510	£1,443,666	£415	£1,250,000	£359	£193,666	£63
Houses –	9	0.26	35	1,044	918	£1,469,677	£362	£1,250,000	£308	£219,677	£62
Houses –	15	0.43	35	1,739	1,530	£1,710,409	£421	£1,250,000	£308	£460,409	£129
Houses –	50	1.43	35	5,798	5,100	£1,676,647	£413	£1,250,000	£308	£426,647	£120
Houses –	100	2.86	35	11,595	10,200	£1,620,783	£399	£1,250,000	£308	£370,783	£104
Flats -	5	0.08	65	375	319	-£1,640,229	-£336	£1,500,000	£308	-£3,140,229	-£758
Flats -	15	0.23	65	1,125	956	-£1,643,652	-£337	£1,500,000	£308	-£3,143,652	-£759
Flats -	30	0.46	65	2,250	1,913	-£1,625,914	-£334	£1,500,000	£308	-£3,125,914	-£754
Flats -	60	0.92	65	4,500	3,825	-£1,611,804	-£331	£1,500,000	£308	-£3,111,804	-£751
Higher Value											
Houses –	2	0.07	30	232	204	£3,130,411	£900	£2,200,000	£632	£930,411	£304
Houses –	5	0.17	30	580	510	£2,854,196	£821	£2,200,000	£632	£654,196	£214
Houses –	9	0.26	35	1,044	918	£3,079,281	£759	£2,200,000	£542	£879,281	£246
Houses –	15	0.43	35	1,739	1,530	£3,381,520	£833	£2,200,000	£542	£1,181,520	£331
Houses –	50	1.43	35	5,798	5,100	£3,315,393	£817	£2,200,000	£542	£1,115,393	£312
Houses –	100	2.86	35	11,595	10,200	£3,205,976	£790	£2,200,000	£542	£1,005,976	£282
Flats -	5	0.08	65	375	319	£1,423,172	£292	£2,200,000	£451	-£776,828	-£187
Flats -	15	0.23	65	1,125	956	£1,383,760	£284	£2,200,000	£451	-£816,240	-£197
Flats -	30	0.46	65	2250	1,913	£1,349,374	£277	£2,200,000	£451	-£850,626	-£205
Flats -	60	0.92	65	4500	3,825	£1,333,752	£274	£2,200,000	£451	-£866,248	-£209
Strategic site 1	150	4.29	35	17,393	15,300	£1,313,953	£324	£1,250,000	£308	£63,953	£18
Strategic site 2	400	11.43	35	46,380	40,800	£2,628,200	£648	£2,200,000	£542	£428,200	£120

Source: PBA

7.10 North West Benfleet Strategic Site (Strategic Site 1)

7.10.1 Additional viability testing has been undertaken on the north west Benfleet strategic site (Strategic site 1) to ascertain at which point development here becomes viable. Development in this location is likely to require a grade separated junction to connect to the trunk route network. Whilst this has not been accurately costed, for the purposes of viability testing a broad estimate of £60m total cost is likely to be not far off the mark.

7.10.2 To reflect the impact this significant infrastructure has on development delivery the following scenarios have been tested:

- £60 million of infrastructure applied to the first phase of development i.e. the costs of works are an upfront cost therefore the first phase of works will bear the brunt of this burden.
- Spread the cost of the £60 million of infrastructure across each phase of development at a cost of £50,000 per unit.
- Applying a Section 106 Obligation of £7,000 per unit to contribute towards the infrastructure works. Rather than assuming a direct development cost for the infrastructure works. With a calculation of how many dwellings are required to deliver the £60 million of cost at this level.

Results of sensitivity testing

7.10.3 As to be expected applying the whole of the £60 million infrastructure costs to a single phase of 150 units renders the development unviable, even with nil affordable housing contribution, see table below:

Table 7.5 Single phase of North West Benfleet Strategic Site with £60m infrastructure, nil affordable housing, and £1k Section 106

	No of dwellings	Net site area ha	Density	Total Floor Space per sq.m Floor Space	CIL Chargeable Floor Space per sq.m Floor Space	Residual land value Per Ha	Residual land value Per £psm	Benchmark Per Ha	Benchmark Per £psm	CIL Overage Per Ha	CIL Overage Per £psm
Lower Value											
Strategic site 1	150	4.29	35	18,000	18,000	-£10,261,314	-£2,443	£1,250,000	£298	-£11,511,314	-£2,741

Source: PBA

7.10.4 Applying the infrastructure costs on a pro-rata basis across the development does improve viability of the strategic site significantly. However, as shown in the table below it is not viable for the scheme to deliver 35% affordable and £1,000 per unit Section 106 contributions. In terms of actual delivery this scenario is unrealistic as infrastructure is required upfront and cannot be cashflowed through the course of the development unless an alternative funding mechanism is established. This scenario makes no allowance for the potential contribution from other uses such as a supermarket.

Table 7.6 Single phase of North West Benfleet Strategic Site; infrastructure costs applied on a pro rata cost of £50,000 per unit, 35% affordable housing, and £1k Section 106

	No of dwellings	Net site area ha	Density	Total Floor Space per sq.m Floor Space	CIL Chargeable Floor Space per sq.m Floor Space	Residual land value Per Ha	Residual land value Per £psm	Benchmark Per Ha	Benchmark Per £psm	CIL Overage Per Ha	CIL Overage Per £psm
Lower Value											
Strategic site 1	150	4.29	35	16,583	11,700	£987,584	£255	£1,250,000	£323	-£262,416	-£96

Source: PBA

7.10.5 Removing the site specific infrastructure burden as a direct development costs and capturing it as a part contribution through a Section 106 obligation of £7,000 per unit means that the quantum of development needs to increase significantly to achieve the £60 million funding required for the development would generate a requirement for over 8,500 units – again making no allowance for the potential contribution of other use(s).

7.10.6 As a broad working hypothesis, therefore, the scale of residential development likely to be needed at NW Benfleet to support the construction of the junction on the trunk road network (making no allowance for other uses) is likely to be in the range of 9,000-10,000 units.

Other barriers to developing Strategic site 1

7.10.7 The above analysis demonstrates that it is theoretically possible to identify a scenario that creates a viable development in NW Benfleet, ie 15% affordable housing and around 9,000-10,000 units plus supporting uses. However, there is also the added difficulty of cashflowing such a large infrastructure investment (£60m). In all likelihood this is not something that could be financed conventionally through the private sector, with interest costs further threatening the viability of the development.

7.10.8 It follows, therefore, that a public sector organisation would need to forward-fund the investment. As a scheme required entirely to serve development, the investment could not be funded by the Highways Agency on national policy grounds. One option may be the SE LEP's Growing Places Fund. However, there would not be sufficient funding available to cover the costs of the junction in its entirety and so some combination of public and private sector forward-funding would be required. Even if the SE LEP had sufficient resources to cover 50% of the cost of the junction it is extremely doubtful that the outputs delivered would enable it to score sufficiently highly compared to other schemes across the LEP area. Any proposal would also need to be carefully designed so as not to fall foul of State Aid regulations.

7.10.9 The recommendation therefore, is that the potential strategic allocation at NW Benfleet should not be pursued any further on viability grounds alone. Any local plan proposals which relied upon its delivery for meeting housing land supply targets would be likely to be found unsound on the ground that there would be inadequate evidence that the necessary infrastructure to support development could be funded and delivered.

7.11 Kiln Road Benfleet Strategic Site (Strategic Site 2)

7.11.1 Testing of Strategic site 2 suggests that the site can reasonably be considered as viable on the basis of the assumptions set out in Appendix C. As stated in paragraph 7.9.3 above, costs relating to protecting wildlife and/or habitats and site assembly will need to be reflected in the purchase price of the land (which will ultimately be determined through negotiations), but these costs are unlikely to be so significant as to render the development unviable.

7.12 Sensitivity testing to understand ‘developability’ after Year 6 of the plan

7.12.1 Some sites are expected to start in onsite after Year 6 of the plan. The Harman report[24] suggests that these longer terms plans are subject to viability testing in order to be assured of plan viability over the plan period. For sites expected in this period, it is sufficient for there to be a "reasonable prospect that the site is available and could be viably developed at the point envisaged"[30].

7.12.2 However, less reliance should be placed on these projections of future site viability. Future economic circumstances are opaque, and Harman points out that 'it should be recognised that the forecasts for the latter part of the plan period are unlikely to be proved accurate and will need review'[31].

7.12.3 Given these difficulties, there appears to be little point in undertaking very detailed analysis of future economic conditions. The approach to these sites very broadly follows the approach to the Year 0-5 period. However, current costs and values cannot be used, and must predict future costs and values using sensitivity tests. Harman points out that it is important that variations against baseline costs, as well as values, are tested and based, where appropriate, on construction cost and other indices.

7.12.4 There is one particular issue that this exercise needs to address. This is that Savills Research house price forecasts suggest that house prices in the wider South of England will grow by 14.7% in the five years from 2012 to 2017[32]. This is broadly in line with inflation and thus likely build cost rises. However, it does not account for the impact of Government initiatives such as NewBuy and Help to Buy, which could act as an additional stimulus for house price growth – a risk noted by at least one Cabinet Minister.[33]

7.12.5 Furthermore, economies are complex systems which are able to adjust to adverse movements and responsive to a myriad of political, social and economic factors. One variable cannot be adjusted, and assume that everything else stays the same. For example, threshold land

[30] NPPF, para 47, footnote 12

[31] Local Housing Delivery Group Chaired by Sir John Harman (2012) Viability Testing Local Plans (27)

[32] Savills Residential Property Focus Q4 2012 (11)

[33] See, for example, ‘House hunters hit a three-year high while mortgage rates fall. What next for house prices?’ http://www.thisismoney.co.uk/money/mortgageshome/article-1671748/House-prices-What-expect--news-predictions.html#ixzz2acMcuUGY and ‘Help to Buy risks new house price 'bubble', warns Cable’ http://www.telegraph.co.uk/property/propertynews/10207306/Help-to-Buy-risks-new-house-price-bubble-warns-Cable.html

values are likely to respond to real terms price changes in future. If sales values rose more slowly than inflation, then threshold land values would be likely to fall/stagnate, as landowners adjusted their required land prices.

7.12.6 In truth, these Reponses cannot be modelled confidently. The 2020 scenario assumes the following.

- Build cost inflation based upon BCIS General Building Cost Index updated 26 July 2013. Based upon the inflation estimates the following rates have been used:

Table 7.7 Inflated build costs using BCIS General Build Cost Index

Type	Cost per sq m
Flats	£1,129
Houses	£993

Source: PBA/BCIS

- Revenue is based upon medium term change in new build house prices for the outer South East region produced by Nationwide. This data shows that the annual change in house prices since quarter 4 1975 is 7.87%. Due to the recent uncertainties in the housing market and the wider economy a more conservative approach has been undertaken through using a medium term change in prices, this is from quarter 4 1998. This period takes into account a full economic cycle. The average annual change in new build prices since then (1998) is 5.75%, compounding the values at this rate to 2018 produces the following results:

Table 7.8 Inflated sale values using Nationwide Housing data

Type	Cost per sq m
Lower Value flats	£2,645
Lower Value houses	£3,306
Higher Value flats	£3,306
Higher Value houses	£3,571

Source: PBA/Nationwide

7.12.7 Other costs including land value threshold land values have not been altered.

7.12.8 The result of this sensitivity testing shows:

- All the generic house scenarios in the higher value areas are still viable with sufficient surplus for CIL overage.

- At today's cost and value the flatted scenarios were showing to be unviable. However, the increases in cost and values now show that all scenarios are now viable

- In the lower value areas, at today's cost and value the two housing scenarios (5 and 9 units) were unviable. However, the increases in cost and values now show that all housing scenarios are now viable.

- Despite the increase in costs and values flatted development in the lower value area is still unviable.

Table 7.9 Sensitivity testing for Year 6 + of the plan – results with 35% affordable housing

	No of dwellings	Net site area ha	Density	Total Floor Space per sq.m Floor Space	CIL Chargeable Floor Space per sq.m Floor Space	Residual land value Per Ha	Residual land value Per £psm	Benchmark Per Ha	Benchmark Per £psm	CIL Overage Per Ha	CIL Overage Per £psm
Lower Value											
Houses –	2	0.07	30	240	240	£3,255,410	£904	£1,250,000	£347	£2,005,410	£557
Houses –	5	0.17	30	600	600	£2,930,987	£814	£1,250,000	£347	£1,680,987	£467
Houses –	9	0.26	35	1,080	1,080	£3,107,337	£740	£1,250,000	£298	£1,857,337	£442
Houses –	15	0.43	35	1,800	1,800	£3,483,832	£829	£1,250,000	£298	£2,233,832	£532
Houses –	50	1.43	35	6,000	6,000	£3,415,723	£813	£1,250,000	£298	£2,165,723	£516
Houses –	100	2.86	35	12,000	12,000	£3,303,027	£786	£1,250,000	£298	£2,053,027	£489
Flats -	5	0.08	65	375	375	-£651,465	-£134	£1,500,000	£308	-£2,151,465	-£441
Flats -	15	0.23	65	1,125	1,125	-£653,114	-£134	£1,500,000	£308	-£2,153,114	-£442
Flats -	30	0.46	65	2,250	2,250	-£644,932	-£132	£1,500,000	£308	-£2,144,932	-£440
Flats -	60	0.92	65	4,500	4,500	-£638,495	-£131	£1,500,000	£308	-£2,138,495	-£439
Higher Value											
Houses –	2	0.07	30	240	240	£4,954,898	£1,376	£2,200,000	£611	£2,754,898	£765
Houses –	5	0.17	30	600	600	£4,644,192	£1,290	£2,200,000	£611	£2,444,192	£679
Houses –	9	0.26	35	1,080	1,080	£5,057,064	£1,204	£2,200,000	£524	£2,857,064	£680
Houses –	15	0.43	35	1,800	1,800	£5,492,581	£1,308	£2,200,000	£524	£3,292,581	£784
Houses –	50	1.43	35	6,000	6,000	£5,385,567	£1,282	£2,200,000	£524	£3,185,567	£758
Houses –	100	2.86	35	12,000	12,000	£5,208,497	£1,240	£2,200,000	£524	£3,008,497	£716
Flats -	5	0.08	65	375	375	£3,002,791	£616	£2,200,000	£451	£802,791	£165
Flats -	15	0.23	65	1,125	1,125	£2,918,496	£599	£2,200,000	£451	£718,496	£147
Flats -	30	0.46	65	2250	2,250	£2,877,125	£590	£2,200,000	£451	£677,125	£139
Flats -	60	0.92	65	4500	4,500	£2,844,581	£584	£2,200,000	£451	£644,581	£132
Strategic site 1	150	4.29	35	18,000	18,000	£3,129,936	£745	£1,250,000	£298	£1,879,936	£448
Strategic site 2	400	11.43	35	48,000	48,000	£4,273,485	£1,017	£2,200,000	£524	£2,073,485	£494

Source: PBA

7.13 Translating theoretical overages into viable CIL Charges and affordable housing requirements

7.13.1 In the tables below, the impacts of different levels of affordable housing requirements on the available CIL rates are explored.

7.13.2 Note that in recommending CIL rates below, a 'buffer' margin has been allowed between a) the theoretical maximum developer contributions shown by the model, and b) the amount of CIL recommended.

7.13.3 The testing is attempting to ensure that the least viable development is not halted due to CIL.

Possible CIL charges assuming different levels of affordable housing

Table 7.10 CIL assuming 35% affordable housing on all developments

Development	CIL Charge (£ per sq m)
Residential low value area (Canvey Island)	£0
Residential high value area (Mainland)	£75

Source: PBA

Table 7.11 CIL assuming 25% affordable housing on all developments

Development	CIL Charge (£ per sq m)
Residential low value area (Canvey Island)	£10
Residential high value area (Mainland)	£120

Source: PBA

Table 7.12 CIL assuming 15% affordable housing on all developments

Development	CIL Charge (£ per sq m)
Residential low value area (Canvey Island)	£30
Residential high value area (Mainland)	£150

Source: PBA

Getting the right balance between affordable housing and CIL

7.13.4 When designing Local Plan policies, members have a relatively unconstrained choice about whether affordable housing or CIL is prioritised, and to what extent, within the guidelines set out in the NPP. This means that housing planned for years 1-5 should be developable, will in turn include the requirement to ensure that infrastructure can be paid for (see paragraph 14.3.1), while at the same time the plan should aim to meet objectively assessed affordable housing needs. However, once plan policy is set, CIL should be set at a rate that will allow the stated plan policy to be delivered.

A note on affordable housing assumptions

7.13.5 The viability tests assume that affordable housing contributions are made on sites of all sizes. The testing does not follow current affordable housing policy, which sets different affordable housing requirements depending on the number of houses in a development.

7.13.6 The approach therefore assumes that if a site was too small to physically accommodate the affordable housing units, then a financial contribution would be made to affordable housing provision offsite.

Implications for affordable housing policy

7.13.7 Affordable housing policy is still being shaped as part of the emerging Local Plan.

7.13.8 The approach has significant implications for the design of that policy.

7.13.9 It is suggested that the policy adopted should work at a flat rate across developments of all sizes. Where an offsite contribution is made, the financial contribution would be levied at a rate which would place an equivalent burden on development as that made by onsite provision.

7.13.10 Where no onsite provision is possible, an offsite financial contribution approach has a number of advantages. It will:

- Reduce the market distortion of land values which can result from a policy “cliff edge”. This can arise when certain developments (say, of 14 units and under) pay no affordable housing contribution, whilst fractionally larger developments (of 15 units) have a greater burden.
- Remove the financial incentive to developers to provide fewer units on site. This can arise when developers try to keep the number of units on a site underneath an affordable housing policy threshold.
- Ensure that the Council is able to obtain contributions towards affordable housing on all, rather than some, of their sites wherever viable.
- Ensure that any affordable housing offsite contributions do not threaten the viability of the development described in the Local Plan. As explained in this report, the testing attempts to ensure that development remains deliverable after affordable housing, CIL, and other policy costs have been taken into account.

Striking the balance between CIL and S106 affordable housing

7.13.11 Factors that should be borne in mind are that

- CIL is fixed, whereas affordable housing S106 is negotiable. In practice, this means that local authorities may choose to avoid setting a high CIL with an affordable housing S106 charge, because such an approach will leave little flexibility to cope with individual site circumstances (given that CIL cannot be varied once set). Note, though, that the CIL has been set with a ‘buffer’ that should allow developers plenty of room to cope with difficult site conditions.
- There is no technical requirement for the CIL revenue to precisely match the infrastructure funding gap.
- There is no technical requirement for affordable housing delivery to deliver the affordable housing need identified in the SHMA.

Geographically differentiated affordable housing targets are allowable

7.13.12 The Council may wish to consider making a geographical differentiation in affordable housing policy.

7.13.13 This may be a good way of reflecting the underlying viability differences of development in the area.

7.13.14 This would see a lower level of affordable housing levied on sites on Canvey Island, but a higher level of affordable housing levied on the sites on the mainland.

7.13.15 This “mix and match” approach would allow us to, for example,

- Recommend a 15% affordable housing target on Canvey Island, with a £30 CIL; and
- Recommend a 25% affordable housing charge to the mainland, with a £120 CIL.

7.13.16 Since the rationale for setting geographically differentiated affordable housing policy relies on the same viability evidence, the boundary for that affordable housing policy would be the same as the boundary used for the CIL.

8 OFFICE VIABILITY & CIL CHARGES

8.1 Market overview

Sources

8.1.1 The analysis of the office market has relied on the Castle Point Employment Land Review, supplemented with discussions with agents to understand benchmark land values and capital values.

Current market conditions

8.1.2 Nationally the office market has been severely impacted by the economic downturn. Key occupier sectors such as finance, professional services and the public services which general drive the majority of office market take-up have all significantly contracted. This has resulted in surplus space becoming available and demand for space weak. Therefore rents have fallen, tenant incentives increased and lease lengths shortened.

8.1.3 Since the economic downturn speculative office development has virtually come to a standstill with new build development in this form only really occurring in central London. Other forms of development such as pre-lets have also been very limited due to companies reluctant to make these forward commitments when the economic outlook is still fragile. Companies are therefore extending leases in current premises and are taking short-term leases if surplus space is required.

8.1.4 In comparison to the national picture, the county of Essex does not have the largest of office markets. Overspill office space from London has tended to gravitate west along the Thames Valley. According to commercial property agent’s Lambert Smith Hampton the largest office letting in Essex over the last 10 years was 6,500 sq m in Witham to Cofunds; this occurred in the first quarter of 2013.

8.1.5 Focusing on the borough of Castle Point consultation with local agents has indicated:

- The office market is very small with the majority of office deals occurring further afield in Southend-on-Sea.
- Within Benfleet the Schafers Centre is the main office location which is a mixed commercial area. These are the most modern offices in the area.
- Canvey Island is a very local market and there is not much cross over between Canvey Island and the mainland.
- Canvey Island rents are considered to be comparable with Benfleet.
- Development of new office scheme might struggle to achieve anything over £118 per sq m with rent free incentives of 6 months. Modern units within Brentwood are currently in the order of £161 - £172 per sq m and it is extremely unrealistic to seek to achieve this level in Benfleet and Canvey Island. As a result new office development is not likely to be financially viable.
- There is no office development occurring in Canvey Island and the mainland but land values are estimated to be circa £740,000 per hectare

8.2 Viability analysis

Scenarios tested

8.2.1 Indicative development appraisals of hypothetical schemes have been produced, comprising a 2,000 sq m GIA scheme, typical 2-3 storey business park style scheme.

Findings

8.2.2 We have included a detailed the assumptions in Appendix E and the appraisal summary is included in Appendix F.

Table 8.1 Summary viability assessment, office development

	GIA	NIA	Net site area ha	Residual value Per Ha	Residual value Per £psm	Benchmark Per Ha	Benchmark Per £psm	CIL Overage Per Ha	CIL Overage Per £psm
Business Park Office	2,000	1,700	0.50	-£3,163,599	-£791	£550,000	£138	-£3,713,599	-£928

Source: PBA

The charging schedule

8.2.3 Table 8.1 summarises the development appraisal based on current values, yields and development costs and concluded that the speculative office development produces a negative land value. The development therefore does not generate an overage that could be captured by CIL. It is recommended that a CIL Charge should not be set for office floorspace.

Delivery of the local plan

8.2.4 The draft local plan identifies the potential delivery of around 21,000 sq m of additional floorspace to include B1 a offices. The delivery of new employment space in the short term will be extremely challenging due to the current economic climate due to weak demand and large incentives.

8.2.5 Some development may occur on traditional employment sites but this will be linked to specific user requirements, or through mixed use developments which incorporate office accommodation alongside other more viable uses such as residential or retail.

8.2.6 Over the medium to long term the economic outlook should improve which should assist development delivery.

8.2.7 Delivery of employment during the plan period will be especially challenging on Canvey Island without the infrastructure being delivered by the public sector in advance.

9 INDUSTRIAL AND WAREHOUSING VIABILITY & CIL CHARGES

9.1 Defining the use

9.1.1 Industrial and warehouse space has been appraised as a single use, covering use classes B1c (light industrial), B2 (general industrial) and B8 (warehousing and distribution). Most of the new space developed is likely to consist of small units, largely occupied by services and light industry rather than traditional manufacturing.

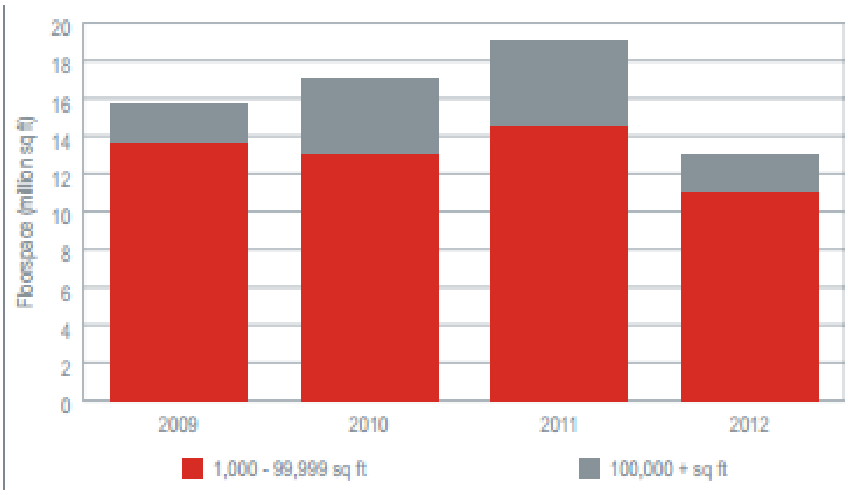
9.2 Market overview

9.2.1 Jones Lang LaSalle[34] report that the subdued economy has acted as a drag on property demand with industrial and logistics take-up falling in 2012 compared with 2011. The greatest decline in take-up was for small and medium sized units of between 100 sq m. to 9,300 sq m. Although the larger stock also saw a decline it was not at the same level.

9.2.2 Jones Lang LaSalle indicate that availability at the end of December 2012, the total supply of immediately available industrial and logistics floorspace across Great Britain stood at circa 3 million sq m, the majority of which in units of below 9,300 sq m. They indicate that this quantum of floorspace equates to three and a half years of demand, based upon last four years of annual take-up.

9.2.3 Take-up for industrial floorspace in the South East fell in 2012 to below levels of 2009 (see Figure 9.1 below) this was mainly caused by in fall in demand for smaller to medium sized units.

Figure 9.1 Take-up of industrial floorpsace 2009 to 2012 – South East England



Source: Jones Lang LaSalle/Costar

9.2.4 Jones Lang LaSalle report that prime industrial rents in Basildon are £70 per sq m and £80 per sq m in Dartford, this have remained unchanged from the previous 12 months.

9.2.5 Focusing on the borough of Castle Point the consultation with local agents has indicated:

[34] Jones Lang LaSalle – UK Industrial Property Trends Today - on point Issue 4 March 2013

- Basildon is a preferred industrial location to Benfleet and Canvey Island with easier access to London via the A127 and A13.
- General demand for industrial units is strong. With particular strong demand from new business start-ups and downsizing companies for units of less than 930 sq m
- Canvey and Benfleet average rents for light industrial/warehouse units are circa £43 per sq m. with 6 -12 month rent free incentives on offer. New build could possibly achieve £65 per sq m but still requiring incentives.
- Small units (c.930 to 1,800 sq.m) are currently being marketed at Corton Trading Estate, Church Road are generating interest at £43 per sq m. The estate offers good access to the A127 and A13.
- Yields in the region for older units are around 10%-10.5%.
- Industrial development land in Benfleet is likely to be circa £740,000 per hectare

9.3 Viability analysis

Scenarios tested

9.3.1 An indicative development appraisal has been produced of a hypothetical scheme, comprising a scheme of 2,000 sq m which could be potentially either let as a single unit or subdivided into smaller units.

9.4 Findings

9.4.1 The appraisal presented at Table 9.1 concludes that industrial/warehouse development in Castle Point is generally not viable. There is therefore no potential for sustaining a CIL charge. The detailed assumptions are included in Appendix E and the appraisal summary is included in Appendix F.

9.4.2 It is difficult for private sector developers to fund speculative space in this sector. The perceived higher risk of such developments and the relatively low returns will limit the potential for new development.

Table 9.1 Summary viability assessment, industrial and warehousing development

				Residual value		Benchmark		CIL Overage	
	GIA	NIA	Net site area ha	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Light industrial	2,000	2,000	0.50	-£215,107	-£54	£550,000	£138	-£765,107	-£191

Source: PBA

The charging schedule

9.4.3 Based on upon the research, industrial / warehouse development is not viable. It is recommended that a CIL Charge should not be set for industrial / warehouse development.

Delivery of the local plan

9.4.4 The draft local plan identifies the potential delivery of around 21,000 sq m of additional floorspace to include B1 b, B2 and B8 uses. Similar to office development the delivery of new employment space in the short term will be extremely challenging due to the current economic climate due to weak demand and large incentives. Over the medium to long term the economic outlook should improve which should assist delivery of development.

9.4.5 Delivery of B1 b, B2 and B8 uses during the plan period will be especially challenging on Canvey Island without the infrastructure being delivered by the public sector in advance.

10 CARE HOME VIABILITY & CIL CHARGES

10.1 Defining the sector

10.1.1 This sector is defined as follows.

- Residential care homes (now generally referred to simply as care homes) are residential settings where a number of older people live, usually in single rooms, and have access to on-site care services. A home registered simply as a care home will provide personal care only - help with washing, dressing and giving medication. Some care homes are registered to meet a specific care need, for example dementia or terminal illness.

- What used to be called nursing homes are now called care homes with nursing. These settings will provide the same personal care but also have a qualified nurse on duty twenty-four hours a day to carry out nursing tasks. These homes are for people who are physically or mentally frail or people who need regular attention from a nurse. Homes registered for nursing care may accept people who just have personal care needs but who may need nursing care in the future.

- These uses fall under the C2 (residential institutions) use class.

- There is a careful distinguishment of this type of provision from retirement flats and quasi-retirement accommodation sometimes known as assisted living apartments. The term assisted living or 'extra care housing' is used to describe developments that comprise self-contained homes with design features and support services available to enable self-care and independent living. These types of development are included in the C3 category and are chargeable under the residential rate.

10.2 Market overview

National marketplace

10.2.1 Research by Colliers in Spring 2013 found :

- Occupancy rates in care homes have remained steady since the beginning of 2011 at around 90%. Although occupancy rates in personal care hoes and specialist care homes fell in the second half of 2012.

- Average weekly fees in care homes have reduced when compared with the first half of 2012, whereas specialist care homes evidenced an increase following a fall in first half of 2012.

- Costs within the sector are under pressure, with operators seeking to keep wage increases in line with the national minimum wage. Target Healthcare REIT acquired seven assets at yields between 7.25% and 7.5%.

10.3 Viability appraisal

Scenarios modelled

10.3.1 The testing relies upon BUPA's typical layout plan in assessing the value of the completed scheme, assuming a 60 bed care home with a building footprint of 1,200 sq m over two levels.

10.3.2 In line with current research undertaken by Knight Frank and CBRE an allowance for a rental income per bed of £8,000 per annum has been made. Recent care home transactions have produced yields of between 6.5% and 7.5% for core areas with secondary covenants. The rent has therefore been capitalised at a 7.25% yield.

Findings of viability testing

10.3.3 Table 10.1 shows the results of the viability appraisal. Included in Appendix E are the detailed assumptions and the appraisal summary is included in Appendix F.

Table 10.1 Summary viability assessment, care homes

	GIA	NIA	Net site area ha	Residual value		Benchmark		CIL Overage	
				Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
60 bed Care home	2,400	60	0.48	£3,020,338	£604	£2,200,000	£440	£820,338	£164

Source: PBA

The charging schedule

10.3.4 The viability testing indicates that a CIL charge for care homes is capable of being sustained in the Borough. The viability analysis has shown that care home development can afford £164 per sq m.

10.3.5 Allowing for a buffer between the theoretical maximum charge and the chosen CIL, and mindful of the market context outlined above, rate for care homes is recommended:

Table 10.2 Recommended care home charging rates

Development	CIL Charge (£ per sq m)
Care Home	£80

Source: PBA

Delivery of the local plan

10.3.6 Policy H2 of the draft local plan identifies the need for 2 additional residential care and nursing homes. The viability testing shows that these can be delivered during the plan period and it can be reasonably expected that the development would come forward.

11 HOTEL VIABILITY & CIL CHARGES

11.1 Defining the Use

11.1.1 The general methodology set out in this study focuses on testing development types on which the Plan relies for delivery. As noted below, the Plan does not currently deal with hotel development specifically. However, as this report is looking at the viability of an emerging plan as well as possible CIL, the Local Planning Authority has indicated that it wishes to test hotel viability with a view to possible coverage in the new Plan. Hotel development has therefore been tested in order to inform consideration of potential plan policies in this area.

11.1.2 The hotel space has been appraised as being delivered by an operator for a budget to medium-range specification.

11.2 Market overview

11.2.1 Savills[35] reported in Quarter 3 2012 that UK hotel investment volumes have been relatively resilient during 2012, with investors focusing their attention to prime hotels in the face of weakening UK economic performance. Overseas investors are dominating transactions in London, their focus is on top-end/luxury segment. Savills indicate that as a result over half the top end hotels in central London are owned by overseas entities. Prime hotel yields for this type are stock is between 4% to 5%, resulting in excess of £200,000 per bed space for a simple 3 star hotel.

11.2.2 Moving away from central London investment yields move-out, as a result so does the capital value of the price per bed space. As shown in Table 11.1 below, the typical price per bed space away from central London ranges between £60,000 to £90,000 per bed space.

Table 11.1 Recent hotel transactions

Period	Occupier	No. of beds	Price per bed	Yield
Q.4 2012	Premier Inn Woking	105	£93,200	6.00%
Q.4 2012	Holiday Inn Express, Earl's Court	150	£58,500	7.50%

Source: CBRE

11.3 Viability appraisal

Scenario modelled

11.3.1 The viability testing assumes a 60 bed budget to mid-range hotel built in an edge of town or out of town location.

11.3.2 In line with current research undertaken a rental income per bed of £6,250 per annum capitalised has been allowed capitalised at a yield of 6.75%.

[35] Savills research UK Hotels – UK Hotel Investment Monitor – Autumn 2012

Findings of viability testing

11.3.3 Table 11.2 shows the results of the viability appraisal. Included in Appendix E is the detailed assumptions and the appraisal summary is included in Appendix F.

Table 11.2 Summary viability assessment, hotel

	GIA	NIA	Net site area ha	Residual value		Benchmark		CIL Overage	
				Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Hotel	2,300	60	0.32	£1,983,423	£278	£1,250,000	£175	£733,423	£103

Source: PBA

The charging schedule

11.3.4 The viability testing indicates that a CIL charge for hotel is capable of being sustained in the Borough. The viability analysis has shown that hotel development can afford £103 per sq m.

11.3.5 Allowing for a buffer between the theoretical maximum charge and the chosen CIL, and mindful of the market context outlined above, the following rate for hotel is recommended:

Table 11.3 Recommended hotel charging rates

Development	**CIL Charge (£ per sq m)**
Hotel	£40

Source: PBA

Delivery of the local plan

11.3.6 No specific local plan policies currently provide for the delivery of hotels in the Borough. However, the Local Planning Authority has indicated that it wishes to consider possible coverage in the New Local Plan. The viability testing shows a CIL overage can be supported and the mid-range hotel sector is still in expansion across the country. If a policy was to be introduced covering this type of use, development proposals can reasonably be expected to come forward.

12 FOOD & BEVERAGE VIABILITY & CIL CHARGE

12.1 Defining the sector

12.1.1 The sector is defined as those uses that fall within the following use classes as defined by the Use Classes Order 1987 as amended:

- A3 Restaurants and cafes - use for the sale of food and drink for consumption on the premises.
- A4 Drinking establishments - use as a public house, wine-bar or other drinking establishment
- A5 Hot food takeaways - use for the sale of hot food for consumption off the premises.

12.2 Market overview

12.2.1 Commercial property agents Knight Frank[36] and Savills[37] International state that leisure services have weathered the economic downturn better than spending on other services; with cinema and dining out performing particularly well.

12.2.2 Notwithstanding this, rising inflation has meant household budgets have been and are under pressure which has resulted in the average spend in the restaurant sector contracting over the last two year. However, Savills predict that foodservice spend is expected to grow by up to 30% over the next four years. This is because eating out is longer considered an occasional treat but more as part of an everyday activity.

12.2.3 The two main sectors that are popular with consumers are the fast food service chains and mid-market dining. Therefore, names such as such as McDonalds, Burger King, KFC, Domino's Pizza, Nando's, Wagamama, Frankie & Benny's, Pizza Express, and Prezzo are attracting consumers despite the economic downturn.

12.2.4 Activity in the food and beverage sector is moving away from the high streets as the loss of retailers and increasing quantum of vacant space creating an unpleasant environment. The focus for operators is now on mixed use schemes where day and night time footfall can be captured.

12.2.5 Prime rental values for food and beverages typically show little regional variation. Knight Frank[36] report that rents for A3 restaurants on leisure schemes/parks are at least £300 per sq m and within shopping centres event higher at above £400 per sq m. In contrast café/bar rents are much lower at around £150 per sq m.

12.2.6 Despite a slowdown in the number of transactions in 2012 both Knight Frank and Savills report that there is good investment demand for prime leisure stock. Prime leisure yields are typically ranging between 6.5% to 7.5%. Savills reported that the mixed leisure park in Stevenage sold in January 2012 at a 6.5% yield and Southwater Square in Telford was forward funded off a 6.75% yield in September 2012.

[36] Knight Frank - Leisure- Occupational and investment markets Autumn/winter 2012

[37] Savills – Spotlight UK Commercial Leisure Q1 2013

12.3 Viability appraisal

Scenarios modelled

12.3.1 In the assessment of viability an out of town food & beverage outlet has been assumed.

Findings of viability testing

12.3.2 Table 12.1 shows the results of the viability appraisal.

Table 12.1 Summary viability assessment, food & beverage (A3/A4/A5)

	GIA	NIA	Net site area ha	Residual value		Benchmark		CIL Overage	
				Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Food & Beverage (A3/A4/A5)	465	419	0.07	£1,723,366	£259	£1,000,000	£151	£723,366	£109

Source: PBA

The charging schedule

12.3.3 The viability testing indicates that a CIL charge for food & beverage is capable of being sustained in the Borough. The viability analysis has shown that food & beverage development can afford £109 per sq m.

12.3.4 Allowing for a buffer between the theoretical maximum charge and the chosen CIL, and mindful of the market context outlined above, the following rate for food & beverage is recommended:

Table.12.2 Recommended retail charging rates

Development	CIL Charge (£ per sq m)
Food & Beverage (A3/A4/A5)	£40

Source: PBA

Delivery of the local plan

12.3.5 Policies R8 and E9 of the draft local plan identify the need for A3 and A4 uses around the Seafront Entertainment Area and South Benfleet Leisure Quarter. The viability testing shows that these can be delivered during the plan period and the CIL charge would not hinder delivery of the local plan.

13 RETAIL VIABILITY & CIL CHARGE

13.1 Defining the use

13.1.1 Comparison and convenience retailing have both been considered when developing the evidence, this includes both in town and edge of town locations.

13.2 Planning context

13.2.1 Retail growth in planned in both Castle Point itself, and other settlements.

13.3 Defining retail categories

13.3.1 As shown in Chapter 2 of this report, the Regulations allow charge distinctions to be made by use of buildings where there are distinct building uses which can be clearly defined on the charging schedule.

13.3.2 In the analysis of retail viability, a distinction in the retail building use is made: these are, firstly, convenience uses, and secondly, comparison uses.

13.3.3 These distinctions between convenience and comparison uses are based on the definitions provided at Annex B of PPS4 , which have been slightly reworded to fit the present context (the Annex B definition discussion applies to goods, but a definition of the sales units in which those goods are sold is required).

13.3.4 In March 2012, PPS 4 was superseded by the National Planning Policy Framework (NPPF). The NPPF does not define different categories of retail goods. This does not cause difficulties for this study, because the definitions provided below do not rely on PPS4. PPS4 is not relied upon to support a particular policy stance, or has been used to justify a particular definition. Instead, PPS4 has been used as analytical support to help clearly distinguish between particular types of retailing commonly observable in the marketplace:

- A convenience unit is a shop or store selling wholly or mainly everyday essential items, including food, drinks, newspapers/magazines and confectionery.

- A comparison unit is a shop or store selling wholly or mainly goods which are not everyday essential items. Such items include clothing, footwear, household and recreational goods.

13.3.5 For the purposes of any definition to be set out in a CIL charging schedule, it is recommended that the words ‘where the planning permission allows’ be added to the above definitions, as:

- A convenience unit is a shop or store where the planning permission allows selling wholly or mainly everyday essential items, including food, drinks, newspapers/magazines and confectionery

13.3.6 Some stores sell a mixture of convenience and comparison goods. In those instances, a store should be categorised as having convenience or comparison status according to its main use (the definition above defines convenience and comparison units as shops or stores selling mainly these types of items). This phrasing has been carefully selected, and the lead for this has been taken from the way that PPS4 defines superstores.

13.3.7 Additional precision on the types of goods sold in convenience and comparison stores can be taken from Appendix A of the PPS4 companion document Practice guidance on need, impact and the sequential approach. It is worth noting that this document currently remains in use following the March 2012 introduction of the NPPF.

13.4 Market overview

Comparison retailing

13.4.1 Work by Deloitte on the future for retailing is pessimistic, suggesting that 'reductions in store numbers of 30-40% are foreseeable over the next 3-5 years.' The effects are seen to be increased vacancy rates, decreasing prime rents, and increasingly flexible rental terms, including shorter rental terms, lease free periods, shorter break clauses and monthly, as opposed to quarterly, rents. Other reports describe a similar picture.

Town centre high-street type retailing

13.4.2 With the exception of Central London, town centre (high street) comparison retailing in the UK is in a period of transition. The majority of comparison retail-led regeneration schemes have stalled due to a combination of weak consumer demand, constraints on investment capital and poor retail occupier performance. There have been a number of insolvencies, and the traditional high-street operators are frequently struggling, particularly in secondary retail locations. Colliers retail market report (Autumn 2011) states that 'Secondary retail locations will continue to suffer as a result of the growing consumer trend of fewer shopping trips and the focus on the large retail destinations and online. Furthermore, daily/weekly shopping that would once have taken place in the local town centre is increasingly shifting to supermarkets, which now provide a wide range of comparison goods and services alongside the traditional convenience offer. Put simply, many towns do not need the same number of shops that historical trends justified and, thus, unless this outdated retail stock is converted into another use, the vitality of these town centres will continue to diminish'.

13.4.3 Developers in the sector have therefore being going through a process of redesigning existing schemes in order to make them deliverable in the current economic climate and more appropriate to future consumer demand. This has often involved reducing the scale of potential developments and targeting better quality, financially stable retail operators.

Edge-of-town warehouse operations and retail parks

13.4.4 While the long term trend suggests that out-of-town (and online) shopping is doing a little better than in-town retail. The sector has had difficulties, with the failure of retailers such as Dreams Beds, Focus DIY and Allied Carpets, but the market is gradually reabsorbing vacant space. Colliers research reports that across the retail warehouse sector as a whole, vacancy rates improved slowly from 5.8% to 3.5% from 2010 to 2011.

Convenience retail

13.4.5 Convenience retailing operates in a very different market segment to comparison retailing.

13.4.6 The convenience retail sector continues to perform well, with operators seeking to continually expand market share by the development of new store formats and the securing of prime locations both in town and out of town. IGD (international food and grocery analysts) state that the UK convenience sector is projected to increase sales by 5.8% per year to £42.6bn in 2015. Local Data Company analysis shows that Tesco, Morrisons and Waitrose are all opening, or planning to open, new stores. Morrisons in particular has announced plans to open 300 'M Local' convenience stores across the UK by 2015. These levels of activity nationally suggest that there may be applications for permission for this type of retail in future.

13.4.7 Within convenience retail, viability is remarkably insensitive to precise location. Data from CBRE shows that grocery viability is similar in locations throughout the UK with a premium being paid for schemes in London. There is very little investment adjustment (around 1% on yield) between major supermarket developments based on the transactional evidence for leases of similar length and terms.

13.4.8 Leases to the main supermarket operators (often with fixed uplifts) command premiums with investment institutions.

13.5 Charging zones

13.5.1 The analysis above suggests that a separate charging zone for convenience retail is not necessary, given that viability is not sensitive to precise location.

13.6 Viability analysis

Scenarios tested

13.6.1 Indicative development appraisals of hypothetical schemes have been produced, comprising:

- Convenience retailing:
  - a larger grocery store of 4,000 sq m GIA;
  - a medium grocery store of 2,000 sq m GIA; and
  - a small express-style format of 278 sq m GIA scheme.
- Comparison retailing:
  - a small 278 sq m GIA in-town high street scheme;
  - a medium format 850 GIA in-town high street; and
  - a 1,000 sq m GIA out of town centre retail park type scheme.

Findings - comparison retailing

Modelling the in-town high street comparison retail scheme

13.6.2 It is difficult to model the viability of town centre retail development, as values are usually more sensitive to location, footfall patterns and sizes of unit than office or residential development. These patterns can lead to large variations in values – even on the same street. Our response is therefore to adopt 'overall' rental values to understand the broad potential range of comparison retail viability across Castle Point Borough. However, when modelling scenarios for Canvey Island the base build costs have increased by 10% to take account of abnormals in relation to flood mitigation; this has resulted in two sets of results for the mainland and Canvey Island.

13.6.3 The summary tables (Table13.1 and Table 13.2) show a surplus available for CIL for out of town comparison retail but not town centre.

Table13.1 Summary viability assessment, retail comparison, mainland

	GIA	NIA	Net site area ha	Residual value		Benchmark		CIL Overage	
				Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
In town comparison retail - small format	278	236	0.06	£2,544,411	£513	£3,000,000	£604	-£455,589	-£92
In town comparison retail - large format	850	723	0.17	£2,256,077	£451	£3,000,000	£600	-£743,923	-£149
Out of town comparison retail	1,000	900	0.20	£3,880,897	£776	£2,800,000	£560	£1,080,897	£216

Source: PBA

Table 13.2 Summary viability assessment, comparison retail, Canvey Island

	GIA	NIA	Net site area ha	Residual value		Benchmark		CIL Overage	
				Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
In town comparison retail - small format	278	236	0.06	£2,105,179	£424	£3,000,000	£604	-£894,821	-£180
In town comparison retail - large format	850	723	0.17	£1,813,685	£363	£3,000,000	£600	-£1,186,315	-£237
Out of town comparison retail	1,000	900	0.20	£3,497,280	£699	£2,800,000	£560	£697,280	£139

Source: PBA

Convenience retailing

13.6.4 Viability testing on convenience retailing has been undertaken. In value terms there is no requirement to undertake different scenarios based on different locations around Caste Point. This is again because the most significant determinant of convenience retail viability is occupier covenant. Although there are some small regional variations on yields, viability remains generally strong with investors focussing primarily on the strength of the operator covenant and security of income. However, again when modelling scenarios for Canvey Island base build costs have been increased by 10% to take account of abnormals in relation to flood mitigation; this has resulted in two sets of results for the mainland and Canvey Island.

13.6.5 The tables below summarise the appraisals. The theoretical maximum CIL charge is shown on the far right column of Table 13.3 and Table 13.4 below.

Table 13.3 Summary viability assessment, convenience retail, mainland

	GIA	NIA	Net site area ha	Residual value		Benchmark		CIL Overage	
				Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Retail convenience - small format	278	250	0.06	£6,806,509	£1,371	£3,750,000	£755	£2,560,080	£516
Retail convenience - medium format	2,000	1,800	0.40	£6,337,205	£1,267	£3,750,000	£750	£2,087,205	£417
Retail convenience - larger format	4,000	3,600	1.00	£6,482,308	£1,621	£3,750,000	£938	£2,332,308	£583

Source: PBA

Table 13.4 Summary viability assessment, convenience retail, Canvey Island

	GIA	NIA	Net site area ha	Residual value		Benchmark		CIL Overage	
				Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Retail convenience - small format	278	250	0.06	£6,160,372	£1,241	£3,750,000	£755	£1,913,944	£386
Retail convenience - medium format	2,000	1,800	0.40	£5,690,048	£1,138	£3,750,000	£750	£1,440,048	£288
Retail convenience - larger format	4,000	3,600	1.00	£5,891,778	£1,473	£3,750,000	£938	£1,741,778	£435

Source: PBA

13.7 The charging schedule

13.7.1 The viability testing indicates that the following CIL charges are capable of being sustained in the Borough.

- Convenience retailing: the smaller format can afford to pay £386 per sq m, medium format £288 per sq m and larger format £435 per sq m.
- Comparison retailing: the in-town schemes are not showing to be viable and edge of town schemes showing a surplus available for CIL of £139 per sq m.

13.7.2 Allowing for a buffer between the theoretical maximum charge and the chosen CIL, and mindful of the market context outlined above, the following rates for convenience and comparison retailing are recommended:

Table 13.5 Recommended retail charging rates

Development	**CIL Charge (£ per sq m)**
Retail – wholly or mainly convenience	£140
Retail – wholly or mainly comparison (non-centres)	£60

Source: PBA

Delivery of the local plan

13.7.3 Policy R2 of the draft local plan identifies the need for 3,300 sq m of convenience floorspace within local town centres. The viability testing shows that this can be delivered during the plan period.

13.7.4 Policy R2 allocates 13,000 sq m of retail floor space in Canvey Island town centre and 1,300 sq m of retail floor space in Hadleigh town centre. The viability testing shows that this may be challenging through the plan period. The ability for comparison shopping to be delivered in town centres will depend not only on the economy improving but also on how shopping patterns develop, acknowledging the impact in the change in consumer shopping patterns. For these reasons, town centre regeneration proposals should be broad based, to deliver a combination of retail, employment, residential and other uses.

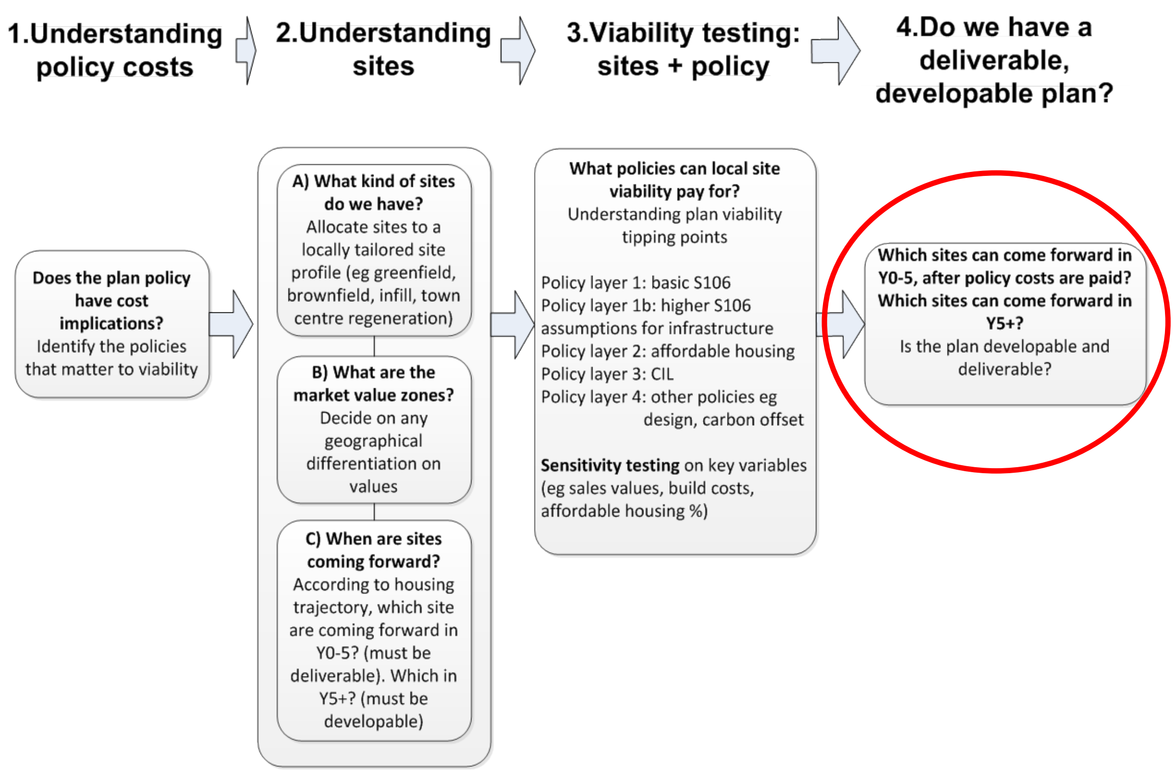
14 SUMMARY & CONCLUSIONS

14.1 Introduction

14.1.1 At this stage, the findings of the previous stage's viability testing of typologies are sorted to provide an answer to the central question that this study must answer – whether the emerging plan is 'deliverable' and 'developable'.

14.1.2 Consideration is given to the timeliness of infrastructure delivery, and make a recommendation on affordable housing policy.

Figure 14.1 Process flow stage 4



Source: PBA

14.2 The viability of residential sites starting in Years 0-5 of the plan

14.2.1 The analysis suggests that sites which are starting in Years 0-5 of the plan are those housing sites are generally viably deliverable using current costs, values and policy charges as tested (including CIL in the higher value zone).

14.2.2 The only sites that are not viable are small housing of units of 5 and 9 units and those sites that require significant upfront infrastructure. None of these scenarios have been identified during Years 0-5.

14.2.3 Flatted development in both high and low value zones is not viable using current costs, values and policy charges as tested (including CIL in the higher value zone). However, this type of development does not represent the bulk of proposed development, representing just 3% of total development during Years 0-5 therefore not impacting the delivery of the plan.

14.2.4 Even when considering flatted development within mixed housing sites it is still only 13% of total development proposed during Years 0-5. In these scenarios it is likely the viable housing development will help cross-subsidise the development of the flats therefore not impacting the delivery of the plan.

14.2.5 Sites in the low value area are generally viable without affordable housing charges. Sites in the higher value zone can afford CIL at varying rates, depending on the precise nature of the site typology in question. Table 14.1 summarises the analysis.

Table.14.1 Viability of site typologies showing S106, affordable housing and theoretical maximum CIL

				Total Floor Space per sq.m	CIL Chargeable Floor Space per sq.m	Residual land value		Benchmark		CIL Overage	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Lower Value											
Houses –	2	0.07	30	221	156	£1,383,360	£417	£1,250,000	£377	£133,360	£57
Houses –	5	0.17	30	553	390	£1,225,298	£369	£1,250,000	£377	-£24,702	-£11
Houses –	9	0.26	35	995	702	£1,203,939	£311	£1,250,000	£323	-£46,061	-£17
Houses –	15	0.43	35	1,658	1,170	£1,425,478	£368	£1,250,000	£323	£175,478	£64
Houses –	50	1.43	35	5,528	3,900	£1,397,234	£361	£1,250,000	£323	£147,234	£54
Houses –	100	2.86	35	11,055	7,800	£1,350,501	£349	£1,250,000	£323	£100,501	£37
Flats -	5	0.08	65	375	244	-£1,843,242	-£378	£1,500,000	£308	-£3,343,242	-£1,055
Flats -	15	0.23	65	1,125	731	-£1,847,235	-£379	£1,500,000	£308	-£3,347,235	-£1,056
Flats -	30	0.46	65	2,250	1,463	-£1,827,805	-£375	£1,500,000	£308	-£3,327,805	-£1,050
Flats -	60	0.92	65	4,500	2,925	-£1,812,588	-£372	£1,500,000	£308	-£3,312,588	-£1,045
Higher Value											
Houses –	2	0.07	30	221	156	£2,783,351	£839	£2,200,000	£663	£583,351	£249
Houses –	5	0.17	30	553	390	£2,559,516	£772	£2,200,000	£663	£359,516	£154
Houses –	9	0.26	35	995	702	£2,724,830	£704	£2,200,000	£569	£524,830	£192
Houses –	15	0.43	35	1,658	1,170	£3,002,119	£776	£2,200,000	£569	£802,119	£294
Houses –	50	1.43	35	5,528	3,900	£2,943,340	£761	£2,200,000	£569	£743,340	£272
Houses –	100	2.86	35	11,055	7,800	£2,846,081	£736	£2,200,000	£569	£646,081	£237
Flats -	5	0.08	65	375	244	£1,169,232	£240	£2,200,000	£451	-£1,030,768	-£325
Flats -	15	0.23	65	1,125	731	£1,136,884	£233	£2,200,000	£451	-£1,063,116	-£336
Flats -	30	0.46	65	2250	1,463	£1,108,482	£227	£2,200,000	£451	-£1,091,518	-£344
Flats -	60	0.92	65	4500	2,925	£1,095,528	£225	£2,200,000	£451	-£1,104,472	-£349
Strategic site 1	150	4.29	35	16,583	11,700	£987,584	£255	£1,250,000	£323	-£262,416	-£96
Strategic site 2	400	11.43	35	44,220	31,200	£2,332,508	£603	£2,200,000	£569	£132,508	£49

Source: PBA

14.3 Sensitivity testing of affordable housing

14.3.1 If there is a greater need for infrastructure to deliver the plan then an option is to reduce the current 35% affordable housing policy. The analysis shows that reducing the policy from 35% to 25% increases the potential CIL in the high value area and presents the opportunity to charge CIL in the low value area. Should affordable housing reducing further than the scope for CIL increases further.

Table 14.2 Affordable housing reduced to 25%

	No of dwellings	Net site area ha	Density	Total Floor Space per sq.m	CIL Chargeable Floor Space per sq.m	Residual land value		Benchmark		CIL Overage	
				Floor Space	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Lower Value											
Houses –	2	0.07	30	227	180	£1,515,784	£446	£1,250,000	£368	£265,784	£98
Houses –	5	0.17	30	566	450	£1,349,638	£397	£1,250,000	£368	£99,638	£37
Houses –	9	0.26	35	1,019	810	£1,336,808	£337	£1,250,000	£315	£86,808	£28
Houses –	15	0.43	35	1,699	1,350	£1,567,944	£396	£1,250,000	£315	£317,944	£101
Houses –	50	1.43	35	5,663	4,500	£1,536,941	£388	£1,250,000	£315	£286,941	£91
Houses –	100	2.86	35	11,325	9,000	£1,485,642	£375	£1,250,000	£315	£235,642	£75
Flats -	5	0.08	65	375	281	-£1,741,736	-£357	£1,500,000	£308	-£3,241,736	-£887
Flats -	15	0.23	65	1,125	844	-£1,745,444	-£358	£1,500,000	£308	-£3,245,444	-£888
Flats -	30	0.46	65	2,250	1,688	-£1,726,859	-£354	£1,500,000	£308	-£3,226,859	-£883
Flats -	60	0.92	65	4,500	3,375	-£1,712,196	-£351	£1,500,000	£308	-£3,212,196	-£879
Higher Value											
Houses –	2	0.07	30	227	180	£2,956,881	£870	£2,200,000	£648	£756,881	£280
Houses –	5	0.17	30	566	450	£2,721,998	£801	£2,200,000	£648	£521,998	£193
Houses –	9	0.26	35	1,019	810	£2,902,055	£732	£2,200,000	£555	£702,055	£223
Houses –	15	0.43	35	1,699	1,350	£3,191,820	£805	£2,200,000	£555	£991,820	£315
Houses –	50	1.43	35	5,663	4,500	£3,129,367	£789	£2,200,000	£555	£929,367	£295
Houses –	100	2.86	35	11,325	9,000	£3,026,028	£763	£2,200,000	£555	£826,028	£262
Flats -	5	0.08	65	375	281	£1,296,202	£266	£2,200,000	£451	-£903,798	-£247
Flats -	15	0.23	65	1,125	844	£1,260,322	£259	£2,200,000	£451	-£939,678	-£257
Flats -	30	0.46	65	2250	1,688	£1,228,928	£252	£2,200,000	£451	-£971,072	-£266
Flats -	60	0.92	65	4500	3,375	£1,214,640	£249	£2,200,000	£451	-£985,360	-£270
Strategic site 1	150	4.29	35	16,988	13,500	£1,150,769	£290	£1,250,000	£315	-£99,231	-£32
Strategic site 2	400	11.43	35	45,300	36,000	£2,480,354	£626	£2,200,000	£555	£280,354	£89

Source: PBA

14.4 The viability of residential sites starting in Years 6+ of the plan

14.4.1 Site typologies using sensitivities has been tested to explore the viability of development in future.

14.4.2 The analysis suggests that sites which the current housing trajectory sees as starting in Year 6+ of the plan are viable and deliverable. On the assumptions that have used, viability will improve in future as a gap between sales values and building costs opens up. The lower value areas start to show good levels of viability and there could be future possibility of CIL charging in this area.

14.4.3 Again, it is important to note that

- There may be individual exceptions to this general picture; for instance Strategic Site 1 (NW Benfleet) demonstrates a very high level of viability, yet we know that there would still be significant infrastructure costs to apportion to this development which would in all likelihood still render the development unviable (see also the commentary at paragraph 7.10 onwards); and

- Harman states that ‘it should be recognised that the forecasts for the latter part of the plan period are unlikely to be proved accurate and will need review’. [38]

[38] Local Housing Delivery Group Chaired by Sir John Harman (2012) Viability Testing Local Plans (27)

14.4.4 Table.14.3 summarises the analysis.

Table.14.3 Viability of site typologies using sensitivity tested assumptions

				Total Floor Space per sq.m	CIL Chargeable Floor Space per sq.m	Residual land value		Benchmark		CIL Overage	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Lower Value											
Houses –	2	0.07	30	240	240	£3,255,410	£904	£1,250,000	£347	£2,005,410	£557
Houses –	5	0.17	30	600	600	£2,930,987	£814	£1,250,000	£347	£1,680,987	£467
Houses –	9	0.26	35	1,080	1,080	£3,107,337	£740	£1,250,000	£298	£1,857,337	£442
Houses –	15	0.43	35	1,800	1,800	£3,483,832	£829	£1,250,000	£298	£2,233,832	£532
Houses –	50	1.43	35	6,000	6,000	£3,415,723	£813	£1,250,000	£298	£2,165,723	£516
Houses –	100	2.86	35	12,000	12,000	£3,303,027	£786	£1,250,000	£298	£2,053,027	£489
Flats -	5	0.08	65	375	375	-£651,465	-£134	£1,500,000	£308	-£2,151,465	-£441
Flats -	15	0.23	65	1,125	1,125	-£653,114	-£134	£1,500,000	£308	-£2,153,114	-£442
Flats -	30	0.46	65	2,250	2,250	-£644,932	-£132	£1,500,000	£308	-£2,144,932	-£440
Flats -	60	0.92	65	4,500	4,500	-£638,495	-£131	£1,500,000	£308	-£2,138,495	-£439
Higher Value											
Houses –	2	0.07	30	240	240	£4,954,898	£1,376	£2,200,000	£611	£2,754,898	£765
Houses –	5	0.17	30	600	600	£4,644,192	£1,290	£2,200,000	£611	£2,444,192	£679
Houses –	9	0.26	35	1,080	1,080	£5,057,064	£1,204	£2,200,000	£524	£2,857,064	£680
Houses –	15	0.43	35	1,800	1,800	£5,492,581	£1,308	£2,200,000	£524	£3,292,581	£784
Houses –	50	1.43	35	6,000	6,000	£5,385,567	£1,282	£2,200,000	£524	£3,185,567	£758
Houses –	100	2.86	35	12,000	12,000	£5,208,497	£1,240	£2,200,000	£524	£3,008,497	£716
Flats -	5	0.08	65	375	375	£3,002,791	£616	£2,200,000	£451	£802,791	£165
Flats -	15	0.23	65	1,125	1,125	£2,918,496	£599	£2,200,000	£451	£718,496	£147
Flats -	30	0.46	65	2250	2,250	£2,877,125	£590	£2,200,000	£451	£677,125	£139
Flats -	60	0.92	65	4500	4,500	£2,844,581	£584	£2,200,000	£451	£644,581	£132
Strategic site 1	150	4.29	35	18,000	18,000	£3,129,936	£745	£1,250,000	£298	£1,879,936	£448
Strategic site 2	400	11.43	35	48,000	48,000	£4,273,485	£1,017	£2,200,000	£524	£2,073,485	£494

Source: PBA

14.5 Recommended CIL Charge Residential

14.5.1 The following residential CIL charging rates (overleaf) are recommended for consideration by the Council. As set out in the Guidance, these rates reflect viability at the present time. If viability improves, a new CIL charge could be set, or higher levels of affordable housing could be delivered through a partial or full review of the Core Strategy. The boundaries of the zones will need to be set out on an OS based map to accompany the Draft Charging Schedule.

Possible CIL charges assuming different levels of affordable housing

Table 14.4 CIL assuming 35% affordable housing on all developments

Development	CIL Charge (£ per sq m)
Residential low value area (Canvey Island)	£0
Residential high value area (Mainland)	£75

Source: PBA

14.5.2 If the Council would prefer to proceed with a "mix and match" approach between affordable and CIL the following is recommended:

Table 14.5 "mix and match" CIL and affordable housing

Development	CIL Charge (£ per sq m)
Residential low value area (Canvey Island) 15% affordable	£30
Residential high value area (Mainland) 25% affordable	£120

Source: PBA

14.5.3 Since the rationale for setting geographically differentiated affordable housing policy relies on the same viability evidence, the boundary for that affordable housing policy would be the same as the boundary used for the CIL.

14.6 Recommended CIL Charge non-residential sites

14.6.1 The findings suggest that non-residential development is viable for care homes, hotel, retail and food & beverage. All other uses are shown to be currently unviable.

14.6.2 The following non-residential CIL charging rates are recommended for consideration by the Council

Table 14.6 Recommended non-residential CIL charging rates

Development	CIL Charge (£ per sq m)
Care Home	£80
Hotel	£40
Food & Beverage (A3/A4/A5)	£40
Retail – wholly or mainly convenience	£140
Retail – wholly or mainly comparison (non-centres)	£60

Source: PBA

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Appendix A HOUSING TRAJECTORY

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SITE REF	ADDRESS	POST CODE	TOWN	WARD	AREA (HA)	CAPACITY	POSITION AT AUGUST 2013	LIKELY MIX	TRAJECTORY 0 to 5 YEARS	TRAJECTORY 5 to 10 YEARS	TRAJECTORY 10 to 15 YEARS
GF01	Land at Kiln Road Thundersley	SS7 1SJ	THUN	Cedar Hall	12.5	150	Developers on site.	2, 3, 4 bedroom homes	150		
GF02B	Land at Scrub Lane	SS7 2JA	HAD	St. James	1.5	64	ECC and Hadleigh Junior School undertaking process to select developer for sites. Proposals seen by Council indicate potential housing capacity is higher than expected in December. Capacity revised accordingly.	3 bedroom homes	64		
TC02	Hadleigh Town Centre Regeneration	-	HAD	St. James	14.9	90	- Beech Road. HCA funding in place. Capacity for 18 - Crown Public house. HCA, CPBC and ECC involvement. Capacity 12 +. - Garston Block. Private developer – limited contact in last 6 months. Capacity approx 60. Capacity revised to include only Beech Road and Crown in first five years.	2 bedroom flats	30	60	
PGB36	398 to 408 London Road	SS7 1AX	BEN	Boyce	1.1	50	Approved by Committee subject to a S106 Agreement April 2013. Discussions with applicants on S106 Agreement continue.	40 x 2 bedroom flats and 10 houses	50		
PGB14	Brickfields, Great Burches Road	SS7 3NA	THUN	St. Peters	2	13	Approved by Committee subject to a S106 Agreement January 2013. Discussions with applicants on S106 Agreement continue.	4 bedroom homes	13		
PGB05	Land between Felstead Road and Catherine Road	SS7 1HZ	BEN	Boyce	7.4	140	Pre-application consultations underway. Capacity revised to reflect these discussions	3 and 4 bedroom homes	40	100	
GB07	Land west of Glebelands, Thundersley	SS7 4RA	THUN	St. Georges	7.5	165	Application for 165 homes refused by Council and dismissed by SoS on appeal. SoS decision the subject of a judicial review.	2, 3 and 4 bedroom homes. Maybe some 2 bed flats	80	85	
GB06	Land East of Rayleigh Road & North of Daws Heath Road, Hadleigh	SS7 2TA	HAD	Victoria	28	450	Developers (Barratt Homes) in regular discussions with the Council. They have spent a lot of time and money on landscape and transport assessment work, and have presented pre-application proposals to Members.	2,3 and 4 bedroom homes	100	350	
PGB08	Land to the South of Essex Way, Benfleet	SS7 1NU	BEN	Boyce	1.2	30	Pre-app proposals submitted to Council for consideration by developers. (Linden Homes)	3 bedroom homes	30		
PGB10	Oak Tree Farm (North Field) and Southfield Close Extension, Hadleigh	SS7 2NR	HAD	Victoria	2.937	90	Pre-app proposals submitted to Council for consideration by developers (Redrow Homes)	2, 3 and 4 bedroom homes. Maybe some 2 bed flats	30	60	
PGB30(A)	Land south east of Sadlers Farm, Benfleet	SS7 5TL	BEN	Appleton	3.4	150	Landowner has indicated availability of site for housing development. Capacity identified appears a touch high - 150 seems more appropriate.	2, 3 and 4 bedroom homes. Maybe some 2 bed flats			150

SITE REF	ADDRESS	POST CODE	TOWN	WARD	AREA (HA)	CAPACITY	POSITION AT AUGUST 2013	LIKELY MIX	TRAJECTORY 0 to 5 YEARS	TRAJECTORY 5 to 10 YEARS	TRAJECTORY 10 to 15 YEARS
PGB30(B)	Lane north of Jotmans Lane, Benfleet	SS7 5BH	BEN	St. Marys	14.7	200	Landowners have indicated availability of this site for housing development. 320 appears to be a touch high - 200 seems more appropriate.	2, 3 and 4 bedroom homes. Maybe some extra care			200
PGB40	Brook Farm (East of Daws Heath Road), Hadleigh	SS7 2UQ	HAD	Victoria	4	110	Landowner has indicated availability of site for housing development.	2, 3 and 4 bedroom homes.			110
2012/7	Solby Wood Farm, Daws Heath Road, Hadleigh	SS7 2UD	HAD	Victoria	2.864	30	Pre-app proposals submitted to Council for consideration by developers (Argent Homes Ltd). 70 homes proposed.	3 and 4 bedroom homes	30		
PGB30(C)	Land South of Jotmans Lane, Benfleet	SS7 5BH	BEN	St. Marys	16.6	280	Outline planning application currently being considered by the Council (Persimmon Homes).	2, 3 and 4 bedroom homes.	100	180	
PGB09	Land off Kiln Road / North of The Chase, Thundersley	SS7 3DL	THUN	Cedar Hall	28.6	400	Landowners have indicated availability of the site for housing development. Developers have shown an interest in developing this site.	2, 3 and 4 bedroom homes.			400
GF01B	Land at Kiln Road, Thundersley (Long Term Housing Site B)	SS7 3XR	THUN	Cedar Hall	3.2	50	Pre-app proposals submitted to Council for consideration by developers (Redrow Homes). 88 homes proposed.	2, 3 and 4 bedroom homes.		50	
GB05(A1)	Thorney Bay Park East, Thorney Bay Road, Canvey Island (Traditional Homes) Phase 1	SS8 0DB	CAN	South	18.9	100	Approved by Committee subject to a S106 Agreement February 2013. Discussions with applicants on S106 Agreement continue. Proposals for Phase 1 of site development being prepared.	2, 3 and 4 bedroom homes.	100		
GB05(A2)	Thorney Bay Park East, Thorney Bay Road, Canvey Island (Traditional Homes) Phase 2	SS8 0DB	CAN	South	18.9	500	Approved by Committee subject to a S106 Agreement February 2013. Discussions with applicants on S106 Agreement continue. Proposals for Phase 1 of site development being prepared.	2, 3 and 4 bedroom homes. Maybe some extra care.		250	250
ELR02 SITE 2	Point industrial estate (Canvey supply) Point Road, Canvey Island	SS8 7TW	CAN	East	1.7	99	Approved by Committee subject to a S106 Agreement October 2012. Discussions with applicants on S106 Agreement continue. Development cannot commence until business is relocated.	Mainly 2 bedroom flats		99	
GB04	Former Castle View School, Meppel Avenue, Canvey Island	SS8 9RZ	CAN	Winter Gardens	5.6	50	ECC asset management team currently working on development options for the site.	2 bedroom flats - maybe extra care.		50	
GB02	East of Canvey Road, Canvey Island	SS8 9SV	CAN	West	13.4	275	Pre-app proposals submitted to Council for consideration by developers (Persimmon Homes). Greenfield Site in FRZ3 - therefore sequential test applies	2, 3 and 4 bedroom homes. Maybe some extra care.			275

SITE REF	ADDRESS	POST CODE	TOWN	WARD	AREA (HA)	CAPACITY	POSITION AT AUGUST 2013	LIKELY MIX	TRAJECTORY 0 to 5 YEARS	TRAJECTORY 5 to 10 YEARS	TRAJECTORY 10 to 15 YEARS
Other Urban Area			BEN			199	Maximum Capacity = 269. 33% reduction applied beyond 5 year supply to provide sensitivity. Likely figure = 199	Mixture of houses and flats	47	47	95
Other Urban Area			HAD			150	Maximum Capacity = 203. 33% reduction applied beyond 5 year supply to provide sensitivity. Likely figure = 150	Mixture of houses and flats	45	55	50
Other Urban Area			THUN			194	Maximum Capacity = 282. 33% reduction applied beyond 5 year supply to provide sensitivity. Likely figure = 194	Mixture of houses and flats	17	68	109
Other Urban Area			CAN			445	Maximum Capacity = 615. 33% reduction applied beyond 5 year supply to provide sensitivity. Likely figure = 445	Mixture of houses and flats	107	221	117
						4,474			1,033	1,675	1,756

Appendix B RESIDENTIAL LAND VALUES

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Appendix B

The estimates of benchmark values are based on market comparables. A variety of land transactions in Castle Point has been examined using the following main sources:

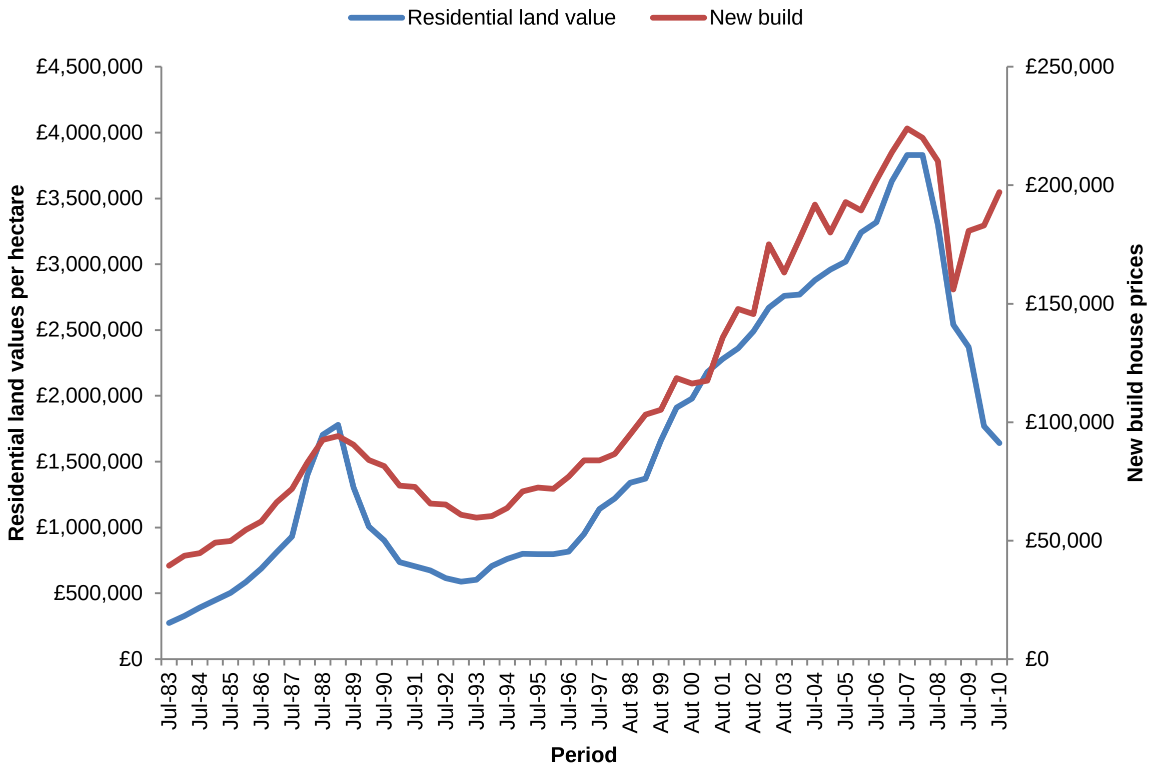
- Land currently being marketed on the UK Land Directory website.
- Consultations with local property agents and developers. In some instances, the actual comparables which have used were provided in confidence and cannot be made public.

1. It is important to appreciate that assumptions on benchmark land values can only be broad approximations, subject to a wide margin of uncertainty. This uncertainty is taken into account when drawing conclusions and recommendations from the analysis. A cross section of residential land comparables across the borough and district has been examined. These comparable recent transactions generally relate to urban, brownfield sites, which were fully serviced with roads and major utilities to the site boundary. In collecting evidence on residential land values, the aim is to distinguish between sites that deliver flats and housing sites - this is due to development densities.

2. There is a direct correlation between house prices and land values. As shown in the graph in Figure B.1 below; as house prices increased from the early 1990s to 2007 so did land values. In 2007 the average new build house prices at an eastern region level peaked at £225,000 and residential land values at £3.83 million per hectare. The global economic crises commenced in 2007 as evidenced in the United Kingdom with the run on the Northern Rock bank. The economic crisis has had a direct impact on the economy and in turn the housing market. New build house prices at an eastern region level experienced a peak trough of 27% but have recovered since and are now just 17% below the peak. In turn land values have fallen since 2007. Land values fell at a similar rate to house prices from 2007 to 2009, however, whereas house prices increased after 2009 land values continued to fall with the latest VOA data[39] (second quarter 2010) showing that land values at half the level of the peak of the market. Looking at past trends it is conceivable that land values have recovered in line with house prices, this is supported with through our consultations with local agents'.

[39] This is the latest data as VOA has now stopped producing land value reports

Figure B.1 Correlation between new build houses prices and land values – South East England



Source: PBA,VOA, Nationwide

Agents' consultation

3. Telephone consultation with local agents in Castle Point has shown that residential land values in Benfleet are between £1.98 million to £2.72 million per hectare. There is limited evidence for Canvey Island but they would expect land values to be lower here.

4. In addition developers have indicated that developing on the Canvey Island is more expensive due to remediation costs that are required to mitigate against flood risk, this has a further bearing on land values.

Recommended residential land value

5. Based upon the market research the benchmark land value on the mainland is assessed to be £2.2 million per hectare and Canvey Island £1.25 million per hectare. These values assume serviced land.

Strategic site land value – north west Benfleet

6. In the assessment of the benchmark land value for the north west site in Benfleet consideration has been residential land values, the infrastructure requirements and existing use value.

7. Without the implementation of the infrastructure the north west site has virtually no development potential. Agricultural land values in the south east are circa £17,200 per hectare[40], and the landowner could expect this level of return without the infrastructure. The NPPF acknowledges that a landowner can expect a competitive return for their land. To persuade the landowner to sell their land for development rather than for its agricultural use, he is likely to expect a return over its existing use. The ultimate level of return will be determined through negations between

[40] Savills 'values and supply of prime arable land' January 2013

the parties, but working within the very wide parameters of £17,200 to £2.2 million per hectare. Infrastructure costs equate to £3 million per hectare, deducting these costs from a serviced land scenario would result in a deficit and nothing left over the landowner.

8. Given the quantity of infrastructure required for the north west Benfleet site the landowner could therefore expect a lower return to reflect the infrastructure costs required. The assessment of a suitable benchmark land value for the north west Benfleet site is £1.25 million per hectare.

Appendix C RESIDENTIAL ASSUMPTIONS

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Residential sale values

Revenue		
Sales value of completed scheme	Land Registry, and consultation	Property values are derived from different sources, depending on land use. For housing, Land Registry data forms a basis for analysis. This provides a full record of all individual transactions. This data is then supplemented following conversations with agents and house builders' sales representatives, which allows us to form a view on new build sales values. Values used are as follows: Lower Value Flats – £2,000 per sq m Lower Value Houses – £2,500 per sq m Higher Value Flats – £2,500 per sq m Higher Value Houses – £2,700 per sq m
Affordable housing (Section 106)	Developer Contributions Guidance SPD, and consultation with Registered Providers	The current percentage requirement for affordable housing in Castle Point is 35% on sites of 15 proposed units or more. The Council's Supplementary Planning Document (SPD) 'developer contributions guidance spd' October 2008 states: "all residential developments resulting in a net increase in dwellings to make a 35% contributions towards affordable housing on site and in kind, subject to negotiation and consideration of economic viability." The council typically seeks a tenure split of 50% affordable rent and 50% shared ownership. Social rented housing is defined within the SPD as: "Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant." Intermediate affordable housing is defined as: "Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent." Following consultation with Register Providers and house builders we have assumed a blended average of intermediate and affordable rented accommodation in line with current policy as follows: **Affordable Rent** Lower Value **Flats –** £1,400 per sq m Lower Value **Houses –** £1,750 per sq m Higher Value **Flats –** £1,750 per sq m Higher Value **Houses –** £1,890 per sq m

Residential costs

Assumption	Source	Notes
Construction Costs		
	BCIS online version 'median prices' adjusted for Essex (regional factor 107) accessed 19 July 2013	Residential build costs are based upon industry data from the Build Cost Information Service (BCIS) which is published by the Royal Institution of Chartered Surveyors (RICS). The data is published by RICS on a quarterly basis. BCIS offers a range of prices dependent on the final specification. The following build costs used are derived from recent data of actual prices in the marketplace. As early as 2009, the market across the UK was building at round Code for Sustainable Homes Level 3 to 4 for private and Level 4 for affordable housing. **Private** Flats – £960 per sq m Houses – £844 per sq m **Affordable** Flats – £960 per sq m Houses – £844 per sq m Costs may alter in future. In particular, there may be national policy change regarding Code for Sustainable Homes building standards. The final effect of these changes on viability is difficult to foresee. While we have reviewed current Government research on cost impacts of CSH we note that past forecasts of price changes (such as that predicted in the original Cyril Sweete work) have never affected costs to the extent forecast. When these future requirements come into force, they will impact on both development costs and land values. We have not incorporated these possible impacts into our calculations, because CIL should deal with current market conditions, not forecasts of potential future change. Our approach to incorporating these (and other) potential but unknown costs is to set a wide margin for error that will cover variations in factors such as build costs, site conditions, and timing.
Plot external	Industry standards	Plot externals relate to costs for internal access roads, hard and soft landscaping. This will vary from site to site, but we have assumed the following figure as a percentage of build costs **15%**
Site abnormals	Stakeholder consultation & industry standards	Canvey Island has unstable ground conditions due to its location on the Thames Estuary. Sites which are located here have the additional site specific abnormal costs of pile foundation and making the buildings flood resilient. The exact detailing of the pile foundations and associated costs will vary from site to site, and will be determined by exact ground conditions and the type of scheme proposed. For the purposes of viability testing we have assumed 1 pile per 4 sq.m to a depth of 25 metres plus costs of ground beam and slab. We have assumed 2 storey houses and four storey apartments. Therefore the cost have been applied to half the floor area of the houses and one quarter of the gross internal area (GIA) of the apartments as follows: Houses – **£1,500** per 4 sq.m of ground floor area. Apartments - **£2,000** per 4 sq.m of GIA ground floor area. To make units flood resilient developers on Canvey Island build an extra half storey to raise the ground floor out of the flood zone. To reflect the additional build costs we increased the floor areas in the lower value area (ie Canvey Island) as follows: Percentage increase in build costs **10%** lower value area only
	Client team	Abnormal infrastructure costs for north west Benfleet infrastructure costs which total circa £60 million £50,000 per unit

Professional Fees	Industry standards	Professional fees relate to the costs incurred to bring the development forward and cover items such as; surveys, architects, quantity surveyor etc. Professional fees are based upon accepted industry standards and are calculated as a percentage of build costs at **8%**
Contingency	Industry standards	Contingency is based upon the risk associated with each site and has been calculated as a percentage of build costs at **5%**
Sale costs	Industry standards	Sale costs relate to the costs incurred to dispose the completed residential units. These rates are based on industry accepted scales at the following rates: Legals - £500 per unit Sales agents fee - 1.25% private sale value Marketing cost - £1,000 per unit
Stamp Duty on Land Purchase	HMRC	Stamp Duty Land Tax (SDLT) is generally payable on the purchase or transfer of property or land in the UK where the amount paid is above a certain threshold. The SDLT rates are by Treasury, the following rates current rates have been applied: up to £125,000 0.00% Over £125,000 to £250,000 1.00% Over £250,000 to £500,000 3.00% Over £500,000 to £1m 4.00%
Professional fees on Land Purchase	Industry standards	In addition to SDLT the purchaser of land will incur professional fees relating to the purchase. Fees associated with the land purchase are based upon the following industry standards: Surveyor - 1.00% Legals - 0.75%

Time-scales

Time-scales		
Build rate units/per annum	Stakeholder consultation	House builders typical build to sale. Therefore build rates are determined by market conditions of how many units can be sold on a monthly basis as developers do not want to be holding onto stock as this impacts their cashflow. Small sites up to 10 10 per annum Medium Schemes up to 100 35 per annum Large Schemes 100 units plus 50 per annum
Finance costs	Industry standards	When testing for development viability it is common practice to assume development is 100% debt financed. Within our cashflow we used a finance rate based upon market rates of interest as follows: **7%**

Residential developer return

Profit		
Developer's return	Industry standards	A developer's return is based upon their attitude to risk. A developer's attitude to risk will depend on many factors that include but not exclusive to, development type (e.g. Greenfield, Brownfield, refurbishment, new build etc), development proposal (uses, mix and quantum), credit worthiness of developer, and current market conditions. We have applied a rate that is acceptable to both developers and financial institutions in the current market. The developer return is a Gross Margin and therefore includes overheads. The developer return is calculated as a percentage of costs at the following rate: **20%** on Gross Develoment value of market units **6%** on Gross Develoment value of affordable units

Appendix D RESIDENTIAL APPRAISALS

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Houses –	**2.0**	**Higher Value**					
ITEM							
Net Site Area	0.07		**£2,783,351**	**per ha**			
		Private	**Affordable**				
Yield	2.00	**1.30**	**0.70**				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£2,500	£0
		Houses –	1.30	120	156	£2,700	£421,200
			1.30		156		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£1,750	£0
		Houses –	0.70	93	65	£1,890	£123,039
			0.70		65		
			2.00		**221**		**£544,239**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£190,804
				Less Purchaser Costs (SDLT, agents fee and legals)			2.75%
							£185,557
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	1.30	120	156	£844	£131,664.00
			1.30		156		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	0.70	93	65	£844	£54,944.40
			0.70		65		
			2.00				**£186,608**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£27,991
2.3.2	Site abnormals						
							£27,991
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£17,168
							£17,168
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£9,330
							£9,330
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£2,000
							£2,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£1,000
2.7.2	Sales agents fee -			1.25%			£6,803
2.7.3	Marketing cost -			£1,000	per unit		£1,300
							£9,103
	TOTAL DEVELOPMENT COSTS						**£443,005**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£84,240
3.2	Affordable housing based upon percentage of revenue			6%			£7,382.34
							£91,622
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£534,627**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£9,612
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£9,612
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£544,239**

This appraisal has been prepared by Peter Brett Associates on behalf of Castle Point Borough Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Castle Point Borough Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.

Houses –	**2.0**	**Lower Value**					
ITEM							
Net Site Area	0.07		**£1,383,360**	**per ha**			
		Private	**Affordable**				
Yield	2.00	**1.30**	**0.70**				

1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£2,000	£0
		Houses –	1.30	120	156	£2,500	£390,000
			1.30		156		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£1,400	£0
		Houses –	0.70	93	65	£1,750	£113,925
			0.70		65		
			2.00		**221**		**£503,925**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£93,867
				Less Purchaser Costs (SDLT, agents fee and legals)			1.75%
							£92,224
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£1,056	£0.00
		Houses –	1.30	120	156	£928	£144,830.40
			1.30		156		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£1,056	£0.00
		Houses –	0.70	93	65	£928	£60,438.84
			0.70		65		
			2.00				**£205,269**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£30,790
2.3.2	Site abnormals			£1,500	sq.m of ground floor area.		£41,456.25
							£72,247
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£18,885
							£18,885
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£10,263
							£10,263
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£2,000
							£2,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£1,000
2.7.2	Sales agents fee -			1.25%			£6,299
2.7.3	Marketing cost -			£1,000	per unit		£1,300
							£8,599
	TOTAL DEVELOPMENT COSTS						**£411,130**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£78,000
3.2	Affordable housing based upon percentage of revenue			6%			£6,835.50
							£84,836
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£495,965**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£7,960
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£7,960
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£503,925**

This appraisal has been prepared by Peter Brett Associates on behalf of Castle Point Borough Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Castle Point Borough Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.

Houses –	**5.0**	**Lower Value**						
ITEM								
Net Site Area	0.17		**£1,225,298**	**per ha**				
		Private	**Affordable**					
Yield	5.00	**3.25**	**1.75**					
1.0	**Development Value**							
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	64	0	£2,000	£0	
		Houses –	3.25	120	390	£2,500	£975,000	
			3.25		390			
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**	
		Flats –	0.00	64	0	£1,400	£0	
		Houses –	1.75	93	163	£1,750	£284,813	
			1.75		163			
			5.00		**553**		**£1,259,813**	
2.0	**Development Cost**							
2.1	**Site Acquisition**							
2.1.1	Site Value						£209,991	
				Less Purchaser Costs (SDLT, agents fee and legals)			2.75%	
							£204,216	
2.2	**Build Costs**							
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**	
		Flats –	0.00	75	0	£1,056	£0.00	
		Houses –	3.25	120	390	£928	£362,076.00	
			3.25		390			
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**	
		Flats –	0.00	75	0	£1,056	£0.00	
		Houses –	1.75	93	163	£928	£151,097.10	
			1.75		163			
			5.00				**£513,173**	
2.3	**Construction Costs**							
2.3.1	Plot external			15%			£76,976	
2.3.2	Site abnormals			£1,500	sq.m of ground floor area.		£103,640.63	
							£180,617	
2.4	**Professional Fees**							
2.4.1	as percentage of build costs			8%			£47,212	
							£47,212	
2.5	**Contingency**							
2.5.1	Based upon percentage of construction costs			5%			£25,659	
							£25,659	
2.6	**Developer contributions**							
2.6.1	Section 106			£1,000	per unit		£5,000	
							£5,000	
2.7	**Sale cost**							
2.7.1	Legals -			£500			£2,500	
2.7.2	Sales agents fee -			1.25%			£15,748	
2.7.3	Marketing cost -			£1,000	per unit		£3,250	
							£21,498	
	TOTAL DEVELOPMENT COSTS						**£1,003,149**	
3.0	**Developers' Profit**							
				Rate				
3.1	Market housing Based upon percentage of revenue			20%			£195,000	
3.2	Affordable housing based upon percentage of revenue			6%			£17,088.75	
							£212,089	
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£1,215,238**	
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£44,575	
4.00	**Finance Costs**			APR		PCM		
				7.00%		0.565%	-£44,575	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£1,259,813**	

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Houses – 5.0 Higher Value

ITEM

Net Site Area	0.17	**£2,559,516**	**per ha**
		Private	**Affordable**
Yield	5.00	**3.25**	**1.75**

1.0 Development Value

1.1 Private Units

	No. of units	Size sq.m	Total sq.m	£psm	Total Value
Flats –	0.00	64	0	£2,500	£0
Houses –	3.25	120	390	£2,700	£1,053,000
	3.25		390		

1.2 Affordable units

	No. of units	Size sq.m	Total sq.m	£psm	Total Value
Flats –	0.00	64	0	£1,750	£0
Houses –	1.75	93	163	£1,890	£307,598
	1.75		163		
	5.00		**553**		**£1,360,598**

2.0 Development Cost

2.1 Site Acquisition

2.1.1	Site Value		£447,859
		Less Purchaser Costs (SDLT, agents fee and legals)	4.75%
			£426,586

2.2 Build Costs

2.2.1 Private units

	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
Flats –	0.00	75	0	£960	£0.00
Houses –	3.25	120	390	£844	£329,160.00
	3.25		390		

2.2.2 Affordable units

	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
Flats –	0.00	75	0	£960	£0.00
Houses –	1.75	93	163	£844	£137,361.00
	1.75		163		
	5.00				**£466,521**

2.3 Construction Costs

2.3.1	Plot external	15%	£69,978
2.3.2	Site abnormals		
			£69,978

2.4 Professional Fees

2.4.1	as percentage of build costs	8%	£42,920
			£42,920

2.5 Contingency

2.5.1	Based upon percentage of construction costs	5%	£23,326
			£23,326

2.6 Developer contributions

2.6.1	Section 106	£1,000 per unit	£5,000
			£5,000

2.7 Sale cost

2.7.1	Legals -	£500	£2,500
2.7.2	Sales agents fee -	1.25%	£17,007
2.7.3	Marketing cost -	£1,000 per unit	£3,250
			£22,757

TOTAL DEVELOPMENT COSTS **£1,078,362**

3.0 Developers' Profit

		Rate	
3.1	Market housing Based upon percentage of revenue	20%	£210,600
3.2	Affordable housing based upon percentage of revenue	6%	£18,455.85
			£229,056

TOTAL PROJECT COSTS [EXCLUDING INTEREST] **£1,307,418**

TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST] £53,180

4.00 Finance Costs

APR	PCM	
7.00%	0.565%	-£53,180

TOTAL PROJECT COSTS [INCLUDING INTEREST] **£1,360,598**

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Houses – 9.0 Lower Value

ITEM							
Net Site Area	0.26		**£1,203,939 per ha**				
		Private	**Affordable**				
Yield	9.00	**5.85**	**3.15**				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£2,000	£0
		Houses –	5.85	120	702	£2,500	£1,755,000
			5.85		702		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£1,400	£0
		Houses –	3.15	93	293	£1,750	£512,663
			3.15		293		
			9.00		**995**		**£2,267,663**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£325,023
				Less Purchaser Costs (SDLT, agents fee and legals)			4.75%
							£309,584
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£1,056	£0.00
		Houses –	5.85	120	702	£928	£651,736.80
			5.85		702		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£1,056	£0.00
		Houses –	3.15	93	293	£928	£271,974.78
			3.15		293		
			9.00				**£923,712**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£138,557
2.3.2	Site abnormals			£1,500	sq.m of ground floor area.		£186,553.13
							£325,110
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£84,981
							£84,981
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£46,186
							£46,186
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£9,000
							£9,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£4,500
2.7.2	Sales agents fee -			1.25%			£28,346
2.7.3	Marketing cost -			£1,000	per unit		£5,850
							£38,696
	TOTAL DEVELOPMENT COSTS						**£1,752,707**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£351,000
3.2	Affordable housing based upon percentage of revenue			6%			£30,759.75
							£381,760
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,134,467**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£133,196
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£133,196
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£2,267,663**

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Houses –	**9.0**	**Higher Value**					
ITEM							
Net Site Area	0.26		**£2,724,830 per ha**				
		Private	**Affordable**				
Yield	9.00	**5.85**	**3.15**				

			No. of units	Size sq.m	Total sq.m	£psm / Cost per sq.m	Total Value
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£2,500	£0
		Houses –	5.85	120	702	£2,700	£1,895,400
			5.85		702		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£1,750	£0
		Houses –	3.15	93	293	£1,890	£553,676
			3.15		293		
			9.00		**995**		**£2,449,076**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£743,417
				Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
							£700,671
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	5.85	120	702	£844	£592,488.00
			5.85		702		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	3.15	93	293	£844	£247,249.80
			3.15		293		
			9.00				**£839,738**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£125,961
2.3.2	Site abnormals						
							£125,961
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£77,256
							£77,256
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£41,987
							£41,987
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£9,000
							£9,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£4,500
2.7.2	Sales agents fee -			1.25%			£30,613
2.7.3	Marketing cost -			£1,000	per unit		£5,850
							£40,963
	TOTAL DEVELOPMENT COSTS						**£1,878,322**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£379,080
3.2	Affordable housing based upon percentage of revenue			6%			£33,220.53
							£412,301
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,290,622**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£158,453
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£158,453
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£2,449,076**

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Houses –	15.0	Lower Value					
ITEM							
Net Site Area	0.43		£1,425,478 per ha				
		Private	Affordable				
Yield	15.00	9.75	5.25				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£2,000	£0
		Houses –	9.75	120	1,170	£2,500	£2,925,000
			9.75		1170		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£1,400	£0
		Houses –	5.25	93	488	£1,750	£854,438
			5.25		488		
			15.00		**1658**		**£3,779,438**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£648,190
				Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
							£610,919
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£1,056	£0.00
		Houses –	9.75	120	1,170	£928	£1,086,228.00
			9.75		1170		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£1,056	£0.00
		Houses –	5.25	93	488	£928	£453,291.30
			5.25		488		
			15.00				**£1,539,519**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£230,928
2.3.2	Site abnormals			£1,500	sq.m of ground floor area.		£310,921.88
							£541,850
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£141,636
							£141,636
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£76,976
							£76,976
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£15,000
							£15,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£7,500
2.7.2	Sales agents fee -			1.25%			£47,243
2.7.3	Marketing cost -			£1,000	per unit		£9,750
							£64,493
	TOTAL DEVELOPMENT COSTS						**£3,027,664**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£585,000
3.2	Affordable housing based upon percentage of revenue			6%			£51,266.25
							£636,266
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£3,663,930**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£115,508
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£115,508
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£3,779,438**

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Houses –	15.0	Higher Value

ITEM

Net Site Area	0.43		£3,002,119	per ha
		Private	**Affordable**	
Yield	15.00	**9.75**	**5.25**	

			No. of units	Size sq.m	Total sq.m	£psm	Total Value
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£2,500	£0
		Houses –	9.75	120	1,170	£2,700	£3,159,000
			9.75		1170		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£1,750	£0
		Houses –	5.25	93	488	£1,890	£922,793
			5.25		488		
			15.00		**1658**		**£4,081,793**

2.0	**Development Cost**		
2.1	**Site Acquisition**		
2.1.1	Site Value		£1,365,117
		Less Purchaser Costs (SDLT, agents fee and legals)	5.75%
			£1,286,623

			No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	9.75	120	1,170	£844	£987,480.00
			9.75		1170		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	5.25	93	488	£844	£412,083.00
			5.25		488		
			15.00				**£1,399,563**

2.3	**Construction Costs**			
2.3.1	Plot external	15%		£209,934
2.3.2	Site abnormals			
				£209,934
2.4	**Professional Fees**			
2.4.1	as percentage of build costs	8%		£128,760
				£128,760
2.5	**Contingency**			
2.5.1	Based upon percentage of construction costs	5%		£69,978
				£69,978
2.6	**Developer contributions**			
2.6.1	Section 106	£1,000	per unit	£15,000
				£15,000
2.7	**Sale cost**			
2.7.1	Legals -	£500		£7,500
2.7.2	Sales agents fee -	1.25%		£51,022
2.7.3	Marketing cost -	£1,000	per unit	£9,750
				£68,272
	TOTAL DEVELOPMENT COSTS			**£3,256,625**
3.0	**Developers' Profit**			
		Rate		
3.1	Market housing Based upon percentage of revenue	20%		£631,800
3.2	Affordable housing based upon percentage of revenue	6%		£55,367.55
				£687,168
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]			**£3,943,792**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]			£138,000
4.00	**Finance Costs**	APR	PCM	
		7.00%	0.565%	-£138,000
	TOTAL PROJECT COSTS [INCLUDING INTEREST]			**£4,081,793**

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Houses –	50.0	Lower Value					
ITEM							
Net Site Area	1.43		£1,397,234 per ha				
		Private	Affordable				
Yield	50.00	32.50	17.50				

			No. of units	Size sq.m	Total sq.m	£psm	Total Value
1.0	Development Value						
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
		Flats –	0.00	64	0	£2,000	£0
		Houses –	32.50	120	3,900	£2,500	£9,750,000
			32.50		3900		
1.2	Affordable units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
		Flats –	0.00	64	0	£1,400	£0
		Houses –	17.50	93	1,628	£1,750	£2,848,125
			17.50		1628		
			50.00		**5528**		**£12,598,125**
2.0	Development Cost						
2.1	Site Acquisition						
2.1.1	Site Value						£2,117,824
				Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
							£1,996,049
2.2	Build Costs						
2.2.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
		Flats –	0.00	75	0	£1,056	£0.00
		Houses –	32.50	120	3,900	£928	£3,620,760.00
			32.50		3900		
2.2.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
		Flats –	0.00	75	0	£1,056	£0.00
		Houses –	17.50	93	1,628	£928	£1,510,971.00
			17.50		1628		
			50.00				**£5,131,731**
2.3	Construction Costs						
2.3.1	Plot external			15%			£769,760
2.3.2	Site abnormals			£1,500	sq.m of ground floor area.		£1,036,406.25
							£1,806,166
2.4	Professional Fees						
2.4.1	as percentage of build costs			8%			£472,119
							£472,119
2.5	Contingency						
2.5.1	Based upon percentage of construction costs			5%			£256,587
							£256,587
2.6	Developer contributions						
2.6.1	Section 106			£1,000	per unit		£50,000
							£50,000
2.7	Sale cost						
2.7.1	Legals -			£500			£25,000
2.7.2	Sales agents fee -			1.25%			£157,477
2.7.3	Marketing cost -			£1,000	per unit		£32,500
							£214,977
	TOTAL DEVELOPMENT COSTS						**£10,049,403**
3.0	Developers' Profit						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£1,950,000
3.2	Affordable housing based upon percentage of revenue			6%			£170,887.50
							£2,120,888
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£12,170,291**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£427,834
4.00	Finance Costs			APR		PCM	
				7.00%		0.565%	-£427,834
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£12,598,125**

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Houses –	50.0	Higher Value	
ITEM			
Net Site Area	1.43	£2,943,340 per ha	
		Private	Affordable
Yield	50.00	32.50	17.50

Item	Description	Type	No. of units	Size sq.m	Total sq.m	£psm	Total Value
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£2,500	£0
		Houses –	32.50	120	3,900	£2,700	£10,530,000
			32.50		3900		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£1,750	£0
		Houses –	17.50	93	1,628	£1,890	£3,075,975
			17.50		1628		
			50.00		**5528**		**£13,605,975**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£4,461,296
				Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
							£4,204,772
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	32.50	120	3,900	£844	£3,291,600.00
			32.50		3900		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	17.50	93	1,628	£844	£1,373,610.00
			17.50		1628		
			50.00				**£4,665,210**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£699,782
2.3.2	Site abnormals						
							£699,782
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£429,199
							£429,199
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£233,261
							£233,261
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£50,000
							£50,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£25,000
2.7.2	Sales agents fee -			1.25%			£170,075
2.7.3	Marketing cost -			£1,000	per unit		£32,500
							£227,575
	TOTAL DEVELOPMENT COSTS						**£10,766,322**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£2,106,000
3.2	Affordable housing based upon percentage of revenue			6%			£184,558.50
							£2,290,559
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£13,056,881**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£549,094
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£549,094
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£13,605,975**

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Houses –	**100.0**	**Lower Value**					
ITEM							
Net Site Area	2.86		**£1,350,501 per ha**				
		Private	**Affordable**				
Yield	100.00	**65.00**	**35.00**				

1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£2,000	£0
		Houses –	65.00	120	7,800	£2,500	£19,500,000
			65.00		7800		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£1,400	£0
		Houses –	35.00	93	3,255	£1,750	£5,696,250
			35.00		3255		
			100.00		**11055**		**£25,196,250**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£4,093,979
				Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
							£3,858,576
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£1,056	£0.00
		Houses –	65.00	120	7,800	£928	£7,241,520.00
			65.00		7800		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£1,056	£0.00
		Houses –	35.00	93	3,255	£928	£3,021,942.00
			35.00		3255		
			100.00				**£10,263,462**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£1,539,519
2.3.2	Site abnormals			£1,500	sq.m of ground floor area.		£2,072,812.50
							£3,612,332
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£944,239
							£944,239
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£513,173
							£513,173
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£100,000
							£100,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£50,000
2.7.2	Sales agents fee -			1.25%			£314,953
2.7.3	Marketing cost -			£1,000	per unit		£65,000
							£429,953
	TOTAL DEVELOPMENT COSTS						**£19,957,138**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£3,900,000
3.2	Affordable housing based upon percentage of revenue			6%			£341,775.00
							£4,241,775
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£24,198,913**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£997,337
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£997,337
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£25,196,250**

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Houses –	**100.0**	**Higher Value**					
ITEM							
Net Site Area	2.86		**£2,846,081 per ha**				
		Private	**Affordable**				
Yield	100.00	**65.00**	**35.00**				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£2,500	£0
		Houses –	65.00	120	7,800	£2,700	£21,060,000
			65.00		7800		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£1,750	£0
		Houses –	35.00	93	3,255	£1,890	£6,151,950
			35.00		3255		
			100.00		**11055**		**£27,211,950**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£8,627,757
				Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
							£8,131,661
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	65.00	120	7,800	£844	£6,583,200.00
			65.00		7800		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	35.00	93	3,255	£844	£2,747,220.00
			35.00		3255		
			100.00				**£9,330,420**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£1,399,563
2.3.2	Site abnormals						
							£1,399,563
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£858,399
							£858,399
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£466,521
							£466,521
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£100,000
							£100,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£50,000
2.7.2	Sales agents fee -			1.25%			£340,149
2.7.3	Marketing cost -			£1,000	per unit		£65,000
							£455,149
	TOTAL DEVELOPMENT COSTS						**£21,237,809**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£4,212,000
3.2	Affordable housing based upon percentage of revenue			6%			£369,117.00
							£4,581,117
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£25,818,926**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£1,393,024
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£1,393,024
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£27,211,950**

peterbrett

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Flats -	5.0	Higher Value				
ITEM						
Net Site Area	0.08		£1,169,232 per ha			
		Private	Affordable			
Yield	5.00	3.25	1.75			

1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	3.25	64	207	£2,500	£517,969
		Houses –	0.00	120	0	£2,700	£0
			3.25		207		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	1.75	64	112	£1,750	£195,234
		Houses –	0.00	93	0	£1,890	£0
			1.75		112		
			5.00		**319**		**£713,203**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£91,543
				Less Purchaser Costs (SDLT, agents fee and legals)			1.75%
							£89,941
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	3.25	75	244	£960	£234,000.00
		Houses –	0.00	120	0	£844	£0.00
			3.25		244		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	1.75	75	131	£960	£126,000.00
		Houses –	0.00	93	0	£844	£0.00
			1.75		131		
			5.00		**375**		**£360,000**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£54,000
2.3.2	Site abnormals						
							£54,000
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£33,120
							£33,120
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£18,000
							£18,000
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£5,000
							£5,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£2,500
2.7.2	Sales agents fee -			1.25%			£8,915
2.7.3	Marketing cost -			£1,000	per unit		£3,250
							£14,665
	TOTAL DEVELOPMENT COSTS						**£576,328**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£103,593.75
3.2	Affordable housing based upon percentage of revenue			6%			£11,714.06
							£115,308
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£691,636**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£21,567
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£21,567
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£713,203**

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Flats -	5.0	Lower Value					
ITEM							
Net Site Area	0.08		-£1,843,242 per ha				
		Private	Affordable				
Yield	5.00	3.25	1.75				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	3.25	64	207	£2,000	£414,375
		Houses –	0.00	120	0	£2,500	£0
			3.25		207		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	1.75	64	112	£1,400	£156,188
		Houses –	0.00	93	0	£1,750	£0
			1.75		112		
			5.00		**319**		**£570,563**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						-£144,313
				Less Purchaser Costs (SDLT, agents fee and legals)			1.75%
							-£141,788
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	3.25	75	244	£1,056	£257,400.00
		Houses –	0.00	120	0	£928	£0.00
			0.00		244		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	1.75	75	131	£1,056	£138,600.00
		Houses –	0.00	93	0	£928	£0.00
			1.75		131		
			1.75		**375**		**£396,000**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£59,400
2.3.2	Site abnormals			£2,000	sq.m of ground floor area.		£79,687.50
							£139,088
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£36,432
							£36,432
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£19,800
							£19,800
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£5,000
							£5,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£2,500
2.7.2	Sales agents fee -			1.25%			£7,132
2.7.3	Marketing cost -			£1,000	per unit		£3,250
							£12,882
	TOTAL DEVELOPMENT COSTS						**£464,888**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£82,875
3.2	Affordable housing based upon percentage of revenue			6%			£9,371.25
							£92,246
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£557,134**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£13,428
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£13,428
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£570,563**

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Flats -	15.0	Higher Value					
ITEM							
Net Site Area	0.23		£1,136,884 per ha				
		Private	Affordable				
Yield	15.00	9.75	5.25				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	9.75	64	622	£2,500	£1,553,906
		Houses –	0.00	120	0	£2,700	£0
			9.75		622		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	5.25	64	335	£1,750	£585,703
		Houses –	0.00	93	0	£1,890	£0
			5.25		335		
			15.00		**956**		**£2,139,609**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£275,441
				Less Purchaser Costs (SDLT, agents fee and legals)			4.75%
							£262,358
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	9.75	75	731	£960	£702,000.00
		Houses –	0.00	120	0	£844	£0.00
			9.75		731		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	5.25	75	394	£960	£378,000.00
		Houses –	0.00	93	0	£844	£0.00
			5.25		394		
			15.00		**1125**		**£1,080,000**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£162,000
2.3.2	Site abnormals						
							£162,000
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£99,360
							£99,360
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£54,000
							£54,000
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£15,000
							£15,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£7,500
2.7.2	Sales agents fee -			1.25%			£26,745
2.7.3	Marketing cost -			£1,000	per unit		£9,750
							£43,995
	TOTAL DEVELOPMENT COSTS						**£1,729,796**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£310,781
3.2	Affordable housing based upon percentage of revenue			6%			£35,142.19
							£345,923
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,075,720**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£63,890
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£63,890
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£2,139,609**

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Flats -	**15.0**	**Lower Value**					
ITEM							
Net Site Area	0.23		**-£1,847,235 per ha**				
		Private	**Affordable**				
Yield	15.00	**9.75**	**5.25**				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	9.75	64	622	£2,000	£1,243,125
		Houses –	0.00	120	0	£2,500	£0
			9.75		622		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	5.25	64	335	£1,400	£468,563
		Houses –	0.00	93	0	£1,750	£0
			5.25		335		
			15.00		**956**		**£1,711,688**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						-£433,878
				Less Purchaser Costs (SDLT, agents fee and legals)			1.75%
							-£426,285
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	9.75	75	731	£1,056	£772,200.00
		Houses –	0.00	120	0	£928	£0.00
			9.75		731		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	5.25	75	394	£1,056	£415,800.00
		Houses –	0.00	93	0	£928	£0.00
			5.25		394		
			15.00		**1125**		**£1,188,000**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£178,200
2.3.2	Site abnormals			£2,000	sq.m of ground floor area.		£239,062.50
							£417,263
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£109,296
							£109,296
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£59,400
							£59,400
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£15,000
							£15,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£7,500
2.7.2	Sales agents fee -			1.25%			£21,396
2.7.3	Marketing cost -			£1,000	per unit		£9,750
							£38,646
	TOTAL DEVELOPMENT COSTS						**£1,393,727**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£248,625
3.2	Affordable housing based upon percentage of revenue			6%			£28,113.75
							£276,739
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£1,670,465**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£41,222
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£41,222
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£1,711,688**

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Flats -	**30.0**	**Higher Value**					
ITEM							
Net Site Area	0.46		**£1,108,482 per ha**				
		Private	**Affordable**				
Yield	30.00	**19.50**	**10.50**				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	19.50	64	1,243	£2,500	£3,107,813
		Houses –	0.00	120	0	£2,700	£0
			19.50		1243		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	10.50	64	669	£1,750	£1,171,406
		Houses –	0.00	93	0	£1,890	£0
			10.50		669		
			30.00		**1913**		**£4,279,219**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£542,819
				Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
							£511,607
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	19.50	75	1,463	£960	£1,404,000.00
		Houses –	0.00	120	0	£844	£0.00
			19.50		1463		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	10.50	75	788	£960	£756,000.00
		Houses –	0.00	93	0	£844	£0.00
			10.50		788		
			30.00		**2250**		**£2,160,000**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£324,000
2.3.2	Site abnormals						
							£324,000
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£198,720
							£198,720
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£108,000
							£108,000
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000 per unit			£30,000
							£30,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£15,000
2.7.2	Sales agents fee -			1.25%			£53,490
2.7.3	Marketing cost -			£1,000 per unit			£19,500
							£87,990
	TOTAL DEVELOPMENT COSTS						**£3,451,529**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£621,563
3.2	Affordable housing based upon percentage of revenue			6%			£70,284.38
							£691,847
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£4,143,376**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£135,843
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£135,843
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£4,279,219**

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Flats -	30.0	Lower Value					
ITEM							
Net Site Area	0.46		-£1,827,805 per ha				
		Private	Affordable				
Yield	30.00	19.50	10.50				

Item	Description		No. of units	Size sq.m	Total sq.m	£psm / Cost per sq.m	Total
1.0	**Development Value**						
1.1	**Private Units**		No. of units	Size sq.m	Total sq.m	£psm	Total Value
		Flats –	19.50	64	1,243	£2,000	£2,486,250
		Houses –	0.00	120	0	£2,500	£0
			19.50		1243		
1.2	**Affordable units**		No. of units	Size sq.m	Total sq.m	£psm	Total Value
		Flats –	10.50	64	669	£1,400	£937,125
		Houses –	0.00	93	0	£1,750	£0
			10.50		669		
			30.00		**1913**		**£3,423,375**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						-£858,628
				Less Purchaser Costs (SDLT, agents fee and legals)			1.75%
							-£843,602
2.2	**Build Costs**						
2.2.1	**Private units**		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
		Flats –	19.50	75	1,463	£1,056	£1,544,400.00
		Houses –	0.00	120	0	£928	£0.00
			19.50		1463		
2.2.2	**Affordable units**		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
		Flats –	10.50	75	788	£1,056	£831,600.00
		Houses –	0.00	93	0	£928	£0.00
			10.50		788		
			30.00		**2250**		**£2,376,000**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£356,400
2.3.2	Site abnormals			£2,000	sq.m of ground floor area.		£478,125.00
							£834,525
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£218,592
							£218,592
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£118,800
							£118,800
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£30,000
							£30,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£15,000
2.7.2	Sales agents fee -			1.25%			£42,792
2.7.3	Marketing cost -			£1,000	per unit		£19,500
							£77,292
	TOTAL DEVELOPMENT COSTS						**£2,796,581**
3.0	**Developers' Profit**						
3.1	Market housing Based upon percentage of revenue			Rate 20%			£497,250
3.2	Affordable housing based upon percentage of revenue			6%			£56,227.50
							£553,478
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£3,350,058**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£73,317
4.00	**Finance Costs**			APR 7.00%		PCM 0.565%	-£73,317
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£3,423,375**

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Flats -	**60.0**	**Lower Value**					
ITEM							
Net Site Area	0.92		**-£1,812,588 per ha**				
		Private	**Affordable**				
Yield	60.00	**39.00**	**21.00**				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	39.00	64	2,486	£2,000	£4,972,500
		Houses –	0.00	120	0	£2,500	£0
			39.00		2486		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	21.00	64	1,339	£1,400	£1,874,250
		Houses –	0.00	93	0	£1,750	£0
			21.00		1339		
			60.00		**3825**		**£6,846,750**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						-£1,702,960
				Less Purchaser Costs (SDLT, agents fee and legals)			1.75%
							-£1,673,158
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	39.00	75	2,925	£1,056	£3,088,800.00
		Houses –	0.00	120	0	£928	£0.00
			39.00		2925		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	21.00	75	1,575	£1,056	£1,663,200.00
		Houses –	0.00	93	0	£928	£0.00
			21.00		1575		
			60.00		**4500**		**£4,752,000**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£712,800
2.3.2	Site abnormals			£2,000	sq.m of ground floor area.		£956,250.00
							£1,669,050
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£437,184
							£437,184
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£237,600
							£237,600
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£60,000
							£60,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£30,000
2.7.2	Sales agents fee -			1.25%			£85,584
2.7.3	Marketing cost -			£1,000	per unit		£39,000
							£154,584
	TOTAL DEVELOPMENT COSTS						**£5,607,459**
3.0	**Developers' Profit**						
3.1	Market housing Based upon percentage of revenue			Rate 20%			£994,500
3.2	Affordable housing based upon percentage of revenue			6%			£112,455.00
							£1,106,955
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£6,714,414**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£132,336
4.00	**Finance Costs**			APR 7.00%		PCM 0.565%	-£132,336
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£6,846,750**

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Strategic site 1 - Phase 1 NW Benfleet	**150.0**	**Higher Value**					
ITEM							
Net Site Area	4.29		**£987,584 per ha**				
		Private	**Affordable**				
Yield	150.00	**97.50**	**52.50**				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£2,500	£0
		Houses –	97.50	120	11,700	£2,700	£31,590,000
			97.50		11700		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£1,750	£0
		Houses –	52.50	93	4,883	£1,890	£9,227,925
			52.50		4883		
			150.00		**16583**		**£40,817,925**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£4,490,719
				Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
							£4,232,502
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	97.50	120	11,700	£844	£9,874,800.00
			97.50		11700		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	52.50	93	4,883	£844	£4,120,830.00
			52.50		4883		
			150.00		**16583**		**£13,995,630**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£2,099,345
2.3.2	Site abnormals - infrastructure			£50,000			£7,500,000
							£9,599,345
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£1,287,598
							£1,287,598
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£699,782
							£699,782
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£150,000
							£150,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£75,000
2.7.2	Sales agents fee -			1.25%			£510,224
2.7.3	Marketing cost -			£1,000	per unit		£97,500
							£682,724
	TOTAL DEVELOPMENT COSTS						**£30,905,797**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£6,318,000
3.2	Affordable housing based upon percentage of revenue			6%			£553,675.50
							£6,871,676
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£37,777,472**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£3,040,453
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£3,040,453
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£40,817,925**

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Houses –	**400.0**	**Higher Value**					
ITEM							
Net Site Area	11.43		**£2,332,508 per ha**				
		Private	**Affordable**				
Yield	400.00	**260.00**	**140.00**				
1.0	**Development Value**						
1.1	**Private Units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£2,500	£0
		Houses –	260.00	120	31,200	£2,700	£84,240,000
			260.00		31200		
1.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
		Flats –	0.00	64	0	£1,750	£0
		Houses –	140.00	93	13,020	£1,890	£24,607,800
			140.00		13020		
			400.00		**44220**		**£108,847,800**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£28,283,538
				Less Purchaser Costs (SDLT, agents fee and legals)			5.75%
							£26,657,235
2.2	**Build Costs**						
2.2.1	**Private units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	260.00	120	31,200	£844	£26,332,800.00
			260.00		31200		
2.2.2	**Affordable units**		**No. of units**	**Size sq.m**	**Total sq.m**	**Cost per sq.m**	**Total Costs**
		Flats –	0.00	75	0	£960	£0.00
		Houses –	140.00	93	13,020	£844	£10,988,880.00
			140.00		13020		
			400.00		**44220**		**£37,321,680**
2.3	**Construction Costs**						
2.3.1	Plot external			15%			£5,598,252
2.3.2	Site abnormals						
							£5,598,252
2.4	**Professional Fees**						
2.4.1	as percentage of build costs			8%			£3,433,595
							£3,433,595
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs			5%			£1,866,084
							£1,866,084
2.6	**Developer contributions**						
2.6.1	Section 106			£1,000	per unit		£400,000
							£400,000
2.7	**Sale cost**						
2.7.1	Legals -			£500			£200,000
2.7.2	Sales agents fee -			1.25%			£1,360,598
2.7.3	Marketing cost -			£1,000	per unit		£260,000
							£1,820,598
	TOTAL DEVELOPMENT COSTS						**£78,723,746**
3.0	**Developers' Profit**						
				Rate			
3.1	Market housing Based upon percentage of revenue			20%			£16,848,000
3.2	Affordable housing based upon percentage of revenue			6%			£1,476,468.00
							£18,324,468
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£97,048,214**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£11,799,586
4.00	**Finance Costs**			APR		PCM	
				7.00%		0.565%	-£11,799,586
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£108,847,800**

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Appendix E COMMERCIAL ASSUMPTIONS

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Commercial scenarios

Assumption	Source	Notes			
Scenarios					
Commercial unit sizes	Client team & Stakeholder consultations	Through the course of the development plan period the Council envisages commercial development to occur. This has been reflected through future commercial development by testing the following commercial uses and unit sizes:			
			GIA sq.m	NIA sq.m	
		Business Park Office	2,000	1,700	
		Light industrial	2,000	2,000	
		In town comparison retail - small format	278	236	
		In town comparison retail - large format	850	723	
		Out of town comparison retail	1,000	900	
		Retail convenience - small format	278	250	
		Retail convenience - medium format	2,000	1,800	
		Retail convenience - larger format	4,000	3,600	
		Food & Beverage (A3/A4/A5)	465	419	
		Hotel	2,300	60	beds
		60 bed Care home	2,400	60	beds
Net to gross site developable area	Industry standards & Stakeholder consultations	The following net to gross site development percentages (also expressed as total net developable are per ha) have been assumed to allow for roads, SuDs, landscape and open space:			
			site coverage expressed as a percentage		Net developable site area (ha)
		Business Park Office	40.00%		0.50
		Light industrial	40.00%		0.50
		In town comparison retail - small format	50.00%		0.06
		In town comparison retail - large format	50.00%		0.17
		Out of town comparison retail	50.00%		0.20
		Retail convenience - small format	40.00%		0.06
		Retail convenience - medium format	50.00%		0.40
		Retail convenience - larger format	40.00%		1.00
		Food & Beverage (A3/A4/A5)	50.00%		0.07
		Hotel	40.00%		0.32
		60 bed Care home	50.00%		0.48

Commercial costs assumptions

Assumption	**Source**	**Notes**		
Costs				
	BCIS online version 'median prices' adjusted for Essex (regional factor 107) accessed 01 May 2013	Build costs are based on median rates adjusted for location (Essex adjustment factor 107) derived from BCIS Review of Building Prices online version data of actual prices in the marketplace. All major non-domestic development which does not qualify for assessment under Code for Sustainable Homes will to be built to a minimum of BREEAM (Building Research Establishment Assessment Method) Very Good standard. This excludes any allowance for externals which is treated separately.		
		Build costs for business park office	£1,290	sq m
		Build costs for light industrial	£467	sq m
		Build costs in town comparison retail (small format)	£702	sq m
		Build cost for in town comparison	£700	sq.m
		Build cost for out of town comparison	£607	sq.m
		Build costs for retail convenience - small format	£1,024	sq m
		Build costs for retail convenience - medium format	£1,024	sq.m
		Build costs for retail convenience - larger format	£1,168	sq.m
		Food & Beverage (A3/A4/A5)	£1,560	sq m
		Hotel	£48,491	per bed space
		Build costs for care home	£1,013	sq.m
Plot external	Industry standards	Plot externals cover build costs for site preparation and includes items such as internal access roads, landscaping, open space, drainage, utilities and services within the site. An allowance has been made using a percentage of build costs for these items. **15%** These exclude abnormal site development costs and exceptional offsite infrastructure.		
Developer contribution (Section 106 /or CIL)	Client team & Stakeholder consultations	S.106 contributions for convenience retail has been factored in but nothing for other commercial uses. Decision on this will be determined later. Contributions to infrastructure costs such as education, open space and transportation etc. will need to be factored into this and decisions on strategic infrastructure cost contributions that may be via a CIL will need to be factored in.		**Apply?**
		Section 106 Obligations convenience retail	£100 psm	**Yes**
Professional Fees	Industry standards	Professional fees relate to the costs incurred to bring the development forward and cover items such as; surveys, architects, quantity surveyor etc. Professional fees are based upon accepted industry standards and are calculated as a percentage of build costs at **8%.**		
Contingency	Industry standard & developer workshop	Contingency is based upon the risk associated with each site and has been calculated as a percentage of build costs at		
		5%		

Sale fees	Industry standards	These rates are based on industry accepted scales at the following rates: Marketing £25,000 Letting agent fee (not applied to care homes) 10% Letting legals (not applied to care homes) 5%
Finance costs	Industry standards	Based upon the likely cost of development finance the current market rates of interest has been used: **7%**
Stamp Duty on Land Purchase	HMRC	These are the current rates set by Treasury at the following rates: up to £125,000 0.00% Over £125,000 to £250,000 1.00% Over £250,000 to £500,000 3.00% Over £500,000 to £1m 4.00% Over £1 million 5.00%
Professional fees on Land Purchase	Industry standards	Fees associated with the land purchase and disposal of completed scheme are based upon the following industry standards: Surveyor - 1.00% Legals - 0.75%
Profit	Industry standards	A developer's return is based upon their attitude to risk. A developer's attitude to risk will depend on many factors that include but not exclusive to, development type (e.g. Greenfield, Brownfield, refurbishment, new build etc), development proposal (uses, mix and quantum), credit worthiness of developer, and current market conditions. A rate has been applied that is acceptable to both developers and financial institutions in the current market. The developer return is a Gross Margin and therefore includes overheads. The developer return is calculated as a percentage of costs at the following rate: **20%**
Time-scales - build rate units/per annum	Stakeholder consultations	Build rate time-scales reflect solely the construction period of the commercial unit itself and assumes a cleared service site free of abnormals. The build rates for each of the commercial uses are set out as follows: **Start** / **Finish** Business Park Office: 01 January 2013 – 01 October 2013 Light industrial: 01 January 2013 – 01 October 2013 In town comparison retail (small format): 01 January 2013 – 01 October 2013 In town comparison retail - large format: 01 January 2013 – 01 October 2013 Out of town comparison retail: 01 January 2013 – 01 October 2013 Retail convenience - small format: 01 January 2013 – 01 August 2013 Retail convenience - medium format: 01 January 2013 – 01 October 2013 Retail convenience - larger format: 01 January 2013 – 01 October 2013 Food & Beverage (A3/A4/A5): 01 January 2013 – 01 October 2013 Hotel: 01 January 2013 – 01 January 2014 60 bed Care home: 01 January 2013 – 01 January 2014

Commercial revenue assumptions

Assumption	Source	Notes			
Revenue					
Rents, yields and incentives	CoStar/Focus and Stakeholder consultations	When testing viability of commercial development it is assumed that the completed scheme is sold as a fully let investment on practical completion, with adjustment to the income stream to reflect tenants incentives. The capital values of the completed commercial units have been calculated through capitalising a market rent with an appropriate yield as follows:			
			Rent	**Yield**	**Rent free (months)**
		Business Park Office	£118	8.00%	6
		Light industrial	£65	8.00%	9
		In town comparison retail (small format)	£200	8.00%	6
		In town comparison retail - large format	£180	7.75%	6
		Out of town comparison retail	£180	7.50%	9
		Retail convenience - small format	£240	6.00%	3
		Retail convenience - medium format	£210	5.50%	6
		Retail convenience - larger format	£230	5.00%	6
		Food & Beverage (A3/A4/A5)	£240	7.00%	6
			Price per bed	**Yield**	
		Hotel	£6,250	6.25%	
			Price per bed	**Yield**	
		60 bed Care home	£8,000	7.25%	
Benchmark land value per ha					
Commercial land values	Stakeholder consultations/ CoStar	Our estimates of benchmark land values are based on market comparables derived through consultation with stakeholders and analysis of published data on CoStar. At this current point in the economic cycle there is much uncertainty surrounding land values due to the small number of transactions occurring. Where necessary consideration has been made of transactions in the wider Essex market and adjusted for the Castle Point area.			
		Business Park Office	£550,000	per net developable hectare	
		Light industrial	£550,000	per net developable hectare	
		In town comparison retail (small format)	£3,000,000	per net developable hectare	
		In town comparison retail - large format	£3,000,000	per net developable hectare	
		Out of town comparison retail	£2,800,000	per net developable hectare	
		Retail convenience - small format	£3,750,000	per net developable hectare	
		Retail convenience - medium format	£3,750,000	per net developable hectare	
		Retail convenience - larger format	£3,750,000	per net developable hectare	
		Food & Beverage (A3/A4/A5)	£1,000,000	per net developable hectare	
		Hotel	£1,250,000	per net developable hectare	
		60 bed Care home	£2,200,000	per net developable hectare	

Appendix F COMMERCIAL APPRAISALS

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Food & Beverage (A3/A4/A5)		Main land appriasal					
ITEM							
Net site area	0.07	residual value £1,723,366	per ha				

		No. of units	Size sq.m	Rent	Yield	Value per Unit	Total Value
1.1	Food & Beverage (A3/A4/A5)	1	419	£240	7.00%	£1,434,857	£1,434,857
						Rent free period	Adjusted for rent free
					No. of months	6	£1,387,128.76
						Less Purchaser Costs	£14,348.57
						Adjusted cap value	£1,372,780
		1	419				**£1,372,780**

2.0	**Development Cost**					
2.1	**Site Acquisition**					
2.1.1	Site Value					£122,784
					Less Purchaser Costs	1.75%
						£120,636
2.2	**Build Costs**					
		No. of units	**Size sq.m**	**Cost per sq.m**		**Total Costs**
2.2.1	Food & Beverage (A3/A4/A5)	1	465	£1,560		£725,400
						£725,400
2.3	**Externals**					
2.3.1	as percentage of build costs	15.0%				£108,810
						£108,810
2.4	**Professional Fees**					
2.4.1	as percentage of build costs & externals	8%				£66,737
						£66,737
2.5	**Contingency**					
2.5.1	Based upon percentage of construction costs	5%				£45,047
						£45,047
2.6	**Section 106 Obligations convenience retail**					
2.6.1			psm			£0
						£0
2.7	**Sale costs**					
2.7.1	Marketing costs	£25,000				£25,000
2.7.2	Letting agent fee	10%	of rent			£10,044
2.7.3	Letting legal fees	5%	of rent			£5,022
						£40,066
	TOTAL DEVELOPMENT COSTS					**£1,106,696**
3.0	**Developers' Profit**					
		Rate				
3.1	Based upon percentage of total development costs	20%				£221,339
						£221,339
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]					**£1,328,035**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]					**£44,745**
		APR			PCM	
4.00	**Finance Costs**	7.00%			0.565%	-£44,736
	TOTAL PROJECT COSTS [INCLUDING INTEREST]					**£1,372,771**

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Hotel		Main land appriasal					
ITEM							
	residual value						
Net site area	0.32	£1,983,423	per ha				
1.0	**Development Value**						
		No. of beds		**Price per bed**	**Yield**		**Total Value**
1.1	Hotel	60		£6,250	6.25%		£6,000,000
						Less Purchaser Costs	6.75%
		60					**£5,595,000.00**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£677,626
						Less Purchaser Costs	5.75%
							£638,662
2.1	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	Hotel	1	60	£48,491			£2,909,460
			60				**£2,909,460**
2.3	**Externals**						
2.3.1	as percentage of build costs		15.0%				£436,419
							£436,419
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£267,670
							£267,670
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£180,677
							£180,677
2.6	**Sale costs**						
2.6.1	Marketing costs		£25,000				£25,000
							£25,000
	TOTAL DEVELOPMENT COSTS						**£4,457,889**
3.0	**Developers' Profit**						
			Rate				
3.1	Based upon percentage of total development costs		20%				£891,578
							£891,578
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£5,349,467**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£245,533**
			APR			PCM	
4.00	**Finance Costs**		7.00%			0.565%	-£245,533
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£5,595,000**

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Business Park Office **Main land appriasal**

ITEM		residual value	
Net Site Area	0.50	**-£3,163,599**	**per ha**

1.0	**Development Value**						
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	City centre office	1	1700	£118	8.0%	£2,507,500	£2,507,500
						Rent free period	**Adjusted for rent free**
					No. of months	6	£2,412,843.00
						Less Purchaser Costs	£169,256
						Adjusted cap value	£2,243,587
		1	**1,700**				**£2,243,587**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						-£1,609,974
						Less Purchaser Costs	1.75%
							-£1,581,799.57
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	City centre office	1	2,000	£1,290			£2,580,000
							£2,580,000
2.3	**Externals**						
2.3.1	External works as a percentage of build costs		15.0%				£387,000
							£387,000
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£237,360
							£237,360
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£160,218
							£160,218
2.6	**Sale costs**						
2.6.1	Marketing costs			£25,000			£25,000
2.6.2	Letting agent fee			10%	of rent		£20,060
2.6.3	Letting legal fees			5%	of rent		£10,030
							£55,090
	TOTAL DEVELOPMENT COSTS						**£1,837,868**
3.0	**Developers' Profit**						
			Rate				
3.1	Based upon percentage of total development costs		20%				£367,573.69
							£367,574
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,205,442**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£38,145**
4.00	**Finance Costs**	APR				PCM	
		7.00%				0.565%	-£38,145
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£2,243,587**

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Light industrial — **Main land appriasal**

ITEM			
Net Site Area	0.50	**residual value** -£215,107	**per ha**

1.0 Development Value

		No. of units	Size sq.m	Rent	Yield	Value per Unit	Total Value
1.1	Light industrial	1	2000	£65.00	8.0%	£1,625,000	£1,625,000
					No. of months	Rent free period 9	Adjusted for rent free £1,533,859
						Less Purchaser Costs	£109,688
						Adjusted cap value	£1,424,172
		1	**2,000**				**£1,424,172**

2.0 Development Cost

2.1 Site Acquisition

2.1.1	Site Value		-£109,469
		Less Purchaser Costs	1.75%
			-£107,553.28

2.2 Build Costs

		No. of units	Size sq.m	Cost per sq.m	Total Costs
2.2.1	Light industrial	1	2,000	£467	£934,000
					£934,000

2.3 Externals

2.3.1	External works as a percentage of build costs	15.0%	£140,100
			£140,100

2.4 Professional Fees

2.4.1	as percentage of build costs & externals	8%	£85,928
			£85,928

2.5 Contingency

2.5.1	Based upon percentage of construction costs	5%	£58,001
			£58,001

2.6 Sale costs

2.6.1	Marketing costs	£25,000		£25,000
2.6.2	Letting agent fee	10%	of rent	£13,000
2.6.3	Letting legal fees	5%	of rent	£6,500
				£44,500

	TOTAL DEVELOPMENT COSTS		**£1,154,976**

3.0 Developers' Profit

		Rate	
3.1	Based upon percentage of total development costs	20%	£230,995
			£230,995

TOTAL PROJECT COSTS [EXCLUDING INTEREST]	**£1,385,971**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]	**£38,201**

		APR	PCM	
4.00	**Finance Costs**	7.00%	0.565%	-£38,201

TOTAL PROJECT COSTS [INCLUDING INTEREST]	**£1,424,172**

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In town comparison retail - small format		Main land appriasal				
ITEM						
		residual value				
Net Site Area	0.06	£2,544,411	per ha			

1.0	**Development Value**						
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	In town comparison retail - :	1	236	£200	8.00%	£590,750	£590,750
						Rent free period	**Adjusted for rent free**
					No. of months	6	£568,449.45
						Less Purchaser Costs	£33,968.13
						Adjusted cap value	£534,481
		1	**236**				**£534,481**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£146,516
						Less Purchaser Costs	2.75%
							£142,487
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	In town comparison retail - :	1	278	£700			£194,600
							£194,600
2.3	**Externals**						
2.3.1	as percentage of build costs		15.00%				£29,190
							£29,190
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£17,903
							£17,903
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£12,085
							£12,085
2.6	**Sale costs**						
2.6.1	Marketing costs			£25,000			£25,000
2.6.2	Letting agent fee			10%	of rent		£4,726
2.6.3	Letting legal fees			5%	of rent		£2,363
							£32,089
	TOTAL DEVELOPMENT COSTS						**£428,354**
3.0	**Developers' Profit**						
			Rate				
3.1	Based upon percentage of total development costs		20%				£85,671
							£85,671
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£514,025**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£20,457**
4.00	**Finance Costs**		APR			PCM	
			7.00%			0.565%	-£20,457
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£534,481**

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In town comparison retail - small format			**Canvey Island**				
ITEM							
		residual value					
Net Site Area	0.06	**£2,105,179**	**per ha**				
1.0	**Development Value**						
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	In town comparison retail - :	1	236	£200	8.00%	£590,750	£590,750
						Rent free period	**Adjusted for rent free**
					No. of months	6	£568,449.45
						Less Purchaser Costs	£33,968.13
						Adjusted cap value	£534,481
		1	**236**				**£534,481**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£119,990
						Less Purchaser Costs	1.75%
							£117,890
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	In town comparison retail - :	1	278	£770			£214,060
							£214,060
2.3	**Externals**						
2.3.1	as percentage of build costs		15.00%				£32,109
							£32,109
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£19,694
							£19,694
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£13,293
							£13,293
2.6	**Sale costs**						
2.6.1	Marketing costs			£25,000			£25,000
2.6.2	Letting agent fee			10%	of rent		£4,726
2.6.3	Letting legal fees			5%	of rent		£2,363
							£32,089
	TOTAL DEVELOPMENT COSTS						**£429,135**
3.0	**Developers' Profit**						
			Rate				
3.1	Based upon percentage of total development costs		20%				£85,827
							£85,827
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£514,962**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£19,520**
			APR			PCM	
4.00	**Finance Costs**		7.00%			0.565%	-£19,520
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£534,481**

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In town comparison retail - large format | **Main land appriasal**

ITEM							
Net Site Area	0.17	**residual value** £2,256,077	**per ha**				
1.0	**Development Value**						
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	In town comparison retail -	1	723	£180	7.75%	£1,678,065	£1,678,065
						Rent free period	**Adjusted for rent free**
					No. of months	6	£1,616,590.47
						Less Purchaser Costs	£113,269
						Adjusted cap value	£1,503,321
		1	**723**				**£1,503,321**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£402,659
						Less Purchaser Costs	4.75%
							£383,533
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	In town comparison retail -	1	850	£700			£595,000
							£595,000
2.3	**Externals**						
2.3.1	as percentage of build costs		15.00%				£89,250
							£89,250
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£54,740
							£54,740
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£36,950
							£36,950
2.6	**Sale costs**						
2.6.1	Marketing costs			£25,000			£25,000
2.6.2	Letting agent fee			10%	of rent		£13,005
2.6.3	Letting legal fees			5%	of rent		£6,503
							£44,508
	TOTAL DEVELOPMENT COSTS						**£1,203,980**
3.0	**Developers' Profit**						
3.1	Based upon percentage of total development costs		Rate 20%				£240,796
							£240,796
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£1,444,776**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£58,545**
4.00	**Finance Costs**		APR 7.00%			PCM 0.565%	-£58,545
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£1,503,321**

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In town comparison retail - large format			**Canvey Island**				
ITEM							
		residual value					
Net Site Area	0.17	**£1,813,685**	**per ha**				
1.0	**Development Value**						
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	In town comparison retail -	1	723	£180	7.75%	£1,678,065	£1,678,065
						Rent free period	**Adjusted for rent free**
					No. of months	6	£1,616,590.47
						Less Purchaser Costs	£113,269
						Adjusted cap value	£1,503,321
		1	**723**				**£1,503,321**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£323,702
						Less Purchaser Costs	4.75%
							£308,326
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	In town comparison retail -	1	850	£770			£654,500
							£654,500
2.3	**Externals**						
2.3.1	as percentage of build costs		15.00%				£98,175
							£98,175
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£60,214
							£60,214
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£40,644
							£40,644
2.6	**Sale costs**						
2.6.1	Marketing costs			£25,000			£25,000
2.6.2	Letting agent fee			10%	of rent		£13,005
2.6.3	Letting legal fees			5%	of rent		£6,503
							£44,508
	TOTAL DEVELOPMENT COSTS						**£1,206,367**
3.0	**Developers' Profit**						
			Rate				
3.1	Based upon percentage of total development costs		20%				£241,273
							£241,273
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£1,447,641**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£55,680**
4.00	**Finance Costs**		APR			PCM	
			7.00%			0.565%	-£55,680
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£1,503,321**

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Out of town comparison retail		Main land appriasal					
ITEM							
		residual value					
Net site area	0.20	£3,880,897	per ha				

1.0	**Development Value**						
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	Out of town comparison re	1	900	£180	7.50%	£2,160,000	£2,160,000
						Rent free period	**Adjusted for rent free**
					No. of months	9	£2,045,961.24
						Less Purchaser Costs	£16,200.00
						Adjusted cap value	£2,029,761
		1	**900**				**£2,029,761.24**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£823,533
						Less Purchaser Costs	5.75%
							£776,179
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	Out of town comparison re	1	1,000	£607			£607,000
							£607,000
2.3	**Externals**						
2.3.1	as percentage of build costs		15.0%				£91,050
							£91,050
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£55,844
							£55,844
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£37,695
							£37,695
2.6	**Sale costs**						
2.6.1	Marketing costs			£25,000			£25,000
2.6.2	Letting agent fee			10%	of rent		£16,200
2.6.3	Letting legal fees			5%	of rent		£8,100
							£49,300
	TOTAL DEVELOPMENT COSTS						**£1,617,068**
3.0	**Developers' Profit**						
			Rate				
3.1	Based upon percentage of total development costs		20%				£323,414
							£323,414
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£1,940,482**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£89,279**
4.00	**Finance Costs**		APR			PCM	
			7.00%			0.565%	-£89,279
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£2,029,761**

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Out of town comparison retail			Canvey Island				
ITEM							
		residual value					
Net site area	0.20	**£3,497,280**	**per ha**				

1.0	**Development Value**						
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	Out of town comparison re	1	900	£180	7.50%	£2,160,000	£2,160,000
						Rent free period	**Adjusted for rent free**
					No. of months	9	£2,045,961.24
						Less Purchaser Costs	£16,200.00
						Adjusted cap value	£2,029,761
		1	**900**				**£2,029,761.24**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£742,128
						Less Purchaser Costs	5.75%
							£699,456
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	Out of town comparison re	1	1,000	£668			£667,700
							£667,700
2.3	**Externals**						
2.3.1	as percentage of build costs		15.0%				£100,155
							£100,155
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£61,428
							£61,428
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£41,464
							£41,464
2.6	**Sale costs**						
2.6.1	Marketing costs			£25,000			£25,000
2.6.2	Letting agent fee			10%	of rent		£16,200
2.6.3	Letting legal fees			5%	of rent		£8,100
							£49,300
	TOTAL DEVELOPMENT COSTS						**£1,619,504**
3.0	**Developers' Profit**						
			Rate				
3.1	Based upon percentage of total development costs		20%				£323,901
							£323,901
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£1,943,404**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£86,357**
4.00	**Finance Costs**		APR			PCM	
			7.00%			0.565%	-£86,357
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£2,029,761**

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Retail convenience - small format		Main land appriasal					
ITEM							
		residual value					
Net site area	0.06	£6,806,509 per ha					
1.0	**Development Value**						
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	Retail convenience - small for	1	250	£240	6.00%	£1,000,800	£1,000,800
						Rent free period	**Adjusted for rent free**
					No. of months	3	£986,326.79
						Less Purchaser Costs	£7,506.00
						Adjusted cap value	£978,821
		1	**250**				**£978,820.79**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1	Site Value						£400,173
						Less Purchaser Costs	4.75%
							£381,164
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	Retail convenience - small for	1	278	£1,024			£284,672
							£284,672
2.3	**Externals**						
2.3.1	as percentage of build costs		15.0%				£42,701
							£42,701
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£26,190
							£26,190
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£17,678
							£17,678
2.6	**Section 106 Obligations convenience retail**						
2.6.1				psm			£0
							£0
2.7	**Sale costs**						
2.7.1	Marketing costs		£25,000				£25,000
2.7.2	Letting agent fee		10%	of rent			£6,005
2.7.3	Letting legal fees		5%	of rent			£3,002
							£34,007
	TOTAL DEVELOPMENT COSTS						**£786,412**
3.0	**Developers' Profit**						
			Rate				
3.1	Based upon percentage of total development costs		20%				£157,282.49
							£157,282
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£943,695**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£35,126**
4.00	**Finance Costs**		APR			PCM	
			7.00%			0.565%	-£35,126
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£978,821**

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Retail convenience - small format **Canvey Island**

ITEM							
Net site area	0.06	**residual value** **£6,160,372**	**per ha**				
1.0	**Development Value**						
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	Retail convenience - small for	1	250	£240	6.00%	£1,000,800	£1,000,800
						Rent free period	**Adjusted for rent free**
					No. of months	3	£986,326.79
						Less Purchaser Costs	£7,506.00
						Adjusted cap value	£978,821
		1	250				**£978,820.79**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1	Site Value						£362,185
						Less Purchaser Costs	4.75%
							£344,981
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	Retail convenience - small for	1	278	£1,126			£313,139
							£313,139
2.3	**Externals**						
2.3.1	as percentage of build costs		15.0%				£46,971
							£46,971
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£28,809
							£28,809
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£19,446
							£19,446
2.6	**Section 106 Obligations convenience retail**						
2.6.1				psm			£0
							£0
2.7	**Sale costs**						
2.7.1	Marketing costs		£25,000				£25,000
2.7.2	Letting agent fee		10%	of rent			£6,005
2.7.3	Letting legal fees		5%	of rent			£3,002
							£34,007
	TOTAL DEVELOPMENT COSTS						**£787,353**
3.0	**Developers' Profit**						
3.1	Based upon percentage of total development costs		Rate 20%				£157,470.58
							£157,471
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£944,823**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£33,997**
4.00	**Finance Costs**		APR 7.00%			PCM 0.565%	-£33,997
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£978,821**

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Retail convenience - medium format		Main land appriasal					
ITEM							
	residual value						
Net site area	0.40	£6,337,205	per ha				

1.0	**Development Value**						
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	Retail convenience - medium	1	1800	£210	5.50%	£6,872,727	£6,872,727
						Rent free period	**Adjusted for rent free**
					No. of months	6	£6,691,182.58
						Less Purchaser Costs	£51,545.45
						Adjusted cap value	£6,639,637
		1	**1,800**				**£6,639,637.13**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1	Site Value						£2,718,372
						Less Purchaser Costs	6.75%
							£2,534,882
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	Retail convenience - medium	1	2,000	£1,024			£2,048,000
							£2,048,000
2.3	**Externals**						
2.3.1	as percentage of build costs		15.0%				£307,200
							£307,200
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£188,416
							£188,416
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£127,181
							£127,181
2.6	**Section 106 Obligations convenience retail**						
2.6.1				psm			£0
							£0
2.7	**Sale costs**						
2.7.1	Marketing costs		£25,000				£25,000
2.7.2	Letting agent fee		10%	of rent			£37,800
2.7.3	Letting legal fees		5%	of rent			£18,900
							£81,700
	TOTAL DEVELOPMENT COSTS						**£5,287,379**
3.0	**Developers' Profit**						
			Rate				
3.1	Based upon percentage of total development costs		20%				£1,057,475.76
							£1,057,476
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£6,344,855**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£294,783**
4.00	**Finance Costs**		APR			PCM	
			7.00%			0.565%	-£294,783
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£6,639,637**

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Retail convenience - medium format **Canvey Island**

ITEM							
Net site area	0.40	**residual value** £5,690,048 **per ha**					
1.0	**Development Value**						
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	Retail convenience - medium	1	1800	£210	5.50%	£6,872,727	£6,872,727
						Rent free period	**Adjusted for rent free**
					No. of months	6	£6,691,182.58
						Less Purchaser Costs	£51,545.45
						Adjusted cap value	£6,639,637
		1	**1,800**				**£6,639,637.13**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1	Site Value						£2,440,771
						Less Purchaser Costs	6.75%
							£2,276,019
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	Retail convenience - medium	1	2,000	£1,126			£2,252,800
							£2,252,800
2.3	**Externals**						
2.3.1	as percentage of build costs		15.0%				£337,920
							£337,920
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£207,258
							£207,258
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£139,899
							£139,899
2.6	**Section 106 Obligations convenience retail**						
2.6.1				psm			£0
							£0
2.7	**Sale costs**						
2.7.1	Marketing costs		£25,000				£25,000
2.7.2	Letting agent fee		10%	of rent			£37,800
2.7.3	Letting legal fees		5%	of rent			£18,900
							£81,700
	TOTAL DEVELOPMENT COSTS						**£5,295,596**
3.0	**Developers' Profit**						
3.1	Based upon percentage of total development costs		Rate 20%				£1,059,119.17
							£1,059,119
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£6,354,715**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£284,922**
4.00	**Finance Costs**		APR 7.00%			PCM 0.565%	-£284,922
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£6,639,637**

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Retail convenience - larger format		Main land appriasal					
ITEM							
		residual value					
Net site area	1.00	£6,482,308	per ha				

		No. of units	Size sq.m	Rent	Yield	Value per Unit	Total Value
1.1	Retail convenience - larger format	1	3600	230	5.00%	£16,560,000	£16,560,000
						Rent free period	Adjusted for rent free
					No. of months	6	£16,160,905.21
						Less Purchaser Costs	£165,600.00
						Adjusted cap value	£15,995,305
		1	3,600				**£15,995,305**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£6,951,537
						Less Purchaser Costs	6.75%
							£6,482,308
2.2	**Build Costs**						
		No. of units	Size sq.m	Cost per sq.m			Total Costs
2.2.1	Retail convenience - larger format	1	4,000	£1,168			£4,672,000
							£4,672,000
2.3	**Externals**						
2.3.1	as percentage of build costs		15.0%				£700,800
							£700,800
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£429,824
							£429,824
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£290,131
							£290,131
2.6	**Section 106 Obligations convenience retail**						
2.6.1				psm			£0
							£0
2.7	**Sale costs**						
2.7.1	Marketing costs		£25,000				£25,000
2.7.2	Letting agent fee		10%	of rent			£82,800
2.7.3	Letting legal fees		5%	of rent			£41,400
							£149,200
	TOTAL DEVELOPMENT COSTS						**£12,724,263**
3.0	**Developers' Profit**						
			Rate				
3.1	Based upon percentage of total development costs		20%				£2,544,853
							£2,544,853
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£15,269,116**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£726,189**
			APR			PCM	
4.00	**Finance Costs**		7.00%			0.565%	-£726,189
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£15,995,305**

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Retail convenience - larger format		**Canvey Island**					
ITEM							
Net site area	1.00	**residual value** £5,891,778	**per ha**				
		No. of units	**Size sq.m**	**Rent**	**Yield**	**Value per Unit**	**Total Value**
1.1	Retail convenience - larger format	1	3600	230	5.00%	£16,560,000	£16,560,000
						Rent free period	**Adjusted for rent free**
					No. of months	6	£16,160,905.21
						Less Purchaser Costs	£165,600.00
						Adjusted cap value	£15,995,305
		1	**3,600**				**£15,995,305**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£6,318,260
						Less Purchaser Costs	6.75%
							£5,891,778
2.2	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	Retail convenience - larger format	1	4,000	£1,285			£5,139,200
							£5,139,200
2.3	**Externals**						
2.3.1	as percentage of build costs		15.0%				£770,880
							£770,880
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£472,806
							£472,806
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£319,144
							£319,144
2.6	**Section 106 Obligations convenience retail**						
2.6.1			psm				£0
							£0
2.7	**Sale costs**						
2.7.1	Marketing costs		£25,000				£25,000
2.7.2	Letting agent fee		10% of rent				£82,800
2.7.3	Letting legal fees		5% of rent				£41,400
							£149,200
	TOTAL DEVELOPMENT COSTS						**£12,743,008**
3.0	**Developers' Profit**						
3.1	Based upon percentage of total development costs		Rate 20%				£2,548,602
							£2,548,602
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£15,291,610**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£703,695**
4.00	**Finance Costs**		APR 7.00%			PCM 0.565%	-£703,695
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£15,995,305**

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60 bed Care home		Main land appriasal					
ITEM							
Net site area	0.48	residual value £3,020,338	per ha				
1.0	**Development Value**						
		No. of beds		**Price per bed**	**Yield**		**Total Value**
1.1	60 bed Care home	60		£8,000	7.25%		£6,620,690
						Less Purchaser Costs	6.75%
		60					**£6,173,793.10**
2.0	**Development Cost**						
2.1	**Site Acquisition**						
2.1.1	Site Value						£1,554,705
						Less Purchaser Costs	6.75%
							£1,449,762
2.1	**Build Costs**						
		No. of units	**Size sq.m**	**Cost per sq.m**			**Total Costs**
2.2.1	60 bed Care home	1	2,400	£1,013			£2,431,200
			2,400				**£2,431,200**
2.3	**Externals**						
2.3.1	as percentage of build costs		15.0%				£364,680
							£364,680
2.4	**Professional Fees**						
2.4.1	as percentage of build costs & externals		8%				£223,670
							£223,670
2.5	**Contingency**						
2.5.1	Based upon percentage of construction costs		5%				£150,978
							£150,978
2.6	**Sale costs**						
2.6.1	Marketing costs		£25,000				£25,000
							£25,000
	TOTAL DEVELOPMENT COSTS						**£4,645,290**
3.0	**Developers' Profit**						
			Rate				
3.1	Based upon percentage of total development costs		20%				£929,058
							£929,058
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£5,574,348**
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						**£599,445**
			APR			PCM	
4.00	**Finance Costs**		7.00%			0.565%	-£599,445
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£6,173,793**

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