Central Lincolnshire 2012
LOCAL PLAN 2036

October 2015

Explanatory Note

in respect of the

Central Lincolnshire Plan Viability and Community Infrastructure Levy Study

Attached to this Explanatory Note is a *Viability and Community Infrastructure Levy Study* Report, prepared by Peter Brett Associates (PBA) on behalf of the Central Lincolnshire Authorities. The Report concluded in August 2015.

Preparation of such a Report is a vital piece of evidence to support both plan making (the Central Lincolnshire Local Plan) and Community Infrastructure Levy (CIL) rate setting.

Amongst other matters, the Report sets out the study approach, together with policy and development context. It explains assumptions made in order to test viability of developing sites, and makes use of case studies.

The Conclusions which arise in the Report are based on information up to August 2015.

Also attached to this Explanatory Note, and found after the main Report, is a subsequent supplementary Note, also produced by PBA, which was asked by the Central Lincolnshire Authorities to be produced in order to further explore additional options, and reflect the latest national policy position.

Both the main Report and the supplementary Note have been used by the Central Lincolnshire Authorities to inform decisions on the Further Draft Local Plan (FDLP) and the Preliminary Draft Charging Schedule (PDCS), both dated October 2015, and both subject to consultation between 15 October and 25 November 2015.

It will be noted that targets being proposed in the FDLP and the PDCS do not exactly match the recommendations or options as set out in the two documents attached to this Explanatory Note.

The differences arise because the Central Lincolnshire Joint Strategic Planning Committee, together with its constituent authorities as applicable, took the evidence as a whole (not just the viability evidence as set out in the attached, but a wide range of evidence material) and determined that:

- The provision of affordable housing was of considerable importance to the local area, and therefore thresholds have been set which differ from the main Report's recommendations but, as considered by the supplementary Note, can maintain the ability for growth to take place in central Lincolnshire.
- The highest level of 'accessibility standards' – known as M4(3) – were deemed too expensive (see the supplementary Note for costs), and therefore not proposed to be taken forward in the Local Plan.
- There was a need to set a realistic CIL rate, which was low enough so as to make most development schemes remain viable, yet high enough so that essential infrastructure (such as the Lincoln Eastern Bypass) could be built.

As such, for those respondents intending to make representations on either or both the Local Plan and the Preliminary Draft CIL Charging Schedule, the Authorities wish to make it clear that the content of the attached two documents should not be read in isolation, and that decisions on rates and thresholds which have been proposed has taken into account a wide variety of evidence.

The Authorities will carefully consider all representations made in the period 15 October – 25 November 2015. Revisions to such targets and thresholds (such as affordable housing and CIL) may be made, before further consultation on both the Local Plan and the CIL Charging Schedule takes place in early 2016.

The intention is to also publish an updated Viability Report by around March 2016, and make this available alongside that next round of consultation.

Central Lincolnshire Plan Viability and Community Infrastructure Levy Study

Final Report

On behalf of **Central Lincolnshire Joint Strategic Planning Committee**

Project Ref: M9556 | Date: August 2015

3rd Floor, St George's House, 6 St George's Way, Leicester LE1 1SH:
T: +44 (0)116 201 4420

Document Control Sheet

Project Name: Central Lincolnshire Plan Viability and CIL Study

Project Ref: M9556

Doc Ref: Final Report

Date: 21st August 2015

	Name	Position	Signature	Date
Final Report Prepared by:	Stuart Cook	Associate	SC	29th July 2015
Final Report prepared by:	Shilpa Rasaiah	Senior Associate	SR	19th August 2015
Final Report Approved by:	Michael Parkinson	Partner	MP	20th August 2015
For and on behalf of Peter Brett Associates LLP				

Contents

Appendices

This page is intentionally blank

EXECUTIVE SUMMARY

Study scope

1. Peter Brett Associates was commissioned by the Lincolnshire County Council, Lincoln City Council, North Kesteven Council and West Lindsey District Council (on behalf of the Central Lincolnshire Joint Strategic Planning Committee) to prepare a plan viability study and inform the affordable housing policy and Community Infrastructure Levy (CIL) charge options for the Central Lincolnshire Plan.

Study development context

2. There are a variety of developers operating in the study area, including a number of local and regional developers, taking an adventurous approach to delivering unique housing products. Most of the national developers are also active in the area, particularly in locations which developers describe as being within easy reach of Lincoln and the urban areas of Sleaford and Gainsborough.

3. The review of recent affordable housing and developer contributions secured, found that the percentage of affordable housing contribution varies depending on the scale of S106 infrastructure contributions being sought. There have been a few examples of developer contributing up to 35% affordable housing, particularly in areas closer to Lincoln and Sleaford, however, as the scale of other S106 costs has increased, (normally for education and health) then the percentage for affordable housing secured has decreased. The percentage of affordable housing has settled around 20% to 25% within the LSA with developer contributions ranging from £6,000 to £10,000 for infrastructure costs (depending on location and scheme size). The review of the developer contributions has highlighted that there are considerable site specific variations in the urban towns and the rural areas.

4. Future planned growth is to be targeted at the areas where there is greatest demand for housing, particularly in areas that are within easy reach of Lincoln City, as well as at the urban centres of Sleaford, Gainsborough. Short term delivery will be through a number of consented schemes and a number of emerging greenfield sites such as extension to Witham St Hughes. Our assessment informing the viability assumptions has reflected the areas where future growth is expected.

5. Medium to long term housing delivery will be dependent on the timely development on a number of sustainable urban extensions (SUEs). The client team have set up ‘delivery groups’ for the emerging SUEs involving key infrastructure providers, and the site owners and promoters to inform decisions relating to site viability, trajectory, infrastructure planning and delivery.

Approach to viability assessment

6. The approach to viability, for both residential and non-residential development is based on a residual value assessment. The assumption inputs have been guided by appropriate available evidence, which has been informed by an assessment of local transactions, case studies and consultations. It is accepted that this kind of strategic viability assessment involves a high degree of generalisation in the assumption inputs.

7. In accordance with Government guidance which warns against over complicating charging zones, two value zones have been identified for the Central Lincolnshire Plan area, which provide a relatively simple and logical approach to CIL charge zones based on general property values.

8. The areas that are within easy reach of Lincoln City generally command the highest sales values. This area coincides with the Local Plan policy area known as the Lincoln Strategy Area which has been adopted for the higher value area for this study. The urban areas of Sleaford and Gainsborough have similar general values as the remaining rural areas of North Kesteven and West Linsey and together theyform the ‘all other areas’ charge zone.

Study findings

9. The appraisal findings demonstrate that viability varies across the study area and that different policy approaches are considered necessary to ensure the Local Plan is viable and deliverable. Before policy costs are incorporated, most of the residential development scenarios were found to be viable based on current costs and values and with the inclusion of a sensible mix of policies and viability assumptions in relation to land values and profit margins. Indeed this is supported by the delivery taking place.

10. Once the cost of providing 40% affordable housing was applied to the appraisals, all the scenarios were found to be unviable. Further 'iterative testing' was undertaken with the client team to inform various policy trade-offs between varying levels of affordable housing and infrastructure costs. Sensitivity testing has been also been undertaken to test the effect of an increase in costs and values and found that the planned typologies remain viable.

11. The strategic sites have been found as viable, based on adopting a pragmatic approach to the scale of policy requirements, developer and landowner expectations. As further detailed information becomes available this may help to refine the findings, particularly in relation to infrastructure costs. Delivering the sustainable urban extensions is a complex process and will require lead in time and funding to support the upfront infrastructure delivery for site opening costs. The client team has assured us that the issue of cash flow and delivery of the strategic sites is on their risk register and will be part of their strategic level project management discussions.

Recommendations

12. Some policy trade-offs between affordable housing, other policies and infrastructure are required because the 'developer funding pot' is finite. The final decision on the policy trade-offs will be one for Members to determine. The Local Plan policy and CIL charge options are set out in the table 1 overleaf.

13. With respect to a CIL charge for commercial use, based on the viability evidence, concerning the type and scale of development expected, a single convenience retail charge of £40 p sq.m is proposed (which includes a sufficient overage to reflect normal site specific costs). All other uses are proposed to be charged at a zero rate.

14. For residential development, the findings suggest that reducing the affordable housing policy to around 15% to 20%[1] will create value to enable the majority of development to remain viable and fund some infrastructure in the form of CIL and S106. The affordable housing and developer contributions policies should be kept flexible and reviewed at intervals of say two to three years or so to reflect changes in the market which might affect the viability and deliverability.

15. Based on the review of evidence and past delivery, it is advisable to introduce a geographical differentiation in affordable housing and CIL charge zones. Figure 8.2 (later in the study report) shows the proposed CIL charge zone area for the Lincoln Strategy Area. The introduction of a national affordable housing threshold of 10 units for S106 affordable housing contribution means there is potential to introduce a CIL charge variation based on size i.e. for unit's less than 10 dwellings / maximum of 1000 sq.m – these are set out in the Table 1.

16. Note whilst preparing this report, the national affordable housing threshold policy has been challenged and is in the process of being removed. To reflect this, we have provided the client team with a separate note setting out some further analysis to inform a local affordable housing threshold policy and the effect of this on CIL charge options.

[1] Other policy percentage scenarios have also been assessed and findings provided to the client team.

Table 1 Affordable housing and CIL charge options for the Central Lincolnshire Plan

Developer contribution policy options / CIL Market Zones for residential use	20% affordable CIL upto:	17% affordable CIL upto	15% affordable CIL upto:	0% - below housing affordable threshold CIL upto
Lincoln Strategy Area	£45 p sq.m	£50 p sq.m	£55 p sq.m	£75 p sq.m
Sleaford &Gainsborough urban	£15 p sq.m	£20 p sq.m	£30 p sq.m	£55 p sq.m
All other rural areas	£15 p sq.m	£20 p sq.m	£30 p sq.m	£55 p sq.m
Lincoln SUE	£20 p sq.m	£25 p sq.m	£30 p sq.m	n/a
Sleaford SUE	£0 p sq.m	£10 p sq.m	£20 p sq.m	n/a
Gainsborough SUE	£0 p sq.m	£10 p sq.m	£20 p sq.m	n/a
Flatted schemes	£0p sq.m	£0p sq.m	£0 p sq.m	n/a
Convenience retail – all formats	CIL upto £40 p sq.m			
All other uses	CIL at £0 p sq.m			

PBA 2015

17. To support the delivery of the planned growth, there is an estimated infrastructure funding gap of £150m-£200m. CIL is expected to fund about £50m-£60m to support critical infrastructure. Although CIL will be an important source of funding, it is highly unlikely that CIL will plug the entire funding gap.

18. Given the market conditions and funding gap, demonstrating to the Inspector and then actually supporting the delivery of the planned growth, particularly the SUEs, will require a strong project management approach to infrastructure delivery involving for all parties. To support this, the various individual policies relating to infrastructure currently in the draft Local Plan should be simplified and merged together into a single overarching 'infrastructure requirement and delivery policy' and cross referenced to a 'live' infrastructure delivery plan and the S106 SPD so that all matters relating to the infrastructure requirements are consistent and brought together. The new delivery policy should set out a clear explanation of the mechanisms that will be used for developer contributions, including CIL, S106 and site enabling infrastructure costs.

1 Introduction

1.1.1 Peter Brett Associates LLP was commissioned by Lincolnshire County Council on behalf of the Central Lincolnshire Joint Strategic Planning Committee, Lincoln City Council, North Kesteven Council and West Lindsey District Council to undertake a viability assessment at a strategic plan level and provide the following outputs:

- A whole plan viability assessment (WPV) of the emerging Central Lincolnshire Joint Plan (Local Plan).
- Inform the Plan affordable housing policy in the context of the Plan Viability assessment.
- Inform the preparation of the Preliminary Draft Community Infrastructure Levy (CIL) charging Schedule.

1.1.2 The main purpose of a WPV assessment is to provide evidence to show that the requirements of the National Planning Policy Framework (NPPF) are met. That is, the policy requirements in the Plan should not threaten the development viability of the plan as a whole. The objective of this study is to inform policy decisions relating to the trade-offs between the policy aspirations of achieving sustainable development and the realities of economic viability.

1.1.3 The 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 Local Plan evidence base and planning policy, in particular policy concerned with the planning, funding and delivery of infrastructure needed to support delivery of the plan.

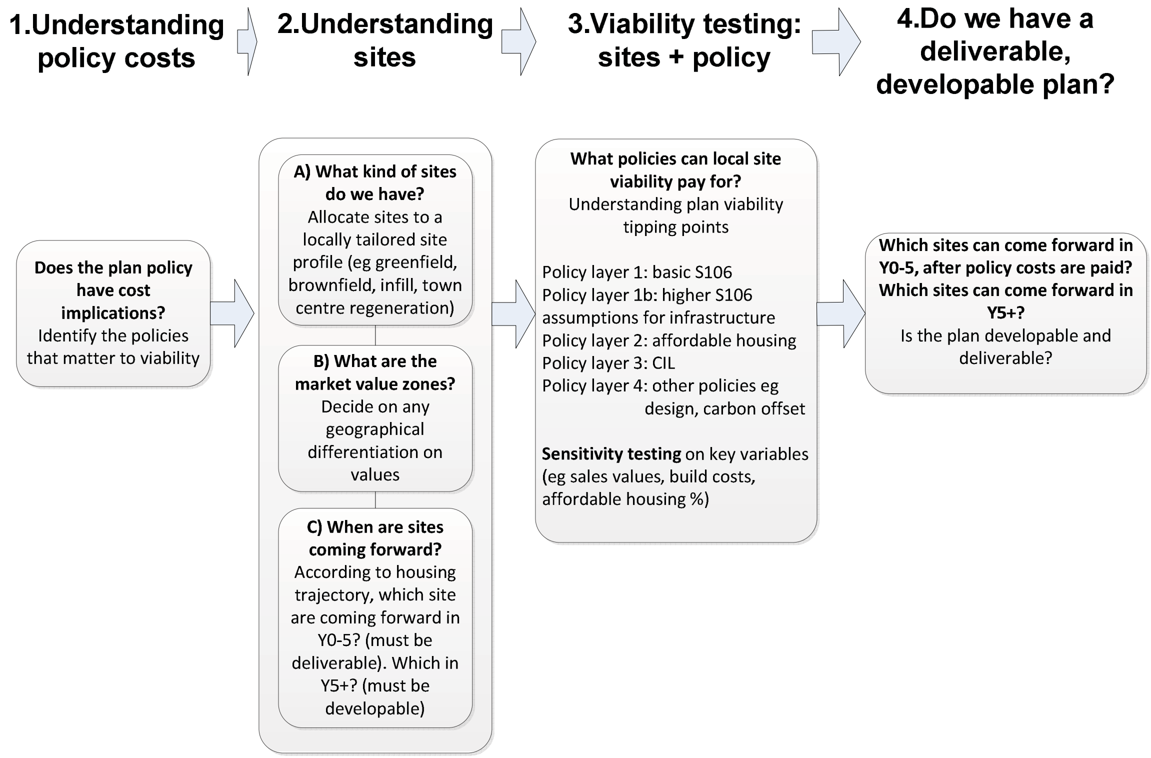
1.1.4 As per Professional Standards 1 of the RICS Valuation Standards – Global and UK Edition[2], the advice expressly given in the preparation for, or during the course of negotiations or possible litigation does not form part of a formal “Red Book” valuation and should not be relied upon as such. No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report for such purposes.

1.2 Study approach

1.2.1 This approach to WPV is summarised in Figure 1.1 on the following page. The process set out is broken down into a number of stages.

[2] RICS (January 2014) Valuation – Professional Standards, PS1 Compliance with standards and practice statements where a written valuation is provided

Figure 1.1 Whole plan viability process



Source: PBA 2015

Understanding policy costs

1.2.2 Articulating the impact of policy costs provides a starting point for the analysis. All policies included in the draft Plan have been provided by the client team to assess their impact on viability. This is based on an iterative process, which considers cost implications of policy and then makes refinements to the policy until an acceptable balance between viability and sustainability is reached.

Understanding the sites

1.2.3 The next stage is to understand the sort of development sites likely to emerge through the planning process. In order to understand the sites, the following three 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.

- 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. Site typologies are tailored to local conditions based on the emerging sites coming forward in the strategic housing land availability assessment.

- When are sites coming forward? An analysis is undertaken of 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.

Viability testing the sites

1.2.4 The next stage is to assess the viability of the site typologies. The approach is to add gradually escalating levels of policy costs in order to judge the point at which policy costs make development unviable.

1.2.5 Understanding the basic viability of sites and then adding policy costs such as affordable housing, infrastructure, and other policy requirements is the starting point. Further to this is to establish an understanding of the trade-offs involved between these policy choices, so that elected members and their officers may arrive at a reasoned and prioritised set of policy 'trade-offs'.

Assessing whether the plan is developable and deliverable

1.2.6 The output from this stage forms the central response to the overall study question: is the plan deliverable and developable?

1.2.7 With regards to the 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' and take account of longer term timescales and proactive interventions that maybe put in place.

Stakeholder engagement

1.2.8 We are grateful for the valuable inputs provided by a range of stakeholders. The following stakeholder engagement has taken place as part of this study:

- A number of interviews have been undertaken with various case study site promoters including some strategic sites to inform the appraisal assumptions.
- A developer workshop held in February 2015 and was attended by developers and agents, in addition to the consultants and Council officers. The workshop was attended by a broad mix of house builders, surveyors, architects, agents and land owners and promoters. There were also representatives from Registered Providers and officers from the districts, City and county councils. A copy of the meeting note is in Appendix A.

Report structure

1.2.9 The rest of this report is set out as follows:

- Chapter 2 sets out the policy and legal requirements relating to whole plan viability, affordable housing and community infrastructure levy which inform the study assessment.
- Chapter 3 outlines the planning and development context shaping future delivery.
- Chapters 4 to 7 describe the local residential and commercial markets, and the development scenarios to be tested, assumptions and viability results.
- Chapter 8 concludes by setting out the main findings and translates this into recommendations for the plan viability and affordable housing policy.

2 National policy context

2.1 Introduction

2.1.1 This chapter sets out the main national policies from the NPPF and other regulations and statements relevant to this study which includes policies on viability, affordable housing, infrastructure and housing standards.

National Planning Policy Framework

2.1.2 The NPPF recognises that the 'developer funding pot' or residual value is finite and decisions relating on how this funding is distributed between affordable housing, infrastructure, and other policy requirements have to be considered as a whole.

2.1.3 The NPPF advises that cumulative effects of policy should not combine to render plans unviable:

'Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable'. [3]

2.1.4 With regard to non-residential development, the NPPF states that local planning authorities 'should have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they should understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.' [4]

2.1.5 Note the NPPF does not state that all sites must be viable now in order to appear in the plan. Instead, the NPPF is concerned to ensure that the bulk of the development is not rendered unviable by unrealistic policy costs.

Deliverability and developability considerations in the NPPF

2.1.6 The NPPF creates the two concepts of 'deliverability' (which applies to residential sites which are expected in Years 0-5 of the plan) and 'developability' (which applies to year 6 onwards of the plan). The NPPF defines these two terms as follows:

To be deliverable, "sites should be available now, offer a suitable location for development now, and be achievable, with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable." [5]

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

2.1.7 The NPPF advises that a more flexible approach may be taken to the sites coming forward in the period after the first five years. Sites coming forward after Year 6 might not be viable now – and

[3] DCLG (2012) National Planning Policy Framework (41, para 173)
[4] Ibid (para 160)
[5] Ibid (para 47, footnote 11 – note this study deals with the viability element only, the assessment of availability, suitability, and achievability is dealt with by the client team as part of the site selection process for the SHLAA and other site work.
[6] Ibid (para 47, footnote 12)

might instead be only viable at that point in time. This recognises the impact of economic cycles and variations in values and policy changes over time.

2.1.8 The focus of this study is on viability only. The assessment of availability, suitability, and achievability, including the timely delivery of infrastructure is dealt with by the client team (with reference to emerging viability work) as part of the site allocations and infrastructure planning[7].

2.2 National policy on affordable housing

2.2.1 In informing future policy on affordable housing, it is important to understand national policy on affordable housing. The NPPF states:

2.2.2 To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should[8]:

- plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);
- identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and
- where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.[9]

2.2.3 The NPPF does recognise that in some instances, off site provision or a financial contribution of a broadly equivalent value may contribute towards creating mixed and balanced communities.

2.2.4 Finally the NPPF recognises that market conditions change over time, and so when setting long term policy on affordable housing, incorporating a degree of flexibility is sensible to reflect changing market circumstances. The Harman report[10] too acknowledges that viability will change over the plan period which will frequently cover durations of fifteen years or more. The report recommends that policies should be subject to review to enable planning authorities to take account of changes in market conditions. Otherwise significant changes in market conditions (viability assumptions) could lead to challenges of the plan policies at the point of making planning applications.

Threshold limits for affordable housing

2.2.5 The government recently amended revised the affordable housing threshold following the issue of a Ministerial Statement in November 2014[11] which now requires local authorities to adopt a national threshold for affordable housing. The NPPG states that:

‘affordable housing contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1000sqm’[12]

[7] See Strategic Housing Land Availability Assessment (SHLAA) and Infrastructure Delivery Plan (IDP) (all available via the Central Lincolnshire website)

[8] Ibid (para 50 and bullets)

[9] Ibid (p13, para 50)

[10] Local Housing Delivery Group Chaired by Sir John Harman (June 2012) Viability Testing Local Plans - Advice for planning practitioners

[11] Ministerial Statement in Nov 2014 DCLG Support for Small Scale Developers

2.3 National policy on infrastructure

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

‘It is equally important to ensure that there is a reasonable prospect that planned infrastructure is deliverable in a timely fashion. To facilitate this, it is important that local planning authorities understand district-wide development costs at the time Local Plans are drawn up.’ [13]

2.3.2 It is not necessary to prove that all funding for infrastructure has been identified. The NPPF states that standards and policies in Local Plans should ‘facilitate development across the economic cycle,’ [14] suggesting that in some circumstances, it may be reasonable for a Local Authority to argue that viability is likely to improve over time, that policy costs may be revised, that some infrastructure is not required immediately, and that mainstream funding levels may recover.

2.3.3 The local authorities are preparing an Infrastructure Delivery Plan (IDP) to set out the necessary infrastructure and funding. A draft of the IDP has been considered at the time of writing and discussion with the project lead has informed the assumptions inputs in this study.

2.4 National housing standards review – ministerial statement March 2015

2.4.1 The Government made an announcement to rationalise various national standards. To achieve this, the government has created a new approach for the setting of technical standards for new housing. This rationalises the many differing existing standards into a simpler, streamlined system. The new system is a dual level Building Regulations – the mandatory Building Regulation and the optional Building Regulation on water and access; and an optional national technical standard on new space standards which will give local authorities some choice to require developer to build to different standards with appropriate evidence demonstration.

2.4.2 The written ministerial statement has also withdrawn the Code for Sustainable Homes (in England) so Local Authorities should no longer require it as a planning condition for new approvals or in planning policy, instead energy saving standards will be included in national Building Regulations.

2.5 Further planning documents should not introduce additional cost

2.5.1 The NPPF clearly states that further planning documents should not be used add to financial burden:

‘Any additional development plan documents should only be used where clearly justified. Supplementary planning documents should only be used where they can help applicants make successful applications or aid infrastructure delivery, and should not be used to add unnecessarily to the financial burdens of development.’[15]

2.5.2 A key role of viability assessment is identifying the cumulative impact of policies, thus once a plan is in place, additional costs to development should not be introduced that will alter the viability and potentially render the plan-wide testing redundant. For this reason, having established the viability of the Local Plan (and associated Community Infrastructure Levy), planning authorities should critically examine the financial implications from the subsequent adopt of any Supplementary Planning Documents (SPDs) or Development Plan Documents (DPDs). Any subsequent polices or SPDs should not be progressed without a robust and proportionate review of the plan’s viability.

---

[12] NPPG Paragraph: 012 Reference ID: 23b-012-20141128
[13] Ibid (p42, para 177)
[14] Ibid (p42, para 174)
[15] DCLG (2012) National Planning Policy Framework (para 153)

2.6 National policy on community infrastructure levy

2.6.1 The Community Infrastructure Levy (CIL) is a planning charge based on legislation that came into force on 6 April 2010. The levy allows local authorities in England and Wales to raise contributions from development to help pay for infrastructure that is needed to support planned development. 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 or number of homes, as CIL will be levied on the gross internal floorspace of the net additional liable development. Before it is approved by the Council, the draft schedule has to be tested by an independent examiner.

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

- The Planning Act 2008 as amended by the Localism Act 2011.
- The CIL Regulations 2010, as amended.
- The CIL Guidance which was updated and published in February 2014 and since replaced by National Planning Practice Guidance on CIL (NPPG CIL).[16]

2.6.3 The 2014 CIL amendment Regulations have altered key aspects of setting the charge for authorities who publish a Draft Charging Schedule for consultation. The key points from these various documents are summarised below.

Striking the appropriate balance

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

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

2.6.5 The focus is on seeking to ensure that the CIL rate does not threaten the ability to develop viably the sites and scale of development identified in the Local Plan. Accordingly, when considering evidence the guidance requires that charging authorities should:

'use an area based approach, involving a broad test of viability across their area', supplemented by sampling '…an appropriate range of types of sites across its area…' with the focus '...on strategic sites on which the relevant Plan relies and those sites where the impact of the levy on economic viability is likely to be most significant (such as brownfield sites). [17]

2.6.6 This reinforces the message that charging rates do not need to be so low that CIL does not make any individual development schemes unviable (some schemes will be unviable with or without CIL). However, in aiming to strike an appropriate balance overall, the charging authority should avoid threatening the ability to develop viably the sites and scale of development identified in the Local Plan.

2.6.7 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:

[16] DCLG (February 2014) Community Infrastructure Levy Guidance and DCLG (June 2014) National Planning Practice Guidance: Community Infrastructure Levy (NPPG CIL)

[17] DCLG (June 2014) NPPG CIL (para 019)

'…..if the evidence pointed to setting a charge right at the margins of viability………It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust.'[18]

Varying the CIL charge

2.6.8 CIL Regulations (Regulation 13) allows the charging authority to introduce charge variations by geographical zone in its area, by use of buildings, by scale of development (GIA of buildings or number of units) or a combination of these three factors. As part of this, some rates may be set at zero. Variations must reflect evidence of differences in viability. Differential rates should not be based on policy alone or be set by reference to the costs of infrastructure.

2.6.9 The guidance also points out that charging authorities should avoid 'undue complexity' when setting differential rates. It is worth noting, however, that the guidance gives an example which makes it clear that a strategic site can be regarded as a separate charging zone: *'If the evidence shows that the area includes a zone, which could be a strategic site, which has low, very low or zero viability, the charging authority should consider setting a low or zero levy rate in that area.'* [19]

Supporting evidence

2.6.10 The legislation requires a charging authority to use '*appropriate available evidence'* to inform their charging schedule[20]. The guidance expands on this, explaining that the available data *'is unlikely to be fully comprehensive'*.[21]

2.6.11 These statements are important, because they indicate that the evidence supporting CIL charging rates should be proportionate, avoiding excessive detail. One implication of this is that we should not waste time and cost analysing types of development that will not have significant impacts, either on total CIL receipts or on the overall development of the area as set out in the Local Plan.

CIL, S106, S278 and the regulation 123 infrastructure list

2.6.12 The purpose of CIL is to enable the charging authority to carry out a wide range of infrastructure projects. CIL is not expected to pay for all infrastructure requirements but could make a significant contribution. However, development specific planning obligations (commonly known as S106) to make development acceptable will continue with the introduction of CIL. In order to ensure that planning obligations and CIL operate in a complementary way, CIL Regulations 122 and 123 place limits on the use of planning obligations.

2.6.13 To overcome potential for 'double dipping' (i.e. being charged twice for the same infrastructure by requiring the paying of CIL and S106), it is imperative that charging authorities are clear about the authorities' infrastructure needs and what developers will be expected to pay for and through which route. The guidance expands this further in explaining how the regulation 123 list should be scripted to account for generic projects and specific named projects).

2.6.14 The Regs 123 list now forms part of the 'appropriate available evidence' for consideration at the CIL examination. A draft infrastructure list must be available at the preliminary draft charging schedule phase.

[18] DCLG (June 2014) NPPG CIL (para 019)

[19] Ibid

[20] Planning Act 2008 section 211 (7A)

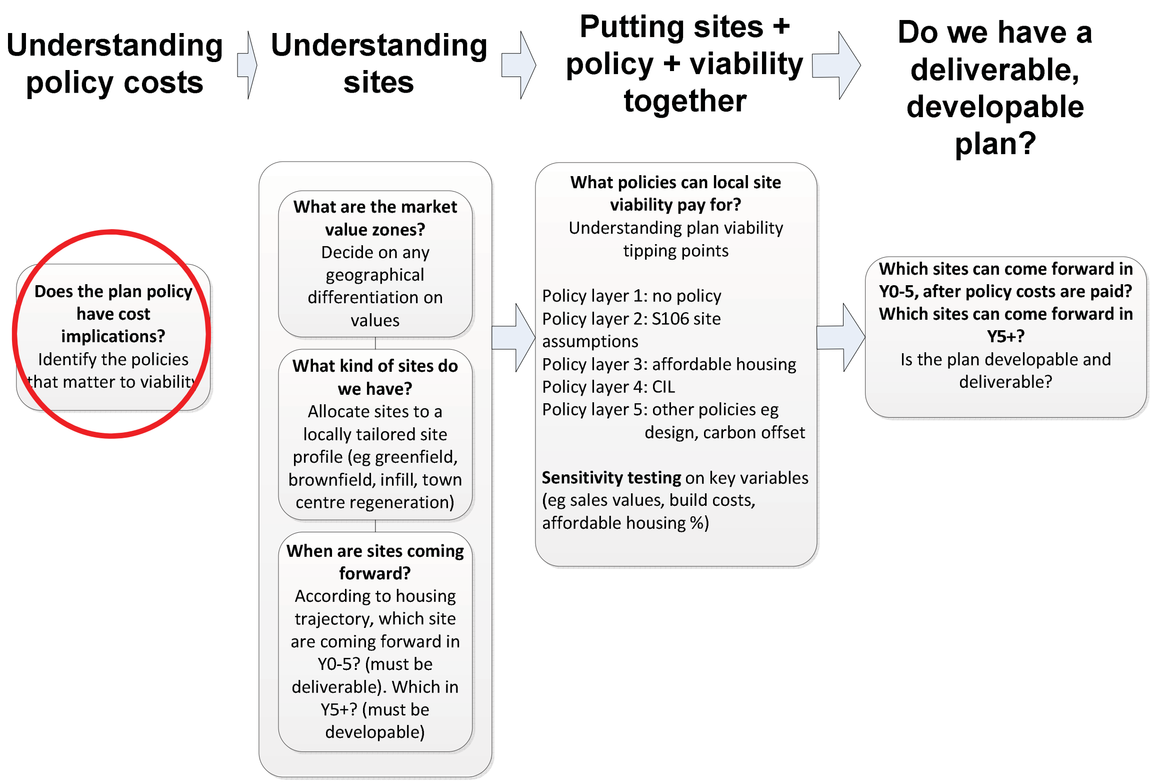
[21] DCLG (June 2014) NPPG CIL (para 019)

3 Relevant policy and development context

3.1 Introduction

3.1.1 This chapter considers the policy cost implications of the draft Local plan and the type and location of future planned growth. The purpose of this is to understand the main policy requirements likely to impact on the planned growth and to ensure that the viability assumptions reflect the bulk of planned growth in order to avoid putting the delivery of the Plan at risk.

Figure 3.1 Process flow – understanding the policy cost



3.1.2 The following set out some guiding principles in terms of whole plan policy assessment and viability.

Viability testing is an iterative process

3.1.3 The Harman Report clearly identifies that viability assessment is an iterative process intended to inform elected members about the decisions they make and the impact of this on the delivery of development and the policy trade-offs necessary. The importance of this is demonstrated by the following paragraphs:

'The assessment process should be iterative. Draft policies can be tested based on the assumptions agreed with local partners, and in turn those assumptions may need to be revised if the assessment suggests too much development is unviable.

This dynamic process is in contrast to the consideration of viability during development management, when policy is already set. This approach does make viability assessment more challenging, particularly when considering the potential viability of plan policies over the whole plan period and across the different sub-markets of the plan area. However, a demonstration of viability across time and local geography will be of much more value to local decision making and will help develop a local shared understanding of deliverability. None of the above is intended to suggest that the outcome of a viability assessment should dictate individual policy decisions. Rather, the role of an assessment is to inform the decisions made by local elected members to enable them to make decisions that will provide for the delivery of the development upon which the plan is reliant. What is important is that consideration of overall viability is part of the evidence base on which those decisions rest and which is subjected to test, challenge and debate at examination. Carrying out an assessment is a means of reducing the risk of plan policies based on aspirations that are unviable and therefore incapable of being applied in practice.[22]

'Therefore, if an initial viability assessment determines that, for example, the plan's housing requirements are not deliverable, factors such as plan policies or the geographical distribution of housing land will need to be reconsidered and balanced until the plan is judged deliverable within the principles of sustainable development.'[23]

3.2 Plan viability policy assessment

3.2.1 At the time of this study, the Central Lincolnshire Preliminary Draft Local Plan (October 2014) was being consulted on. The policies in the draft Local Plan have been assessed to inform this study. As part of this process, where appropriate, we have worked with the Council officers to suggest changes to the draft policies in order to:

- Avoid duplication with other national standards e.g. through Building Regulations or the emerging Housing Standards Review.
- Merge or cross reference the policy cost element relating to infrastructure requirements into a single overarching infrastructure policy so that it is clear and transparent for developers to articulate the requirement and cost implications for infrastructure.
- Incorporate flexibility and review mechanisms to allow for a review of the policy if market conditions change or if site specific viability is challenging.

Refinements recommended to policy to simplify and introduce greater flexibility

3.2.2 After discussion with the client team, we have recommended the removal of some policy requirements that are already incorporated within Building Regulations or other standards (such as those stemming from the Housing Standards Review 2015) and recommended a number of the infrastructure policies should be merged and clarity provided (see below). Appendix B summaries the findings and proposed actions stemming from our review. Most of the remaining policy costs are already considered as 'cost inputs' in the viability appraisal. The policy costs to inform the policy cost layers for this study relate to affordable housing and infrastructure.

Affordable housing need

3.2.3 A 40% affordable housing requirement has been suggested by the client team as the requirement based on the emerging findings from the Strategic Housing Market Assessment (SHMA) which is currently being finalised. This plan viability study will assess whether 40% affordable is viable given the other policy requirements stemming from the Plan and will then consider alternative options.

[22] Local Housing Delivery Group Chaired by Sir John Harman (June 2012) Viability Testing Local Plans - Advice for planning practitioners (p.11)

[23] Local Housing Delivery Group Chaired by Sir John Harman (June 2012) Viability Testing Local Plans - Advice for planning practitioners (p.40)

Managing infrastructure delivery

3.2.4 There are a number of individual policies in the Draft Local Plan which relate to the delivery of infrastructure. This can make it very difficult for a developer in trying to articulate the 'total ask' for a scheme, and is one of the reasons for undertaking the whole plan viability assessment.

3.2.5 Therefore in informing the plan viability assessment, it is important to have clarity as to the likely cost of infrastructure. Appendix B includes a summary policy table which identifies the policies currently in the draft Local Plan relating to infrastructure requirements.

3.2.6 We have recommended to the client team that these individual policies relating to infrastructure should be simplified and merged together into a single overarching 'infrastructure requirements and delivery policy' and cross referenced to a 'live' infrastructure delivery plan. The new delivery policy which would set out a clear explanation of the mechanisms that will be used for developer contributions, including CIL, S106 and site enabling infrastructure costs. The aim of this is to provide a clear transparent understanding of the cumulative impact of infrastructure costs on viability and delivery and provide clarity to developers and landowners over the scale of contributions likely to be required from a scheme and ensure there is no duplication of contributions being sought to pay for the same infrastructure (S106 / S278 or CIL).

3.2.7 For this study, in consultation with Central Lincoln County Council, we have assumed that the various policies relating to infrastructure will be grouped together and addressed through the live infrastructure delivery plan. Various sources of funding will be used to support the delivery of infrastructure, including developer contributions, either in the form of a community infrastructure levy charge (CIL) or a planning obligation.

Infrastructure funding gap

3.2.8 The planned growth will require new and improved social, health and educational facilities. Planning policy supports the provision of social, health, educational and environmental facilities, including GP surgeries, schools, health centres, recreational and community buildings (village and sports halls).

3.2.9 A detailed infrastructure delivery plan (IDP) has been prepared by the client team to determine the total infrastructure requirements to meet the needs of growth, potential funding and the CIL funding target. The plan has identified phasing of when critical infrastructure that will be required. The client team has estimated CIL funding to support the delivery of growth, and contributions to be made to neighbourhoods.

3.2.10 This total anticipated 'demand' for CIL (taking into account other available funding) identified in the draft IDP for Central Lincolnshire (June 2015) are as follows:

- Strategic infrastructure for the whole of Central Lincs area £250m
- Lincoln Urban Area CIL infrastructure £8m
- Gainsborough CIL infrastructure £4m
- Sleaford CIL infrastructure £2m
- Total CIL infrastructure funding 'demand'[24] £264m

3.2.11 A separate schedule (Regs 123 list) setting out details of the infrastructure funding gap and how CIL proceeds will be spent (to avoid double counting with s106 funding) will be prepared by the client team for the CIL Examination.

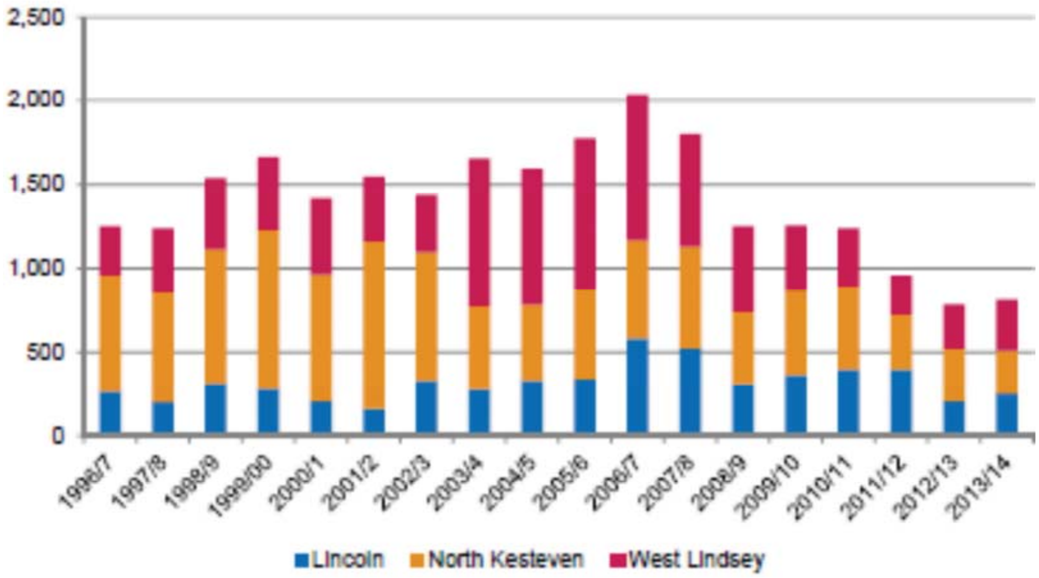
[24] Before deducting any potential CIL funding revenue

3.2.12 One of the main strategic infrastructure items required to help unlock future growth is the proposed Lincoln Eastern Bypass (LEB). £50m funding has been secured from the Department of Transport against this £96m scheme. Completion of the scheme is estimated to be in early 2017 – around the time when housing completions are expected on the first phase of the proposed SUEs (note some development can take place prior to LEB opening).

3.3 Understanding the development context

Past delivery of residential development

Figure 3.2 Combined net dwelling completions for the Central Lincolnshire Authorities



Source: Central Lincolnshire Local Authorities

3.3.1 Figure 3.2 shows that net housing delivery peaked in 2006/07 to just over 2000 units in total, followed by a gradual decline in completions from 2007/08 to 2012/13 to less than half the peak completion levels, reflecting the downturn in the wider economy. 2013/2014 is starting to show a very slight improvement in the position.

3.3.2 Underlying beneath the overall growth, the rate of delivery for North Kesteven has been consistently high until 2010/2011. However, by 2013/14 the distribution of completions between the three local authorities has been virtually the same and potentially slightly higher in West Lindsey. Much of the historic completions in North Kesteven have been in the former Lincoln Principal Urban Area (PUA), Sleaford and Gainsborough. The net completions in Lincoln historically have been the lowest of the three authorities due primarily to the lack of land supply.

3.4 The economic geography of the residential development

3.4.1 Understanding the employment patterns and skills base of the resident workforce helps to inform the economic geography of the study areas. Evidence from the recent Economic Needs Assessment (ENA) 2015 and the Lincoln Sub Regional Growth Study 2015 have informed the following findings:

- There is a high level of self-containment of labour in Central Lincolnshire see figure 3.3 overleaf.
- Lincoln City serves as the main employment centre for the residents in both North Kesteven and West Lindsey. Thus the main demand for market housing is likely to be from people

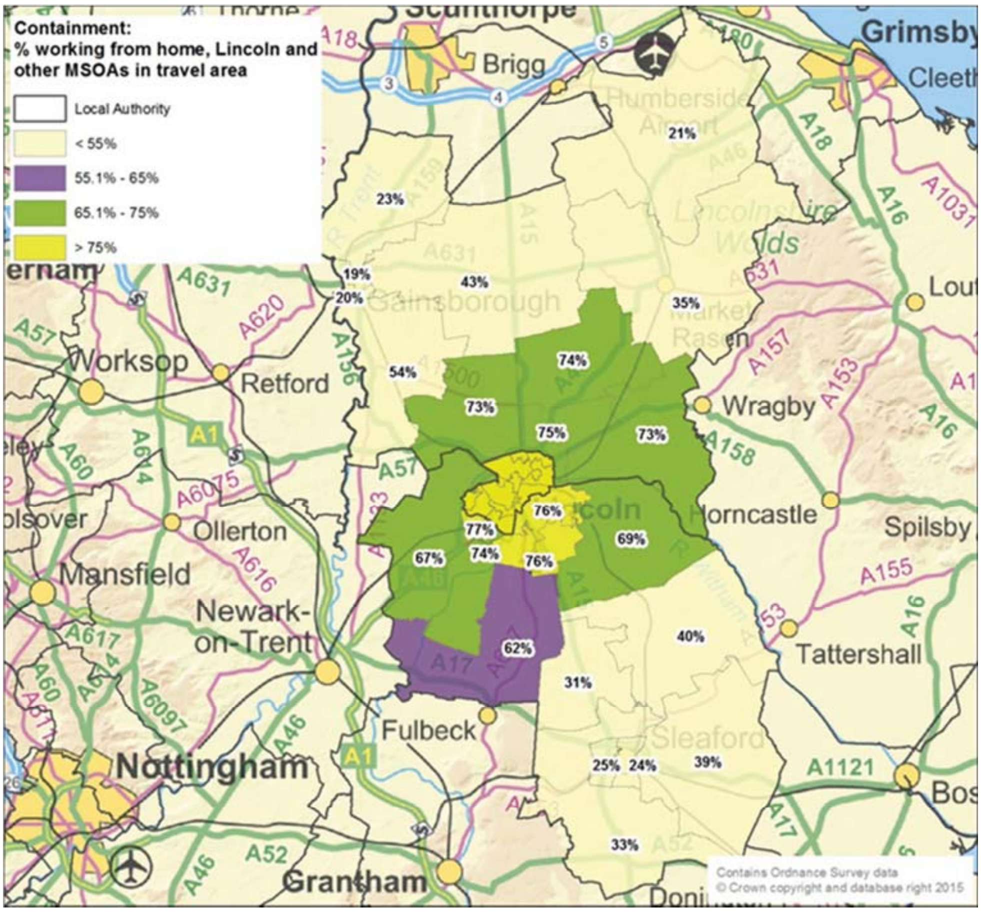
who live and work in the area, and the maximum houses values will be heavily influenced by salaries earned from within this area.

- Over 50% of the City's jobs are met by in-commuters, particularly in the higher paid jobs, such as managers, directors and professional occupations. Suggesting that those on higher incomes are commuting into Lincoln City from the adjoining areas and this is likely to lead to the demand for higher value housing within those areas being described by developers as being within easy to reach of Lincoln.

- West Lindsey has the highest level of out-commuting of the three districts, with over 60% of resident working outside the district. Although Lincoln accounts for by far the highest outflow of residents from West Lindsey, there is also a net outflow to North and North East Lincolnshire. Our hypothesis, as a reason for explaining the recent increase in house prices in West Lindsey, particularly in Gainsborough, and Market Rasen, could be due to the recent investment by Able UK in the new port facility and the Marine Energy Park combined with other offshore wind energy investments by companies in North East Lincolnshire and the Northern area. This could be a plausible reason to explain the surprising increase in house prices in the Gainsborough area which for years have tended to lag below the values for Sleaford.

3.4.2 Further analysis of travel to work patterns around the Lincoln City has been undertaken as part of the Lincoln Sub Regional Growth Study, using the 2011 census data and middle layer super output areas (MSOAs) to determine the extent of the area around Lincoln within which at least 60% of the working residents work either in Lincoln or in other parts of that same area. Figure 3.3 below of the Lincoln Strategy Area (LSA) identifies the areas with up to 60% of self-containment with residents living and working within the Lincoln travel to work area.

Figure 3.3 Lincoln Strategy Area



Source: Lincoln Sub Regional Growth Study 2015

3.4.3 Figure 3.3 shows the areas immediately adjacent to the Lincoln City boundary area demonstrate the highest degree of self-containment, and the wider surrounding areas, close to main transport routes, such as the A46 and the A15 corridors and the rail corridors, ensures that there is over 60% containment within a circular area around Lincoln based on a direct link to the Lincoln economy.

3.4.4 Based on this high degree of economic and housing self-containment, the housing delivery market in the study area is very heavily dependent on the continued success of the local economy, in particular the role of the Lincoln City economy, the micro economies of the main towns and rural areas. Indeed, our interviews with a number of the case study site promoters also highlighted the importance of ensuring economic growth to support the 'effective' growth in housing delivery.

3.4.5 Average house values have been steadily increasing at a faster rate in Gainsborough (compared to Sleaford) – see Appendix D, and we know from recent properties on the market that there has a considerable delivery of new housing in Market Rasen, (including a couple of flatted schemes) thus indicating something positive is influencing the effective demand in this part of the study area. We note that West Lindsey does have a net outflow to North and North East Lincolnshire. Although not evidenced, our hypothesis is that the expanding renewable energy sector employment associated with the Northern and Northern East Lincolnshire areas could be influencing the effective demand in the Gainsborough and Market Rasen area.

Market delivery context

3.4.6 Our analysis, based on web research of recent properties currently on the market and Land Registry data of actual sales of new houses recently built in the study area is set out in this section. This research informs the type of developments currently taking place has shaped the study viability assumptions.

3.4.7 Delivery is clearly dependent on local and national developers in this area, each bringing a different approach to the type of housing offer, location of delivery and policy contributions. The local developers are active throughout the area, and are willing to 'experiment' in more adventurous house types, often providing a wide range of innovative homes, including a few eco home schemes, bungalow developments and executive homes. The main local developers currently active include Beal Homes, Chestnut Homes, Linden Homes Taylor Linsey Homes, Barker & Sons, Paul Atkinson, T C Developments, Peter Sowerby Homes, Waddington Developments Ltd, Gusto Homes, Roger Leighton and Innovate. The national developers such as David Wilson Homes, Taylor Wimpey, Permission Homes, Miller Homes, and Barratts tend to be active in locations which developers consider are within easy reach of Lincoln City and the main urban centres of Gainsborough and Sleaford, offering their well trusted house types. In terms of delivering affordable housing policy requirements and contributing towards infrastructure, anecdotal evidence from officers and review of viability appraisals suggests that the local developers are generally more likely to meet the policy requirements and take a longer term view on the rate of housing delivery.

3.5 The residential market areas

3.5.1 The following sets out the sort of developers operating in the main market areas and the type of development taking place. Appendix D sets out additional information which has informed this section.

Rural areas within easy reach of Lincoln (including Lincoln City)

3.5.2 Demand in locations within easy reach of Lincoln is strong, sales values are strong in the areas within easy access of Lincoln ranging from £2000 to £2300 per sq.m, depending on the floorspace of the units – the majority average 80sq.m to 90 sq.m, through there are considerable variations.

3.5.3 The delivery at locations within easy reach of Lincoln City is dominated by schemes of between 10 to 30 dwellings, ranging from two, three and four bedrooms, two storey dwellings and bungalow developments, mainly by local developers, in villages such as Saxilby, Sturton by Stow, Laughterton, Welton, Cherry Willingham, Reepham, Fiskerton, North Greetwell and Bardney. There is a unique eco housing scheme at 'The Edge' comprising of three and four bed units, in Grange de Lings by Gusto Homes adjacent to the Lincolnshire Show Ground.

3.5.4 One of the largest greenfield schemes close to the Lincoln City boundary recently on the market was by Taylor Lindsey Homes, for a development known as Minster Fields, situated off Wolsey Way on the eastern urban edge of Lincoln with good access to the Lincoln ring road. This scheme included a range of two, three, four and five bedroom properties and a small green open space area. The phased scheme comprises of a total of 374 dwellings, with just two properties currently (February 2015) on the market from this development.

3.5.5 Beal Homes have very recently (March 2015) secured consent for 350 dwellings at Welton, situated within easy reach of Lincoln (between the A46 and A15). The scheme includes the delivery of 25% affordable housing, and a developer contribution of just over £6,000 per dwelling towards education, health and transport infrastructure.

3.5.6 There is an exclusive gated development at the Quays, in Burton Waters, situated within easy reach of Lincoln City, (within the administrative boundary area of West Lindsey). The scheme is by local developer Beal Homes, and is a highly unique waterfront development, around a marina and the Lincoln waterways network. The sales values here range from £2,800 per sq.m reaching up to near £3,700 per sq.m. To avoid skewing the values, we have not included this scheme in arriving at the average sales values for the study area.

3.5.7 To the south of Lincoln City, within the administrative boundary area of North Kesteven District Council, development continues to be concentrated around North and South Hykeham, Branston, Bracebridge Heath, Nocton, Waddington, Washingborough, Thorpe on the Hill, Witham St Hughes and Bassingham village. Peter Sowerby Homes have an exclusive development of 27 properties ranging from three, four and five bedroom executive homes recently (February 2015) on the market in the picturesque village of Nocton described as being within easy reach of Lincoln.

3.5.8 There are very few new developments for sale within the administrative boundary of Lincoln City itself at present. A snap shot of dwellings on the market in March 2015 revealed less than 30 new dwellings currently on the market actually in the City. This reflects the fact there is very little land within the administrative area of Lincoln City for any significant new development. The schemes on the market range considerably in terms of property type and price and tend to be either ‘in-fill plots’ of one to fourteen units such as the code level 5 energy efficient modern homes at Langton Green by local developer Lindum Homes or refurbishments of existing properties such as the recent chapel on Hampton Street and Harvest Moon Court comprising of nine dwellings on a former pub site. There is also the occasional innovative scheme by local developers, such as the Cuthbert’s Yard scheme close to the Cathedral area, and more recently, scheme marketed as the Colosseum by Tennyson Homes. The later comprising of fourteen four storey homes designed to a Georgian design, ranging from four to seven bedrooms with a market price starting from £450k and going upto £940k. Such a scheme is considered an outlier and not used to inform the average sales values.

Urban centres of Gainsborough and Sleaford

3.5.9 Both local and national developers are operating in the urban centres of Gainsborough and Sleaford. Although total values in Gainsborough are markedly lower than Sleaford, a review of current properties on the market reveals that there are also considerable variations in the average size of dwellings being delivered. Generally properties in Sleaford are larger than Gainsborough. Overall, property values in Sleaford have been increased steadily, whilst Gainsborough has experienced a greater percentage increase.

3.5.10 Sales values vary considerably within each of these urban centres depending on location and size of unit, and this is more so in the case of Gainsborough. A review of current properties on the market shows values from £1550 to £2000 per sq.m, with a general concentration around £1950 per sq.m in Gainsborough and a unit size of 80sq.m. Whilst the values for Sleaford range from £1,800 to £1,999 per sq.m, with a general concentration around £1950 per sq.m and a unit size of 110 sq.m (thus although the values are the same, there is a marked difference in unit size of properties currently on the market).

3.5.11 This main developers active in Gainsborough include Chestnut Homes at Foxby Chase, Beal Homes delivering one to three bed units along Corringham Road, and Barratts Homes at The Belt all developing mainly three and four bedroom properties and Miller Homes delivering three and four bed dwellings.

3.5.12 The main developments in Sleaford currently on the market are the De Vessey Fields development by David Wilson Homes on the Grantham Road, and Castle Park off King Edward Street by Taylor Lindsey Homes. Castle Park consists of a 143 dwellings of two, three and four bedroom properties, through the majority currently on the market are four bedroom properties.

Rest of the rural areas (in West Lindsey and North Kesteven)

3.5.13 Delivery in the rest of rural West Lindsey is concentrated primarily in Market Rasen with very limited development in Caistor and other rural villages. The developments are mainly in smaller schemes of up to 30 dwellings with occasional schemes of upto 150 dwellings, developed largely by local developers comprising a mix of two, three and four bedroom, two storey properties and bungalows. However, there has recently been a three storey block of 13 apartment development known as the Orchards by a local developer centrally located in Market Rasen aimed at the investor and first time buyer market. Similarly, there are a few apartments included as part of a mixed two and three bedroom scheme at the Hunters Place development on the edge of Market Rasen. This is an unusual mix of delivery for a rural market town. Feedback at the developer consultation suggested that flatted schemes are not important; however there is something new driving demand for these smaller developments. The delivery of these schemes could be as a result on new demand arising from the recent Government incentives aimed at first time buyers.

3.5.14 In North Kesteven, there are clusters of small developments around the villages of Scopwick by Jackson Homes, executive detached homes by Innovate in Martin Billinghay, Walcott, Timberland and individual developments in Dunston. Such schemes are considered to be ‘one-offs’ and unlikely to represent the bulk of the planned growth in the study area.

3.6 Developer contributions and affordable housing delivery

3.6.1 Current market delivery will be based on assumptions relating to current developer contributions policy. It is therefore helpful to understand the sort of developer contributions currently being secured The current policy applicable for affordable housing in the study area is as follows:

- North Kesteven seeks 35% on sites of 5 or more dwellings (threshold now aligned to national policy of more than 10 dwellings / and not exceeding 1000 sq.m).
- West Lindsey seeks 25% on sites of 15 or more dwellings in settlements of 3,000 or more population and a reasonable proportion on sites of 2 or more dwellings in settlements of less than 3,000 population. The later threshold is aligned to national policy.
- City of Lincoln Council seeks 20% of 15 or more dwellings

3.6.2 The client team has reviewed recent planning applications to inform the scale of developer contributions. We have reviewed the findings and are captured the headline messages of what is being delivered in the following paragraphs.

Current policy delivery in the rural areas within easy reach of Lincoln

3.6.3 A number of smaller schemes of upto 30 units in both greenfield and brownfield sites at North Hykeham and Heckingham have secured the policy level affordable housing contribution of 35% (or close to this target). Notably, most of these smaller scenarios have not generally been accompanied with any further requirement for S106 contributions. Although there is a recent example in North Hykenham for 18 dwellings which has included the 35% affordable housing policy and developer contribution of £9,800 per dwelling towards infrastructure costs.

3.6.4 The medium sized schemes of 150 to 300 dwellings on both greenfield and brownfield sites have contributed to both affordable housing and developer contributions but to varying levels. For instance a brownfield site on the former Lincoln casting site at North Hykenham for 310 dwellings consented in 2013 has a 20% affordable housing and a developer contribution of £2,600 per unit (total £800,000) for infrastructure costs. More recently, consent has been granted in 2015 for a scheme of 350 dwellings in Welton, which includes the provision of 25% affordable housing and a £6,000 per dwelling developer contribution towards infrastructure costs.

3.6.5 There is limited comparable evidence for City of Lincoln due to the limited nature of qualifying schemes in recent years.

Rest of the rural areas in West Lindsey and North Kesteven

3.6.6 A number of the recent consented rural schemes have been part of 100% affordable housing developments, including at Ruskington, Bassingham, Wilsford, Washingborough,

3.6.7 Other schemes have contributed varying amounts of affordable housing depending on the scale of other contributions. For instance, a scheme of 14 dwellings in Caistor contributed £2,404 per unit for education and zero affordable housing. Whilst a scheme at Faldingworth has contributed 10% affordable housing. Schemes in the rural areas vary considerably depending on location and infrastructure requirements.

Urban centres of Gainsborough and Sleaford

3.6.8 Smaller schemes of upto 30 units in both greenfield and brownfield sites at Sleaford have secured the policy level affordable housing contribution of 35% (or close to this target). Notably, most of these smaller scenarios have not been accompanied with any further requirement for S106 contributions towards infrastructure.

3.6.9 Whilst smaller schemes of upto 30 units in on both greenfield and brownfield sites in Gainsborough have contributed up to 20% affordable and varying levels of S106 – there is greater variation within Gainsborough between individual schemes.

3.6.10 The medium sized schemes of 150 to 300 dwellings on both greenfield and brownfield sites have contributed to both affordable and developer contributions. A scheme for 290 dwellings consented in 2014 in Sleaford, includes the provision of 35% affordable housing, and some £2,500 per dwelling developer contribution. Whilst a greenfield 'infill' scheme in Sleaford for 143 dwellings will contributed 22% affordable housing and a total of £150,000 towards open space which equates to just under £1,050 per unit. So showing there are considerable variations depending on individual scheme circumstances.

Large greenfield sites and strategic urban extensions

3.6.11 With the larger consented developments of 1000 units in North Hykenham, Witham St Hughes, Sleaford and Gainsborough, there has been a step change in the scale of S106 developer contributions required to support the delivery of infrastructure and this has resulted in a reduction in the level of affordable housing contribution.

3.6.12 The Handley Chase urban extension in Sleaford has recently been consented for 1,450 dwellings and includes varying level of affordable housing ranging from 10% to 17% and a package of

S106 infrastructure contributions of £4,137 per unit towards the cost of education, open space and various other requirements.

3.6.13 Warren Wood, the Southern Neighbourhood extension in Gainsborough was recently granted consent for an urban extension of 2500 units, and will contribute 10% affordable housing and a package of S106 contributions consisting of £6,000 to £10,000 per dwellings.

Summary of market assessment and delivery

3.6.14 All developments within easy access of Lincoln are very popular and range in values of around £2000 p sq.m to £2,300 p sq.m in sales values. Past delivery has contributed between 25% and 35% affordable housing and varying amounts of S106 towards infrastructure contributions. The area is broadly similar in value terms without considerable variations impacting on the viability assumptions.

3.6.15 General sales values are increasing in Gainsborough, though the town has considerable variations in the per sq.m sales values depending on the size of units and locations where delivery has taken place. Affordable housing contributions of around 20% have been secured on occasional schemes, but this varies depending on the scale of s106 contributions. Given the wide variations, it will be important to maintain healthy buffer in the CIL charge.

3.6.16 The market in Sleaford has been steady and dominated by the larger houses, thus although total values in Sleaford are high, once an allowance is made for the larger floor space, the average per sq.m value of units in Sleaford is similar to Gainsborough. Affordable housing of around 35% has been secured historically, but with increasing requirements for S106 contributions to support infrastructure costs, the percentage of affordable housing contribution has been falling. Given the wide variations, it will be important to maintain healthy buffer in the CIL charge.

3.6.17 The current delivery in rural West Lindsey is concentrated predominantly in Market Rasen and only local developers are active here. There is an unusual delivery of smaller properties in this area, including some flatted schemes. Values and size are similar to Gainsborough.

3.6.18 The delivery in rural North Kesteven tends to reflect the Sleaford values and dwelling sizes, but again development assumptions are affected by size and type of scheme – historically few schemes have been over the threshold to contribute any affordable housing.

3.7 Future planned residential growth

3.7.1 It is important to understand the planned development, locations and scale of development that will be essential to the delivery of the Local Plan. This in turn will inform the viability assessment and potential CIL charge setting advice to the Councils.

3.7.2 At the time of preparing this study, we are aware that the emerging Objectively Assessed Need (OAN) is for 1,540 dwellings per annum and the work on preparing the housing trajectory is taking place in parallel to this study. We have been informed by the client team that it would be appropriate to expect that the bulk of the future planned growth is expected to support the delivery of the economic growth strategy.

3.7.3 So the bulk of the growth is likely to be at areas within what has been identified as the Lincoln Strategic Area[25] (LSA) at 60% as well as the other main town of such as Gainsborough (12%) and Sleaford (12%), and the larger rural settlements (16%) with a focus in towns and major settlements such as Market Rasen. Some limited growth may also take place in the rural areas. It is likely that the delivery will be through various consented schemes during the first five years, and also the commencement of some strategic sites which will be in the form of strategic urban extensions (SUE) in Lincoln, Gainsborough and Sleaford.

[25] Area with up to 60% self-containment and equate to the same as shown in Figure 3.3

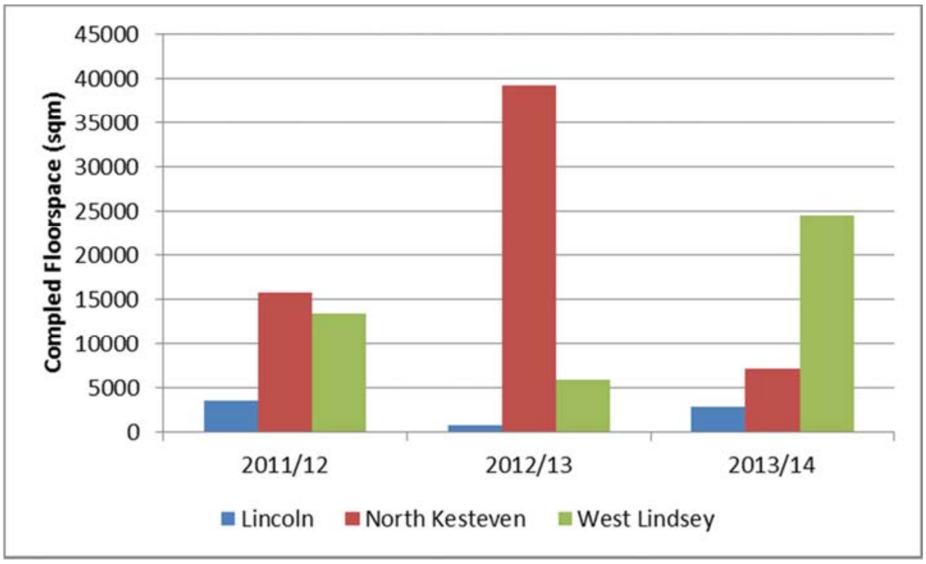
3.7.4 Much of the future planned growth is focused on the same broad locations as where past delivery has been favoured by developers, however, during the medium to longer term, there will be a greater focus on developments taking place on sustainable urban extensions to meet a large percentage of the growth. It was made clear that future delivery is not likely to depend rely much on the delivery of brownfield sites, although some brownfield delivery is expected.

3.8 Commercial development context

3.8.1 As we noted earlier, the key driver for stimulating housing demand and subsequently house values in dependent on maintaining and enhancing the competitiveness of the Lincolnshire economy. Past trends in employment space take up provides a glimpse into the areas that are investing in economic use buildings.

3.8.2 Figure 3.4 on the following page, provides a summary of completed employment floorspace across Lincoln, North Kesteven and West Lindsey created over the last three years.

Figure 3.4 Completed employment floorspace in sq.m for the past three years



Source: Economic needs assessment for Lincolnshire / C Lincs LAs (2015)

3.8.3 It is notable from Figure 3.4, that over the last three years, the rate of employment floorspace delivery has varied substantially across the three local authority areas, with the majority in North Kesteven and then in West Lindsey. Whilst each year, Lincoln has witnessed a much lower level of completed (B class) floorspace with just 745 sq.m being created. Note the growth in the Lincoln City economy has been due largely to education sector jobs, presumably related to Lincoln University and will not be captured in the employment floorspace information contained in figure 3.4.

3.8.4 The emerging Local Plan Policy LP3 (Level and Distribution of Growth) and LP5 (Delivering Prosperity and Jobs) makes provision for the development of 210ha of employment uses for office and industrial development. The main areas for the distribution of office and industrial development include the following:

- 140ha in and adjacent to the Lincoln Urban Area
- 25ha in and adjacent to the Gainsborough Urban Area
- 20ha in and adjacent to the Sleaford Urban Area
- 25ha in the smaller towns and rural settlements

3.8.5 With the following distribution proposed for the SUEs:

- Lincoln Western Growth Corridor – 40ha of employment
- Lincoln South East Quadrant –7 ha of employment
- Lincoln North East Quadrant – 6ha of employment
- Gainsborough SUEs to include some employment.

3.8.6 There is a particular focus in the Local Plan for manufacturing and specialist engineering uses including low carbon technologies, retail, tourism and cultural industries, professional services, health sector, construction and energy. The plan supports a wide choice of sites and accommodation to support the delivery of growth, from small industrial workshops (0-200 sq.m), grow-on industrial space (200-500 sq.m units), serviced offices (50-200 sq.m) at both city centre and business park locations, town centre offices – (100-500 sq.m) and business park offices units (1500-3000 sq.m) and incubator units/managed workspace units.

Retail development

3.8.7 The emerging Local Plan Policy LP6 (Retail and Town Centres in Central Lincolnshire) identifies a retail hierarchy which will be used to guide investment and other activity to improve the vitality and viability of the identified centres.

3.8.8 In Lincoln, the Lindongate town-centre development will provide against some of the identified requirement.

3.8.9 In Gainsborough, planning permission for Tesco at Trinity Street expired in March 2015. This is not expected to be revived in the short term given the company's current strategy to focus on its existing retail space.

3.8.10 In Sleaford, there is also an extant consent for Tesco and Bass Maltings Development but the same issues apply (as above) around the retailer's national agenda. NKDC has commissioned a town centre study.

Implications of planned commercial growth on CIL charge setting

3.8.11 The bulk of the growth proposed for the Central Lincolnshire area is limited to a few main development uses such as residential, student accommodation, office (town centre and out of town), industrial, and retail will create the bulk of the new floorspace in the years to come. Infrastructure floorspace for uses such as education, health and community buildings is also planned to support the planned growth.

3.8.12 The CIL viability evidence will focus on those types of developments identified here as important to the delivery of the planned growth, aiming to ensure that they remain broadly viable after the CIL charge is levied. In considering appropriate available evidence, we do not consider it appropriate to undertake viability assessment for a wealth of other uses such as hotels, car show rooms and other sui geni uses that are not part of the planned growth, and are treated as ‘all other use’ category. Instead, we focus the viability assessment on the main uses identified in the emerging Local Plan.

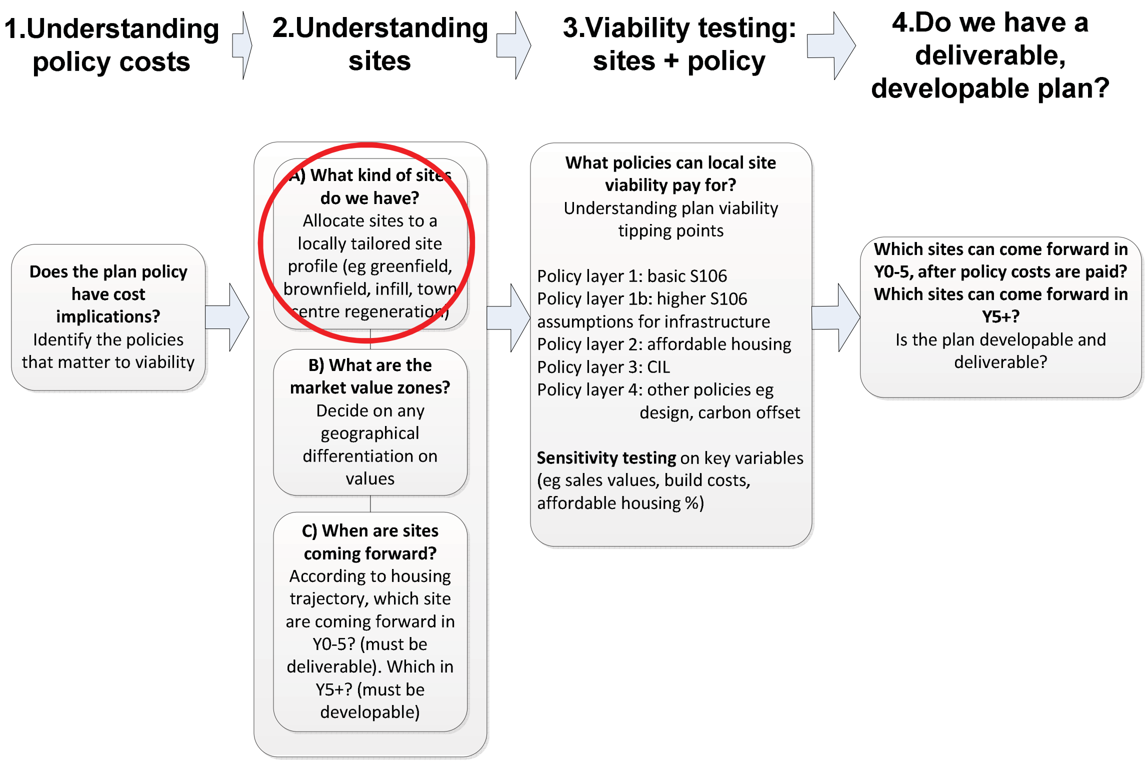
4 The site typologies

4.1 Introduction

4.1.1 This section, as shown in Figure 4.1 seeks to allocate the residential development sites to an appropriate development typology. 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 proposed 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'.[26]

4.1.2 The typologies are supported with a selection of case studies reflecting CIL guidance which suggests that 'a charging authority should directly sample an appropriate range of types of sites across its area, in order to supplement existing data. This will require support from local developers. The exercise should focus 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 (such as brownfield sites).

Figure 4.1 Process flow – understanding the plan typologies



4.2 Central Lincolnshire site typologies

4.2.1 The sites were allocated to typologies that best reflect the type of sites likely to come forward in the study area based on a review of the emerging SHLAA sites but also on the review of past delivery of sites and discussion with the client team and developer workshop.

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

4.2.2 In informing the viability assumptions, a number of case studies were identified by the client team to represent the mix of sites likely to come forward in the plan period including a complicated brownfield site, various strategic urban extension sites and a large greenfield site. To inform the case study assumptions, a number of developer surgeries were hosted with site promoters to better understand a range of sites, their infrastructure requirements, any abnormal constraints, likely target market, and type of developers likely to operate on the site. This has helped to provide a more refined approach to informing the viability assumptions for the typologies.

4.2.3 The site typologies and case studies adopted for the viability study are summarised in Table 4.1. The density assumptions take account of the unit size adopted.

Table 4.1 Residential typologies and case studies

Greenfield scenarios – units and density			
House	4	35 dph	
House	10	35 dph	
House	35	35 dph	
House	100	35 dph	
House	300	35 dph	
Generic urban extension	2,000	35 dph	
Brownfield scenarios			
House	20	40 dph	
House	50	40 dph	
Flats	50	65 dph	
Case studies – units and density			
Witham St Hughes	1000	35 dph	Clean large greenfield site
Gainsborough northern urban extension	3000	35 dph	Clean greenfield urban extension
Western Growth Corridor	3000	35 dph	Mixed greenfield and previously developed urban extension
Sleaford urban extension	2000	35 dph	Clean greenfield urban extension
Market Rasen	150	30 dph	Clean large greenfield sites
Spa Road, Lincoln	400	40 dph	Heavily contaminated brownfield site

Source: PBA, client team and site promoter inputs 2015

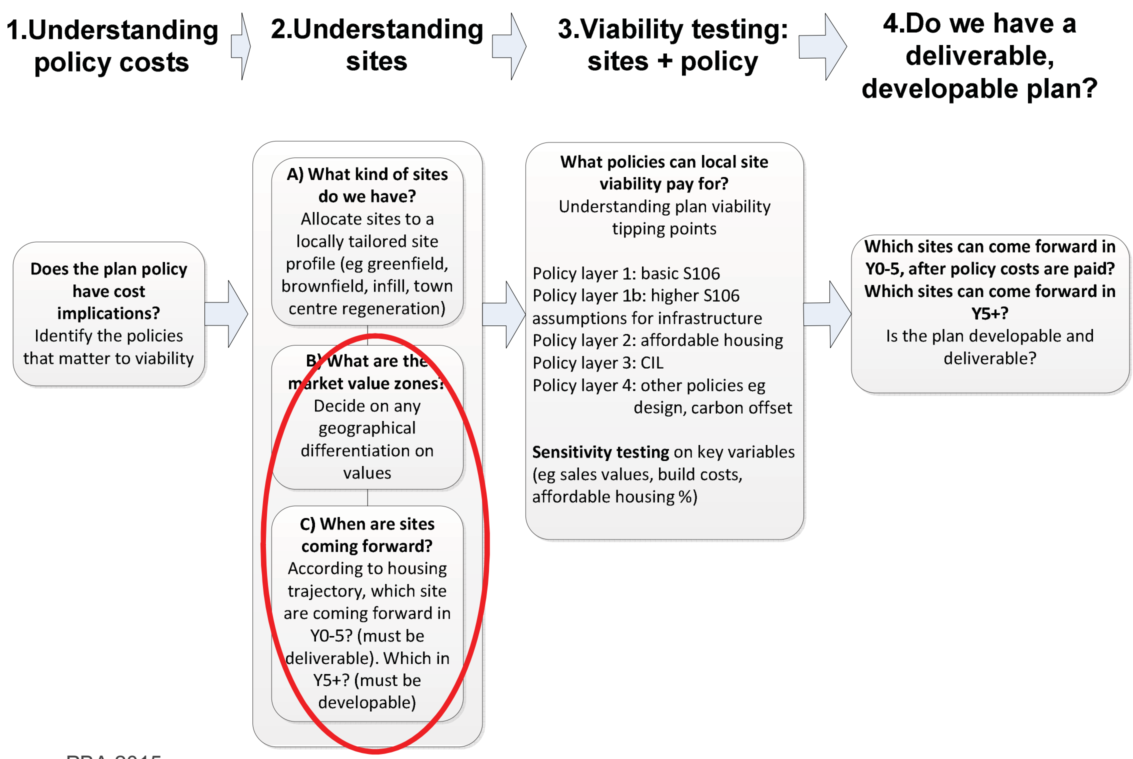
4.2.4 Background information on the case studies that have informed the viability assumptions is included in Appendix C.

5 The market value zones and housing trajectory

5.1 Introduction

5.1.1 A major determinant of the viability of a site is its location. Site locations affect viability through the interaction of supply and demand for, land in a particular location. This section, as shown in Figure 5.1 looks at the make-up of the market value zones for residential development based on sales value. The aim of this assessment is to resolve the complexities of market values in the area into a relatively simple summary.

Figure 5.1 Process flow – understanding the market value zones



Source: PBA 2015

5.2 Method in setting viability zones

5.2.1 Identifying value zones is inherently difficult, as we are not necessarily comparing like with like. Even within a given type of dwelling, such as terraced house, there will be variations in quality or size which will impact on the price. There are also problems in setting charging boundaries. Thus in setting zones, requires marshalling of an 'appropriate available evidence' and arriving at sensible boundaries that can be easily identified. The following steps were taken:

- An assessment of house prices (on a per sq.m basis) based on data from recent properties on the market on websites such as the Right Move and the Land Registry data. House prices are generally considered a good proxy for viability.
- A consideration of the distribution of planned development.

5.2.2 There will always be areas or types of development that do not neatly fit a value area because these are plan wide studies. However, as long as the majority of development is not put at risk, and the Local Authorities can still broadly achieve the Plan objectives, then the approach is acceptable.

House prices

5.2.3 Appendix D provides a summary of recent sales values for new properties being transacted. Our research identified a wide range of variations for the vast number of transactions. These were then grouped together to arrive at representative values to reflect the future plan growth areas.

5.2.4 The assessment in this chapter, including consultation with the client team favours allocating the residential market into the following three value zones which reflects the bulk of the planned growth:

- Developments in rural areas that are within easy reach of Lincoln City (including development in Lincoln). This value area is the same as that identified by the client team as the 'Lincoln Strategy Area' as illustrated in Figure 3.3. To simplify matter and avoid confusion, this viability study has also adopted the 'Lincoln Strategy Area (LSA)' as the name for this value zone, but we emphasise that for the purpose of this study, this area has been based on viability evidence. This area consistently commands some of the highest per sq.m sales values and with a high demand from developers to build here.

- Developments in the urban centres of Gainsborough and Sleaford.

- Development in the rest of the rural areas in West Lindsey and North Kesteven (focused around Market Rasen, Caistor and other more dispersed rural settlements).

Distribution of growth

5.2.5 Some 60% of the planned growth is likely to be within the Lincoln Strategic Area (LSA), with approximately 12% each in the urban centres of Gainsborough and Sleaford and the larger rural settlements (16%) with a focus in towns and major settlements such as Market Rasen. Some limited growth may also take place in the rural areas. The delivery is also dependent on a number of strategic urban extensions.

5.3 Timescales when sites are expected come forward

5.3.1 Understanding when planned development is expected to come forward helps to explore whether the NPPF would require a site to be assessed as 'deliverable' in Years 0-5 of the plan, or 'developable' in Years 6 onwards.

5.3.2 At the time of this study preparation, work was still progressing on determining the overall OAN, and SHLAA. The final housing trajectory will be informed as a result of the findings of these two areas of work.

5.3.3 Based on consultation with the client team, we are informed that there are currently a number of consented sites such as the urban extensions in Sleaford and Gainsborough, as well as a number of smaller greenfield sites that will form part of the first five year supply.

5.3.4 In terms of the generic typologies, it is expected that all these will be represented in the five year housing supply and so for this study need to assess as part of the 'deliverable' consideration.

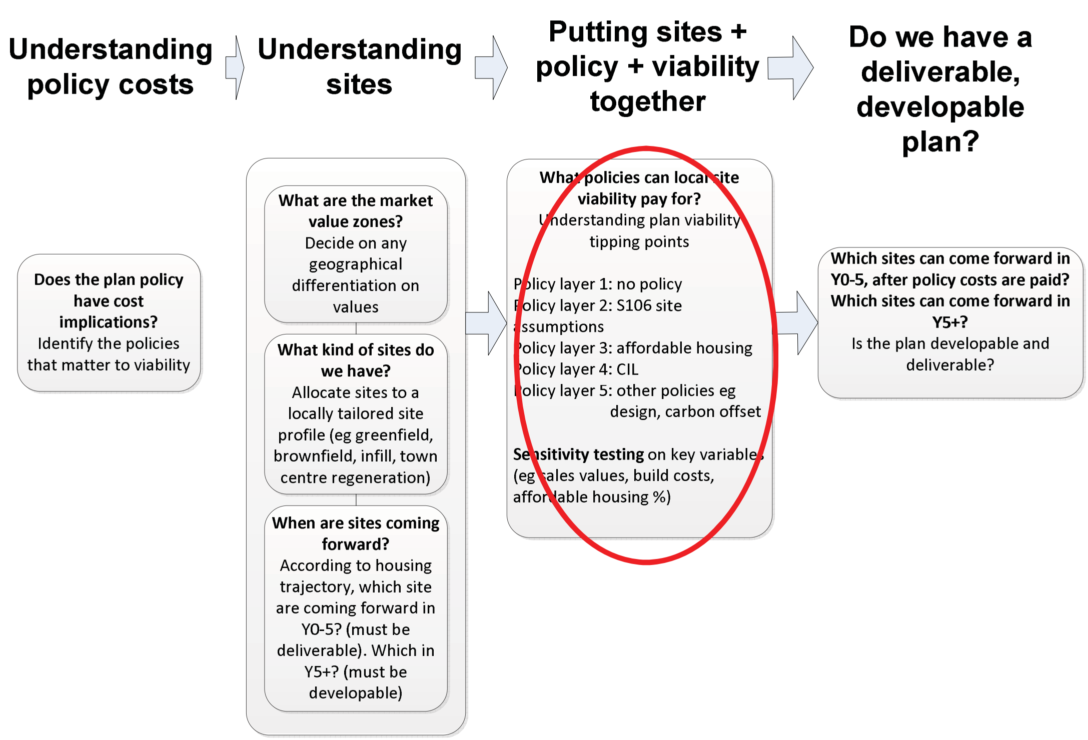
5.3.5 Of the case studies assessed, it is likely the larger greenfield schemes of Witham St Hughes and Market Rasen will also form part of the five year housing supply. It is also likely that the first phase of the Western Growth Corridor which is not affected by abnormal remediation / high infrastructure requirements could also form part of the first five year supply. The client team is also progressing work with the promoters of a various strategic sites to help bring these forward.

6 Residential viability testing

6.1 Introduction

6.1.1 Previous stages have provided an understanding of how location and policy costs might affect viability. In effect, policy costs have been identified, the future development sites have been allocated to the site profile typologies, and market sales values have been estimated, and the planned delivery periods understood. As shown in Figure 6.1, this next stage is about undertaking the viability testing to assess the ability of developments to pay for policy cost.

Figure 6.1 Process flow – putting together the policies, sites and viability



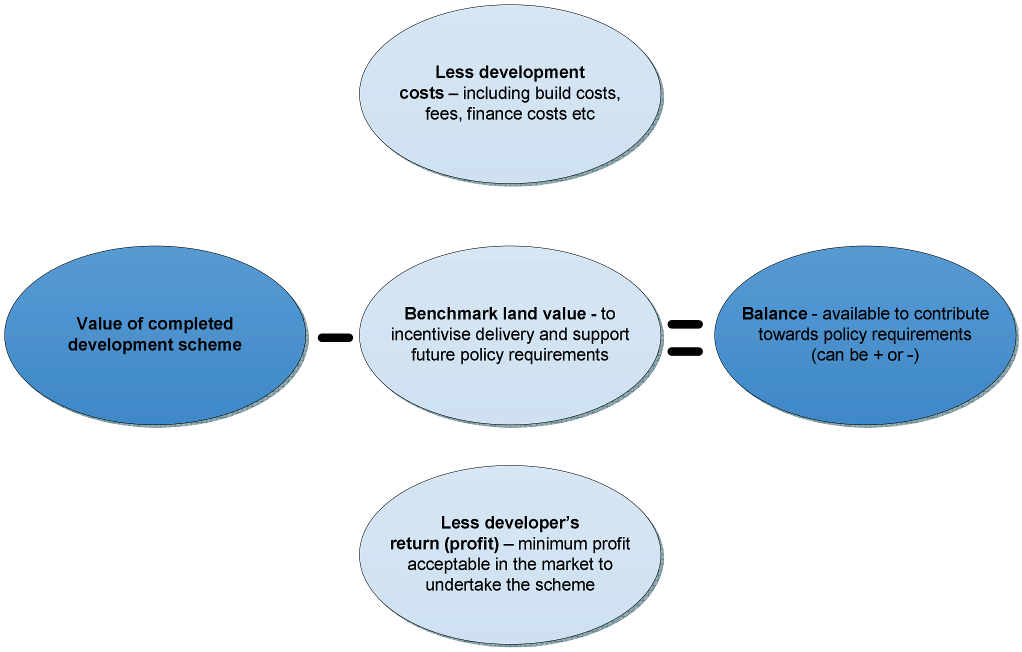
Source: PBA 2015

6.2 Residual landvalue approach to viability appraisals

6.2.1 The PBA development viability model uses the residual approach to development viability. The approach takes the difference between the development values and costs and compares the 'residual land value' with a threshold land value to determine the balance that could be available to support policy costs such as affordable housing and infrastructure. The method is illustrated in the Figure 6.2 overleaf.

6.2.2 As noted previously, the policy costs relevant for generic typology assessment for this plan viability assessment were affordable housing, and infrastructure. All other policy cost considerations (e.g. design, site delivery layout) are incorporated in the development cost assumptions for the appraisals.

Figure 6.2 Approach to residual land value assessment for plan viability



6.2.3 The purpose of the assessment is to identify the balance available to pay for policy costs at which the bulk of the development proposed in the development plan is financially viable.

6.3 Viability assumptions

6.3.1 Our calculations use readily available evidence, which has been informed and adjusted by an assessment of local transactions and market demand. This kind of strategic viability assessment involves a high degree of generalisation. Therefore the assumptions adopted in this assessment have tended to adopt a mid-range input. To compensate for variations in assumptions we incorporate a viability "cushion" from the theoretical maximum CIL surplus.

6.3.2 In the case of the strategic sites, the model has been adapted to test for a range of different infrastructure requirements in the phasing of the development to bring forward sustainable development. When added to a set of locally based assumptions on new-build sales values, threshold land values and developer profits, a set of potential strategic site development viability assessments are produced. This is then built into the cashflow modelling to assess viability through the lifetime of the development, where costs and returns will be flowing through the development cycle. The purpose of the assessment is to identify the balance available to pay for policy costs at which each of the potential strategic sites is financially viable.

6.3.3 Assumptions in respect of the following are inputted into our viability model:

- Density of development
- Percentage of affordable housing mix and other policy costs / s106
- Average size of house
- Build cost
- Sales values per sq.m
- Sales rates

- Threshold land value per ha
- Site opening costs for strategic sites
- Finance costs
- Contingency rates
- Developers profit

Net developable area, density and floorspace

6.3.4 The net (developable) area of the site informs the likely land value of a residential site. Typically, residential land values are normally reported on a per net hectare basis, since it is only this area which delivers a saleable return. The housing densities adopted are summarised earlier in the typologies chapter.

6.3.5 The residential floorspace for new builds reflects a combination of average sizes based on floorspace details in marketing brochures for recent new builds in the study area and discussions with stakeholders. The average floorspace assumptions used are presented in Table 6.1 reflect the density assumptions adopted.

Table 6.1 Unit size

Unit size	GIA	NIA
Market housing – all areas	95 sq.m	
Affordable housing – all areas	70 sq.m	n/a
Flatted schemes	70 sq.m	60sq.m

6.3.6 Two floor areas are displayed for flatted schemes: the Gross Internal Area (GIA), including circulation space, is used to calculate build costs and Net Internal Area (NIA) is applied to calculate the sales revenue.

Sales values

6.3.7 Based on the above research along with feedback received at the workshops and follow up interviews with the case study and SUE promoters, we have arrived at the sales values shown in Table 6.2. These are used in the plan wide viability assessment.

Table 6.2 Sale value – market housing

Site	Typology	£ psm
Lincoln Strategy Area (LSA)	Houses	£1,990
Gainsborough and Sleaford urban areas	Houses	£1,850
All other rural areas	Houses	£1,850
Lincoln Strategy Area	Flats	£2,400
Lincoln generic SUEs	Houses	£1,990
Sleaford SUE	Houses	£1,850
Gainsborough SUE	Houses	£1,850

Source: PBA 2015

Affordable housing values

6.3.8 The appraisal assumes that affordable housing will command a transfer value to a Registered Provider based on a blended rate of 55% of market value. The discount against market value has been informed by Registered Providers and discussion with the local authority housing teams.

Threshold land values

6.3.9 To assess viability, the residual value generated by a scheme is compared with a threshold land value, which reflects 'a competitive return for a landowner' (as stated in the NPPF[27]). The threshold land value is important in our calculations of viability; if the residual land value exceeds the threshold then the scheme is deemed viable.

6.3.10 Land values used in site specific testing will differ from that used in plan wide area viability studies. Harman states: when looking at whether or not a particular site is viable, it will be assessed against the existing planning policy, whereas a plan-wide test is carried out to help inform future policy. To avoid the circularity nature of using comparable evidence (i.e. only using land comparable that do not achieve policy or potential future policy will continue the status quo) adjustments to land values have been made to reflect future policy requirements to enable sustainable development.

6.3.11 Generally there is very little published data on land values across the Lincolnshire area (see Appendix D). Given the complexities of development across a whole plan area, and limited nature of publically available transactional data, we have based this assessment on appropriate available evidence for a strategic assessment of this nature.

6.3.12 From our recent work we highlight the following key issues in assessing the threshold land values:

- All sites vary in terms of the degree to which they are serviced or free of abnormal development conditions. Such associated costs vary considerably from site to site and it is difficult to adopt a generic figure with any degree of accuracy. Our starting point with regards the generic scenarios tested is to assume that the value of sites (when calculating the threshold level) relates to a full serviced development plot. In real terms, abnormal development costs or site servicing costs will be met by developers when the land is purchased and this cost will be discounted in the value paid for the land.

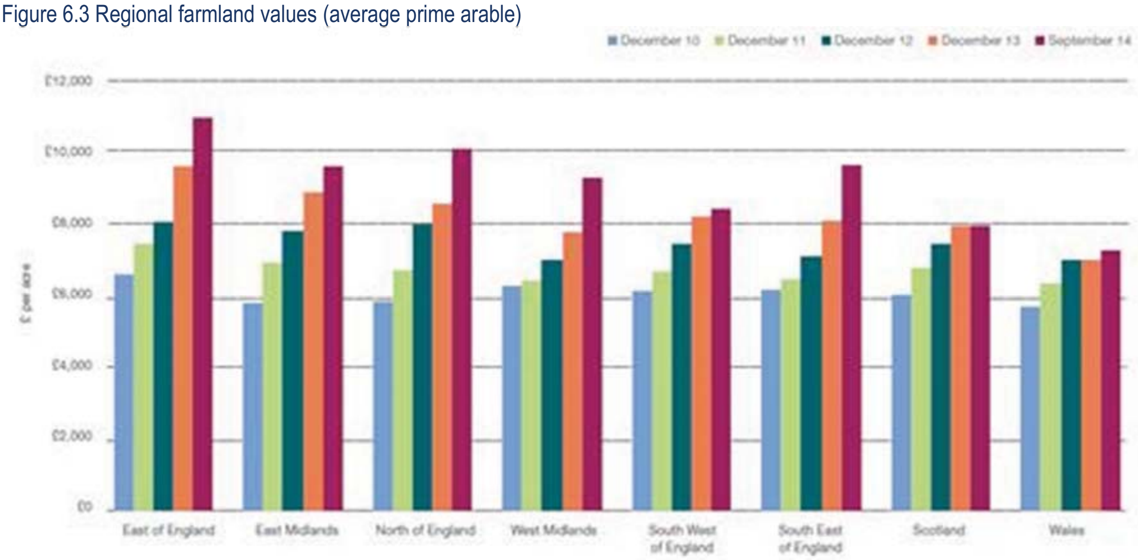
- The land transaction market is not transparent. Very little data is in the public domain and the subjective influences behind the deal are usually not available. We therefore place a strong emphasis on consultation with both landowners and developers, sense testing with delivery taking place on the ground and a review of recent viability appraisals submitted to the local authorities to get an accurate picture as possible as to what the threshold value might be.

6.3.13 To compensate for these risks, it is important to allow a buffer from the theoretical maximum CIL charge.

6.3.14 The starting position in assessing land values for the SUEs is based on existing use agricultural land values. As shown in Figure 6.3, prime agricultural land values in the East of England are circa £27k per gross ha (£11k per gross acre) and represent some of the highest prime agricultural land values in England and Wales.

[27] NPPF (2012) National Planning Policy Framework, para 173

Figure 6.3 Regional farmland values (average prime arable)



Source: Savills, Market in Minutes, Q3 UK Farmland Market October 2014

6.3.15 As a result there will always be a price floor (i.e. the lowest margin) in which land comes forward for development. This will be determined by the existing agricultural land value plus a suitable landowner premium as an incentive for the land to come forward for development. The landowner premium will be determined through negotiations and ultimately capped by sale values in the particular location.

6.3.16 The general feedback from those promoting the SUE sites on behalf of the landowners, was the recognition that the market in Lincolnshire is not the same as other areas of England which have higher sales values and that land values will not be the same. However, some (including land owners) still have an expectation for maximising their land values and may not be in a hurry to sell land. Going forward, releasing sites that are consented could still be a risk due to hope value and the position of some land owners.

6.3.17 From our consultation with site promoters and their agents, there is a general market view that land owners expectations for SUE are typically £100,000 to £125,000 per gross acre. This based on general market sentiment across the East Midlands and Yorkshire & Humber regions rather than evidence of reported land transactions. Agents in the central Lincolnshire area recognise that sales values are not as high as other parts region. Most promoters informally agreed to a land value threshold value in the region of £85,000 per gross acre for the plan wide study, though we note that some still have higher expectations.

Opening cost allowance

6.3.18 There will be varying levels of site specific opening costs, such as utilities, drainage, and s278 highway requirements to secure the delivery of the generic sites. For the generic typologies we have assumed fully serviced site land values, so any site specific costs will come off the value paid for the land. The site opening costs for the larger strategic urban extensions can vary depending on the site. Some promoters have suggested adopting £6,000 per dwelling, whilst others recommended £10,000 per dwelling. These site servicing costs are lower than what we see elsewhere in the country but are reflective of the relatively unconstrained nature of the majority if the SUEs. A review of recent urban extensions and cost details for a number of schemes supports both these assumptions. A cautious approach has been adopted at this stage, using an assumption of £10,000 per dwelling / £350,000 per net ha for the generic SUEs; this cost assumption will later be refined as masterplanning details emerge.

Brownfield site remediation costs

6.3.19 The appraisals for the brownfield sites include an allowance for abnormal and remediation costs. Once detailed masterplanning is undertaken there will be a better understanding of these costs to inform site specific assessments.

6.3.20 For the purposes of this report and testing viability, the threshold land values and site opening assumptions used in testing viability are shown in Residential threshold land values and site opening cost assumptions.

Table 6.3 Residential threshold land values and site opening cost assumptions

Site typology	Fully serviced threshold land value per net developable ha	
Lincoln Strategy Area	£680,000	Fully serviced land value – opening cost to be deducted
Gainsborough & Sleaford	£500,000	Fully serviced land value – opening cost to be deducted
All other rural areas	£500,000	Fully serviced land value – opening cost to be deducted
Unserviced land values based on existing use values and additional site opening cost allowance		
Brownfield – LS	£400,000	£350,000per net ha for site remediation cost allowance
Lincoln SUE	£300,000	£350,000per net ha for site opening cost allowance
Sleaford SUE	£300,000	£350,000per net ha for site opening cost allowance
Gainsborough SUE	£300,000	£350,000per net ha for site opening cost allowance

Source: PBA (based on promoter consultation and comparable evidence) 2015

6.3.21 It is important to appreciate that assumptions on threshold land values can only be broad approximations subject to a wide margin of uncertainty. This uncertainty is considered when drawing conclusions and recommendations. **The land values assumptions adopted for this study are considered suitably robust for plan wide viability testing but are not suitable for individual site viability where specific site constraints are known.**

Build costs

6.3.22 PBA's viability assessment is based on build cost data published by the Building Cost Information Service (BCIS). The building prices used in the BCIS data are averages taken from a wide range of different contracts and tenders in the BCIS data bank.[28] However, during our consultation with landowners and promoters of the SUEs, some concerns were expressed at the use of BCIS costs as being too high and not reflective of the volume house builders – it was suggested by some of our consultees that volume house builders can build at much lower costs.

6.3.23 We acknowledged that the method of preparing the BCIS cost data does not necessarily reflect the build costs for the volume house builders (who are likely to benefit from greater economies of scale) and their costs are generally acknowledged as being lower than the regional and local developers. However, our market research has also shown that in Central Lincolnshire, the developer sector consists of both local, regional and national developers who may not all benefit from the same economies of scale. Also no appropriate evidence was provided to us to enable the adoption of a lower build cost.

6.3.24 As set out in Table 6.4 below BCIS median build costs, rebased for Lincolnshire has been used in the viability testing. The median cost has been used as it is the middle statistic (NOT the middle of the range), therefore unlike the mean, it is not as easily affected by rogue figures.

[28] BCIS (February 2015) Page 3, Quarterly Review of Building Prices Issue 136

Table 6.4 Median build costs rebased for Lincolnshire February 2015

Dwelling type	Cost per sq.m
Flats – generally	£1,061
Houses – generally estate	£898

Source: BCIS February 2015

6.3.25 We then add an allowance for external works, contingencies, fees, VAT and finance charges, plus other revenue costs to the above build costs. These costs are added on as explained below.

External works costs

6.3.26 This cost incorporates all additional costs associated with the site curtilage of the built area. These include circulation space in flatted areas and garden space with housing units; incidental landscaping costs including trees and hedges, soft and hard landscaping; estate roads and connections to the strategic infrastructure such as sewers and utilities.

6.3.27 The external works costs has been set at a rate of 10% of build cost and applied to all the residential development scenarios.

Professional fees

6.3.28 This input incorporates all professional fees associated with the build; including fees for designs, planning, surveying, project managing, etc, at 8% of BCIS build cost.

Contingency

6.3.29 It is normal to build in contingency based on the risk associated with each site and has been calculated based on industry standards. They are applied at 5% of BCIS build cost and applied to all the residential development scenarios.

S106 Infrastructure contributions

6.3.30 The starting point has been to build in a cost allowance £2,000 per dwelling for the generic scenarios as a cost input into the appraisal assessment. PBA have informed the client team that the element for the generic sites is relatively high compared to other CIL assessments. This contribution is required primarily to support the need for education infrastructure locally (primary education in particular) which is at capacity in virtually all locations. Whilst other infrastructure such as transport, will tend to be met via CIL in the future and to avoid duplication of developer funding, such infrastructure requirements will be identified through the Regulation 123 list.

6.3.31 For the urban extension sites (SUEs) it is likely that a range of infrastructure requirements including education, health, formal sports facilities will be met through S106. Estimate unit costs for the urban extensions have been provided by Lincolnshire County Council (IDP project lead) and are based on the infrastructure assessment undertaken for the plan. These costs have been factored into the appraisal as a cost input.

6.3.32 The S.106 contributions assumed in the viability assessment are set out in Table 6.5.

Table 6.5 Developer contribution in the form of S106 assumptions

Scenario	S106 contribution assumed per unit
Generic typologies S.106	£2,000
All urban extensions	£4,300

Source: PBA / client team (IDP Project lead) 2015

6.3.33 The affordable housing element of S106 contribution will be tested at varying percentages with the results set out later in this report.

Land purchase costs

6.3.34 The land value needs to reflect additional purchase cost assumptions, shown in Table 6.6. These are based on surveying costs and legal costs to a developer in the acquisition of land and the development process itself, which have been established from discussions with developers and agents.

Table 6.6 Land purchase costs

Land purchase costs	Rate	Unit
Surveyor's fees	1.00%	land value
Legal fees	0.75%	land value
Stamp Duty Land Tax	HMRC rate	land value

Source: PBA, HMRC

6.3.35 A Stamp Duty Land Tax is payable by a developer when acquiring development land. This factor has been recognised and applied to the residual valuation as percentage cost based on the HM Customs & Revenue variable non-residential and mixed use land and property rates against the residual land value. These inputs are incorporated into the residual valuation value.

Sales fees

6.3.36 The Gross Development Value (GDV) on open market units need to reflect additional sales cost assumptions relating to the disposing of the completed residential units. This will include legal, agents and marketing fees at the rate of 3% of the open market unit GDV, which is based on industry accepted scales established from discussions with developers and agents.

Developer's profit

6.3.37 The developer's profit is the expected and reasonable level of return that a private developer would expect to achieve from a specific development scheme. At the developer workshop hosted in February 2015, we consulted on an assumption of 20% of GDV for market housing and 6% for affordable housing. These rates were widely accepted by the developers present. However, based on recent new evidence that has since come to our attention (see Appendix D) of the level of returns volume housebuilders are prepared to accept and taking account of the District Valuer responses to various site specific viability appraisals in Lincolnshire we have adopted a profit assumption of 17.5% for open market units which is applied to their GDV. For the affordable housing element a 6% profit margin is assumed for the private house builders on a nil grant basis.

Finance

6.3.38 A monthly cashflow based on a finance cost of 7% (gross fee) has been used on the majority of the site appraisals. This is used to account for the cost of borrowing and the risk associated with the current economic climate and near term outlook and associated implications for the housing market. This is a typical rate which is being applied by developers to schemes of this nature.

Timescale and cashflow

6.3.39 House builders generally build to sell houses therefore they will only build at the same rate at which they can sell the completed units. A six month delay has been assumed from site purchase to start on site to reflect site preparation and then a further 6 month time lag for first sale to complete on housing scenarios. Flatted development also has a 6 month delay between site purchase and start on site but sales do not occur until build complete.

6.3.40 Note that in reality the commencement date will vary, the critical point of note here is the delivery rate to inform the cashflow assessment. Each scenario has a cashflow to calculate the cost of interest. The cashflow incurs debit interest (calculated on a monthly basis) at commencement of development - when the land is drawn down and construction costs commence. The debit interest and total development costs are paid back during the cashflow when income occurs, when completed units are sold.

6.3.41 We have assumed that land will be drawn down at commencement of development for scenarios up to and including 100 units. For scenarios of 300 units the land is drawn down in two phases. On the strategic sites we have assumed land is drawn down on an annual basis.

6.3.42 Developers are highly cashflow sensitive. This is likely to be a particular challenge for strategic urban extension sites, where there are significant up-front works required for site opening up costs. In these instances, developer partners could be discouraged by a requirement to undertake major upfront infrastructure works in advance of housing sales. This is possibly one of the biggest risks to achieving the medium term delivery of the Local Plan.

6.4 Residential viability appraisal findings

6.4.1 This section sets out the findings for the residential development viability assessment. Each generic site type has been subjected to a detailed appraisal, complete with cashflow analysis. A range of different scenarios are presented here. Each scenarios set's out the maximum headroom for infrastructure to be funded via a CIL. Examples of the typology appraisals and summary appraisal output table findings are included in Appendix E.

Summary of residential appraisal output table findings

6.4.2 The housing need of 40% affordable housing is not viable and some reduction in the scale of policy is needed to maintain a viable position. Various iterations were undertaken with the client team in arriving at a sensible policy mix, based on revisions to developer profit margins, land owner value expectations and the local authority policy expectations.

6.4.3 Using the Section 106 contributions as a fixed cost input in the appraisal, a number of policy options for affordable housing and CIL contributions have been tested. The results of this testing are set out in appendix E - this shows that most sites are viable and can contribute between 15% and 25% affordable housing with a varying amount for CIL. The trade-off in policy options between affordable housing and infrastructure are set out in Table 6.6.

6.4.4 In working through the various iteration, we have taken account of evidence gathered, reviewed what is currently happening on the ground and consulted a number of promoters and held various workshops with developers and the client team. We have been mindful of the fact that viability is finely balanced in the study area, the need for both affordable housing and infrastructure is considerable, and at sensible policy levels, considerable delivery is currently taking place throughout the study area. Given the variations within the study area, we have sought to simplify the assumptions reflecting the broad typologies tested to arrive at a simple CIL charging schedule.

6.4.5 We caution against setting a CIL charge upto the maximum level for the following reasons:

- Markets fluctuate over time. There must be sufficient latitude for fluctuations to happen without rendering the CIL charge unviable; and
- Individual site costs and values vary. Developments should remain viable after CIL charge is paid in the bulk of cases.

- To allow for developers' market understanding of risk, or of institutional investors' willingness to invest.

6.4.6 These are all important components of the judgement on a sensible level of CIL charge. We use our market judgement in arriving at a sensible charge that allows a CIL buffer and he CIL charge proposed is generally around 2 % of GDV.

Table 6.6 Residential CIL charge options based on policy trade-offs

Developer contribution policy options / CIL Market Zones	20% affordable CIL upto:	17% affordable CIL upto	15% affordable CIL upto:	0% - below housing affordable threshold CIL upto
Lincoln Strategy Area	£45 p sq.m	£50 p sq.m	£55 p sq.m	£75 p sq.m
Sleaford &Gainsborough urban	£15 p sq.m	£20 p sq.m	£30 p sq.m	£55 p sq.m
All other rural areas	£15 p sq.m	£20 p sq.m	£30 p sq.m	£55 p sq.m
Lincoln SUE	£20 p sq.m	£25 p sq.m	£30 p sq.m	n/a
Sleaford SUE	£0 p sq.m	£10 p sq.m	£20 p sq.m	n/a
Gainsborough SUE	£0 p sq.m	£10 p sq.m	£20 p sq.m	n/a
Flatted schemes	£0p sq.m	£0p sq.m	£0 p sq.m	n/a

Source: PBA and client team July 2015

Flexibility should be maintained in the scale of affordable housing policy

6.4.7 As CIL is non-negotiable, some flexibility should be maintained for site specific negotiations in the scale of affordable housing policy contributions on occasional cases. This may be necessary for the larger greenfield sites which will have varying levels of opening costs. Our assumptions have assumed a fully service land value, assuming any site opening costs to come off the value paid for the land. Land owners should not assume that the threshold land value is the value of the land, the cost of site servicing will need to come off this value. At the developer workshop, developers did warn that one of the reasons preventing development coming forward is high land value expectations, (though no evidence was provided of this).

Schemes falling below the affordable housing threshold can accommodate a higher CIL charge

6.4.1 For those schemes that are no liable to make any contribution towards affordable housing, a range of CIL charge options starting from £55per sq. m to £75 per sq. m is recommended. Note our appraisals have factored in the cost of £2,000 for S106 contributions; though going forward; these scenarios may not be required to pay any 'tariff' style contributions. It should be noted, that this charge may be difficult to pallet, as to date, the developers of these smaller schemes have not been required to contribute much in the way of policy cost contributions. This may explain the higher land value expectations for these schemes (see appendix D of land value asking prices) – this position will need to change going forward, in order to reflect the CIL charge, which will deducted from the value paid for land.

All flatted schemes will be exempt from a CIL charge

6.4.2 Although flatted schemes are not critical to the delivery of the planned growth, we have identified a few new schemes in rural market towns such as Market Rasen. Based on the viability evidence, it is recommended that flatted schemes should be zero rated.

6.5 The case study findings

6.5.1 We worked closely with promoters of various sites to inform the generic typologies and case study appraisals, and in doing this we have come to a considered view on various assumptions based on the promoters experience of delivery in the Lincolnshire market, their site specific costs any special finance arrangements, and land value expectations for this plan wide assessment. Appendix C sets out some background information on the case studies assessed and here we provide a very brief commentary on the appraisal findings of the case studies.

Spa Road brownfield regeneration site will be part of the post five year housing supply

6.5.2 The development scenario for Spa Road is at a very early stage, and the actual scale of developable area and type of development is to be determined. We note the site has considerable constraints, however the site promoters believe that with the appropriate support from the HCA and the local authority, they can deliver an affordable housing led scheme on this site. Although our initial high level assessment does not suggest this site to be viable based on our assumptions, the promoter will be adopting different borrowing and grant assumptions and will be developing a case in the new two years of so to present a developable scenario. We have informed the client team of the potential difficulties in developing this site and they will continue discussions with the site promoter as part of a possible wider review of the area.

6.5.3 If the Spa Road case study site does come forward in the future it is likely to be a predominantly affordable housing development. Therefore due to the need to avoid a complicated CIL charging schedule (to reflect a scheme that may not come forward or is most likely to be exempt from CIL if it does come forward), we do not propose any variations to the CIL charge to reflect this site.

The Western Growth Corridor SUE has been assessed in two phases to inform delivery considerations

6.5.4 The first phase of the Western Growth Corridor SUE in Lincoln is shown to be viable and deliverable. The second phase falls within the 'developable' assessment of post five year supply. This phase will depend on securing grant funding for which various applications are already in place (see Appendix C). For this reason, we consider part 1 of the scheme as deliverable and viable, and based on the initial infrastructure costs assessment for this phase, are able to support a CIL and affordable housing contribution in line with the LSA zone. Further work will need to continue to help bring forward the rest of the site.

The Gainsborough and Sleaford (unconsented) SUEs have informed wider assumptions

6.5.5 The discussions with the agents promoting the Gainsborough SUEs and the recently consented Sleaford SUE were invaluable in helping to shape the viability assumptions. The key message from both of these SUEs was that the site opening costs and build costs are likely to be lower than the amount we have included in the appraisals, but were not backed with any supporting evidence. These will be refined at detailed masterplan stage once more site specific costs are known. For now, we have adopted a cautious approach to both the build costs and the site opening costs in the appraisals to reflect the wider typology rate.

6.5.6 These generic SUEs are considered as viable though the timing of their delivery will be informed by wider considerations concerning the land release of the existing consented SUEs and phasing trajectory.

The larger greenfield scenarios

6.5.7 Two larger greenfield sites were considered, each one about to be submitted for planning permission and so were fairly well advanced in terms of site layout and initial cost assessments. One site is an extension of the existing development at Witham St Hughes for 1000 dwellings, whilst the other is a rural greenfield scheme for 150 dwellings in Market Rasen. In each case, the discussions were very informative of the likely site opening costs, phasing and cash flow assumptions to inform our generic scenarios. Both these scheme are assessed as viable and deliverable in the first five years. Note our appraisals are not sufficiently detailed to reflect site specific planning application stage assessment and any negotiations on this should be part of a separate discussion with the planning authority.

7 Commercial viability testing

7.1 Introduction

7.1.1 This section sets out the assumptions used for the business uses to inform the viability testing work to scope solely the potential for collecting CIL.

7.2 The commercial development typologies

7.2.1 Like for the residential development, high level plan wide viability testing has been undertaken on for some commercial development scenarios that are most likely to come forward in Central Lincolnshire. This has been informed by planned future development for the study area, market analysis and the developer workshop.

Typologies, site coverage and floorspace

7.2.2 Table 7.1 sets out the business development typologies, assumed net developable site area for each development type, the amount of floorspace appropriate for the study area and the site area coverage. The typologies include mainly business uses such as office space, industrial and retail. We have also included student accommodation in this section, because although this is a form of residential use, the viability assessment adopts a business development approach based on rents and yields.

Table 7.1 Business use typologies – Unit sizes and site area

Use	GIA sq.m	NIA sq.m	Site coverage (%)	Net developable site area (ha)
Business Park Office	465	395	40%	0.12
Light industrial	930	930	40%	0.23
In town comparison retail	930	884	50%	0.19
Out of town comparison retail	930	837	50%	0.19
Retail convenience - small format	320	288	70%	0.05
Retail convenience - medium format	930	837	40%	0.23
Retail convenience - larger format	5,000	4,500	40%	1.25
Student accommodation	3,750	150	70%	0.53

Source: PBA 2015

Establishing Gross Development Value (GDV)

7.2.3 In establishing the GDV for non-residential uses, this report has also considered historical comparable evidence for new values on a local and for some uses, national, level.

7.2.4 Table 7.2 illustrates the values established for a variety of non-residential uses, expressed in sqm of rentable floorspace and yield. The table is based on our knowledge of the market and analysis of comparable transaction data. The data has then been corroborated through a discussion with local stakeholders and through the stakeholder workshop. The convenience retail rents and yields reflect the shift in the market created by stronger competition at both ends of the market which is squeezing the middle market (e.g. Tesco, Sainsbury's and Morrisons). It is this middle market which had been driving investment value in the sector with an aggressive store opening programme which has now been scaled back significantly.

Table 7.2 Non-residential uses – rent, yields, and rent free

Use	Rent	Yield	Rent free (months)	Use
Business Park Office	£160	8.00%	24	Business Park Office
Light industrial	£59	8.00%	5	Light industrial
In town comparison retail	£200	8.00%	12	In town comparison retail
Out of town comparison retail	£172	8.00%	9	Out of town comparison retail
Retail convenience - small format	£180	5.75%	6	Retail convenience - small format
Retail convenience - medium format	£180	5.75%	6	Retail convenience - medium format
Retail convenience - larger format	£210	5.75%	9	Retail convenience - larger format
Student accommodation	£2,964	6.50%	0	Student accommodation

Source: PBA, developer workshop, CoStar, EI Group

7.3 Viability assumptions

7.3.1 Like in the residential uses testing, once a GDV has been established the cost of development (including developer profit) is then deducted. For the purposes of viability testing, the following costs and variables are some of the key inputs used within the assessment:

- Build Costs;
- Professional Fees and overheads;
- Marketing Fees;
- Legal Fees and land Stamp Duty Tax
- Finance costs; and
- Developer profit.

7.3.2 The initial appraisals make no allowance for any CIL or S106 contributions to establish if there is for scope to charge CIL.

Build costs

7.3.3 Build cost inputs have been established from the RICS Build Cost Information Service (BCIS) at values set at the time of this study (current build cost values) and rebased to Lincoln prices. The build costs adopted are based on the BCIS median values shown in Table 7.3.

Table 7.3 Non-residential uses – build costs

Use	Build cost per sq.m
Business park office	£1,260
Light industrial	£494
In town comparison retail (small format)	£1,143
In town comparison	£775
Out of town comparison	£594
Out of town comparison	£1,143
Retail convenience - small format	£1,066
Retail convenience - larger format	£1,325
Student accommodation	£1,433

Source: BCIS online version last accessed February 2015

External works

7.3.4 Plot externals relate to costs for internal access roads, car parking and hard and soft landscaping associated with the site curtilage of the built area.

7.3.5 This input incorporates all additional costs, so the external works variable had been set at a rate of 15% of BCIS build cost.

7.4 Other development costs

Professional fees

7.4.1 This input incorporates all professional fees associated with the build, including fees for designs, planning, surveying, project managing, at 10% of build cost plus externals.

Contingency

7.4.2 It is normal to build in contingency based on the risk associated with each site and has been calculated based on industry standards. They are applied at 5% of build cost plus externals.

Acquisition fees and Land Tax

7.4.3 This input represents the fees associated with the land purchase and are based upon the following industry standards: Surveyor at 1%; legal at 0.75% of residual land value.

7.4.4 A Stamp Duty Land Tax is payable by a developer when acquiring development land. This factor has been recognised and applied to the residual valuation as percentage cost against the residual land value at the standard variable rates set out by HMRC for non-residential and mixed use land and property rates against the residual land value.

Developer profit

7.4.5 The developer's profit is the expected and reasonable level of return a private developer can expect to achieve from a development scheme. This figure is based on a 20% profit margin on development costs.

Finance

7.4.6 A monthly cashflow based on a finance cost of 7% has been used throughout the sites appraisals. This is used to account for the cost of borrowing and the risk associated with the current economic climate and near term outlook and associated implications for the market specific to the proposed development.

Land value for non-residential uses

7.4.7 After systematically removing the various costs and variables detailed above, the result is the residual land value. These are measured against a threshold land value which reflects a value range that a landowner would reasonably be expected to sell/release their land for development.

7.4.8 Our estimates of benchmark land values set out in Table 7.4 are based on market comparable derived through consultation with stakeholders and analysis of published data on CoStar and property auction site EI Group. 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 we have considered transactions in the wider housing market area and adjusted for the Lincolnshire area.

Table 7.4 Non-residential uses – land values

Use	Fully serviced threshold land value per net developable ha
Business Park Office	£620,000
Light industrial	£370,000
In town comparison retail	£3,000,000
Out of town comparison retail	£2,000,000
Retail convenience - small format	£2,500,000
Retail convenience - medium format	£2,000,000
Retail convenience - larger format	£2,000,000
Student accommodation	£750,000

Source: PBA, developer workshop, CoStar, EI Group

7.5 Commercial viability appraisal findings

7.5.1 This section sets out the assessment of non-residential development viability and also summarises the impact on viability of changes in values and costs, and how this might have an impact on the level of developer contribution. The tables below (Table 7.5 to Table 7.8) summarise the theoretical CIL charge available after deduction of land purchase from the residual land value.

7.5.2 It is important to note that the analysis considers development that might be built for subsequent sale or rent to a commercial tenant. However there will also be bespoke development that is undertaken for specific commercial operators either as owners or pre-lets.

Comparison retail uses

7.5.3 The appraisal results in Table 7.5 show that comparison retail development is currently not viable and there is not a justification to charge a CIL for this use.

Table 7.5 Summary of Comparison uses viability

				Residual value		Benchmark		CIL Overage	
	GIA sq m	NIA sq m	Net site area ha	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
In town comparison retail	930	884	0.19	£2,802,398	£560	£3,000,000	£600	-£197,602	-£40
Out of town comparison retail	930	837	0.19	£119,915	£24	£2,000,000	£400	-£1,880,085	-£376

Source: PBA

Convenience retail uses

7.5.4 The appraisal results in Table 7.6 show that convenience retail development is currently viable and there is a justification to charge a CIL for this use with a maximum CIL overage of £73 psm available.

Table 7.6 Summary of Convenience uses viability

				Residual value		Benchmark		CIL Overage	
	GIA sq m	NIA sq m	Net site area ha	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Retail convenience - small format	320	288	0.05	£3,458,731	£494	£2,500,000	£357	£958,731	£137
Retail convenience - medium format	930	837	0.23	£2,329,846	£582	£2,000,000	£500	£329,846	£82
Retail convenience - larger format	5,000	4,500	1.25	£2,293,960	£573	£2,000,000	£500	£293,960	£73

Source: PBA

B-class uses

7.5.5 In line with other areas of the country our analysis suggests that for commercial B-class development it is not currently viable to charge a CIL. Whilst there is variance for different types of B-space, essentially none of them generate sufficient value to justify a CIL charge.

7.5.6 As the economy recovers this situation may improve but for the purposes of setting a CIL we need to consider the current market. Importantly this viability assessment relates to speculative build for rent – we do expect that there will be development to accommodate specific users, and this will based on the profitability of the occupier's core business activities rather than the market values of the development.

Table 7.7 Summary of B-Class uses viability

				Residual value		Benchmark		CIL Overage	
	GIA sq m	NIA sq m	Net site area ha	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Business Park Office	465	395	0.12	-£3,190,674	-£798	£620,000	£155	-£3,810,674	-£953
Light industrial	930	930	0.23	-£1,309,262	-£327	£370,000	£93	-£1,679,262	-£420

Source: PBA

Student accommodation

7.5.7 The appraisal results in Table 7.8 show that student accommodation development is currently not viable and there is not a justification to charge a CIL for this use.

Table 7.8 Summary of Student accommodation viability

	GIA sq m	NIA sq m	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
Student accommodation	3,750	150	0.53	-£3,164,321	-£443	£750,000	£105	-£3,914,321	-£548

Source: PBA

7.6 Non-residential CIL charges

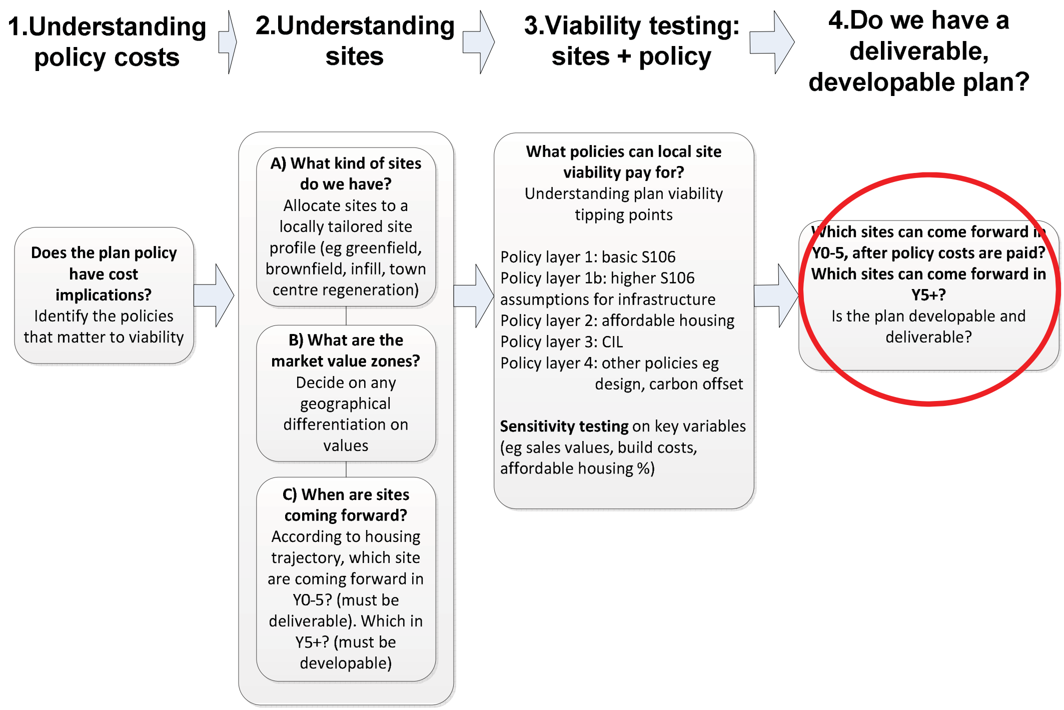
7.6.1 Based on our evidence we suggest a CIL charge for convenience retail of £40 per sq.m for all sizes and a zero CIL charge for all other uses.

8 Conclusions and recommendations

8.1 Introduction

8.1.1 The final stage of this viability assessment as shown in Figure 8.1 below is to draw conclusions on whether the Central Lincolnshire Local Plan is deliverable and make recommendations for the affordable housing, infrastructure and CIL charge options.

Figure 8.1 Process flow – is the plan deliverable?



Source: PBA

8.2 Development context findings

8.2.1 The Central Lincolnshire market is largely self-contained[29], in that the majority of residents live and work within the study area. Thus the main driver of effective demand for housing growth (and house sales values) is determined by the strength and competitiveness of the Central Lincolnshire economy, especially the role of Lincoln City, Sleaford and Gainsborough as a focus for employment within the study area.

8.2.2 There has been a steady delivery of housing, particularly in areas that are easily accessible to Lincoln, Sleaford, Gainsborough and Market Rasen. These areas have also seen an increase in the delivery of B class employment floorspace, and the investment by Lincoln University and major companies such as Siemens in renewable energy technology in Lincoln City are helping to ensure the economy is diversified and strengthened and helping to create higher value jobs[30].

8.2.3 In the case of West Lindsey there has been a net outflow of employees to North and North East Lincolnshire. Although not evidenced, our hypothesis is that the expanding renewable energy sector employment associated with the Northern and Northern East Lincolnshire areas could be influencing the effective demand for housing in the Gainsborough and Market Rasen area. If this

[29] Lincoln Sub Regional Growth Study 2015
[30] Economic Needs Assessment (ENA) 2015

is indeed the case (further research would be needed to confirm this hypothesis), then plans to strengthen connectivity, especially in transport infrastructure investment with the growing renewable energy development areas to the North and North East of the study area should be explored.

8.2.4 Going forward, it will be critical to ensure that the emphasis on driving the economic growth of the area is maintained and enhanced, as this will in turn support the effective demand for housing growth. This view was also emphasised by the various site promoters whom we interviewed. To support economic growth, will inturn depend on timely delivery of strategic infrastructure to attract both employers and employees to the wider City area (the Lincoln Strategy Area) and to Sleaford and Gainsborough. Indeed, the investment in the existing sustainable urban extension at Gainsborough is aimed at helping to create a step change in the perception of the area.

8.2.5 Much of the future planned growth, particularly residential growth is focused within the Lincoln Strategy Area (LSA), which is an areas surrounding Lincoln City, containing some of the highest sales values (per sq.m) and includes over 60% of self-containment in terms of jobs and homes. The urban centres of Sleaford and Gainsborough urban area will also have considerable new growth and further growth will also be channelled to the sustainable rural towns such as Market Rasen.

8.2.6 There are a variety of developers operating in the study area, including a number of local and regional developers, taking an adventurous approach to delivering unique housing products that command high values e.g. the Quays development at Burton Waters, and some futuristic house designs in various locations surrounding Lincoln. Most of the national developers are also active in the area, particularly in the Lincoln Strategy Area, and the urban areas of Sleaford and Gainsborough providing popular housing products.

8.2.7 There are not many brownfield sites remaining and flatted schemes are not seen as an important offer in the study area. Short term delivery is likely to be through existing consented SUEs and smaller greenfield sites. Medium to long term housing delivery will be dependent on the timely development on a number of sustainable urban extensions. The client team have set up ‘delivery groups’ for the emerging sustainable urban extensions (SUEs) involving key infrastructure providers, and the site owners and promoters to inform decisions relating to site viability, trajectory, infrastructure planning and delivery.

8.2.8 The review of recent affordable housing and developer contributions secured, found that the percentage of affordable housing contribution varies depending on the scale of S106 infrastructure contributions being sought. There have been examples of developer contributions of upto 35% affordable housing, particularly in areas closer to Lincoln and Sleaford, and especially by the local house builders; however, as the scale of other S106 costs has increased, (particularly for education and health) then the percentage for affordable housing being offered has fallen. The percentage of affordable housing has settled around 20% to 25% (depending on location and scheme) within the LSA with developer contributions ranging from £6,000 to £10,000 for infrastructure costs. The review of the developer contribution findings highlighted that there are considerable site specific variations in the urban towns and the wider rural areas.

8.2.9 We are grateful for the time taken by landowners and their agents for the case study meetings, and the various developers and infrastructure providers who attended the developer workshop. This has provided valuable input in shaping our understanding of the delivery and viability assumptions. A key message from a number of these consultees was the importance of maintaining a strong and competitive economy, particularly in Lincoln, Gainsborough and Sleaford, in order to create the effective demand for the housing market.

8.2.10 A surprising response from some of the promoters was that site opening costs are considerably lower than we have assumed for this area, noting that the majority of the SUEs (apart from the Western Growth Corridor) are ‘clean easy to develop sites requiring little in the way of strategic infrastructure. The agents noted that landowners have an expectation for their assets, but are also realistic of the market in Central Lincolnshire and have informed their expectations accordingly for this plan level assessment.

8.2.11 In terms of wider assumptions for the viability assessment, we were challenged to use lower build costs assumptions (than those quoted by BCIS), although this is a well accepted point in the development sector, there is limited documented evidence to support this. We have however, considered it appropriate, based on recent new evidence that has been brought to our attention, (see Appendix D) to reduce the percentage of developer profit percentage assumed in the study. Thus ensuring that all main stakeholders (land owner in terms of land value expectations, local authority in terms of policy expectations and developers in terms of profit expectations) adopt realistic expectations which reflect the Central Lincolnshire market, and as evidenced by the delivery taking place on the ground.

8.2.12 The feedback at the developer workshop was that providing the right sites are identified for development then there continues to be a steady demand for housing, particularly in recent years fuelled by the various help to buy schemes, which require little or no discounts off the market values. However, development is very dependent on finding sites at a reasonable land value, and ensuring that the policy costs are not too onerous. The issue of high land value expectations, landowners not needing to sell in a hurry, and the misunderstanding of some landowners who are unware of the need to factor in site opening costs (off the value offered for a piece of land) were all identified as issues that could affect delivery. The client team may consider taking some proactive action in targeting this issue by bringing forward landowners who are looking to promote sites through the SHLAA to ensure their understanding of land value is realistic and reflects site opening costs, market values and policy costs.

8.3 Draft plan policy findings

8.3.1 Our joint review (with the client team) of the draft plan policy has resulted in a number of recommendations aimed at removing any duplication in the policy requirement, particularly where it is already included in a national requirement, but also providing guidance on areas where the policy can be made more flexible to reflect the market conditions of this area.

8.3.2 An important finding stemming from the policy review relates to the need bring a number of individual policies relating to infrastructure into a single overarching infrastructure and delivery policy linked to a live ‘infrastructure delivery plan’. Thus providing greater clarity and transparency to the developer and the service provider in knowing what the infrastructure cost is likely to be, and when and how they will be funded and what other sources of funding might be sought to support this.

8.3.3 The policy assessment identified the policies most likely to impact on the residential viability of the Local Plan were affordable housing, and infrastructure (wide ranging). Other policy costs identified are already factored into the viability appraisal 'inputs'. Going forward, as policies are refined for the final Local Plan, the client team will need to ensure that any changes to the draft policies which might impact on viabilty are taken account of.[31]

8.4 Is the Local Plan deliverable?

8.4.1 The final stage of this viability assessment is to draw broad conclusions on whether the Local Plan is deliverable in terms of viability (note the wider consideration in terms of infrastructure and site trajectory is being considered seperately by the client team).

8.4.2 The viability assessment has demonstrated the Local Plan to be viable based on current values and with the inclusion of a sensible mix of policies, and viability assumptions in relation to land values and profit margins. Sensitivity testing has been undertaken to test the effect of an increase in costs and values and the planned typologies remain viable (see appendix E).

[31] Note after the preparation fo this report, PBA have provided viability assessment of the impact of introducing higher accessible housing standards in a separate note to the client.

8.4.3 However the viability assessment should be kept under regular review to help inform the rate of affordable housing and developer contribution policies. These policies should also be kept flexible and reviewed at intervals of say two to three years or so to reflect changes in the market which might affect the viability and deliverability.

8.4.4 With no affordable policy requirements, all the typologies tested are viable. Once affordable housing policy is introduced, the overage available to fund other policy costs is reduced. However, at 40% affordable housing requirement, development is not viable (and we have not been made aware of any recent development examples where this level of affordable housing delivery has been achieved).

8.4.5 A substantial infrastructure funding gap has been identified to fund key items of strategic infrastructure needed to support the competitiveness and delivery of the economic growth of the area. As the developer 'pot' is finite, there will need to be some policy trade-offs between the percentage of affordable housing and amount contributed toward the cost of infrastructure (in the form of S106 and Community Infrastructure Levy).

8.4.6 Tables E1 to E6 in Appendix E summarise the appraisal findings for the various viability typologies and sets out the policy options for this study area. Based on various consultations with the client team on the policy trade-offs, there was general acceptance that an affordable housing policy of between 15% to 20% and an accompanying CIL charge of £15 per sq.m to £45 per sq.m (depending on the charge zone and policy mix) was pragmatic, but we note that there are individual differences in priorites and balance of policy and CIL mix.

8.4.7 The scenario of ten dwellings or less is no longer liable for any affordable housing policy due to Central Government policy creating a minimum national threshold. These schemes will also not be liable to any tariff style S106 contributions. Our appraisals have included a S106 contribution allowance of £2,000 as a cost input in the appraisals to assess this scenario. Even with this S106 cost inclusion, there is considerable overage to pay for CIL in this typology due to the lack of other policy costs. This has been identified in our recommendations.

8.4.8 Note whilst preparing this report, the national affordable housing threshold policy of ten units has been challenged and is in the process of being removed. To reflect this, we have provided the client team a separate note setting out some further analysis to inform a local affordable housing threshold policy and the effect of this on CIL.

8.4.9 In arriving at the CIL charge recommendations, a buffer has been maintained from the maximum potential CIL charge, and in most cases the CIL charge reflects around 2% of the GDV. In addition, the appraisal has erred on the side of caution in many of the key assumptions such as build costs (using BCIS), including a 5% contingency, and maintaining a 7% finance rate. We have however reduced the developer profit margin from the consulted rate of 20% of GDV to 17.5% of GDV and have adopted threshold land values to reflect to avoid the 'circularity argument' in supporting policy requirements. The findings reflect actually delivery currently taking place in the study area and the level of policy and infrastructure contributions being secured.

Viability findings

8.4.10 The main viability findings and policy trade-off to inform the policy recommendation are as follows:

- The appraisal findings demonstrate that viability varies across the study area and that different policy approaches are considered necessary.

- In terms of the viability assessment, the strategic sites have been found as viable, based on a sensitive approach adapted to the scale of policy requirements. As further detailed information becomes available this may help to refine the findings, particularly in relation to infrastructure costs. Delivering the sustainable urban extensions is a complex process and will require considerable lead in time and funding to support the upfront cashflow requirements to support the delivery of site opening costs.

- In accordance with Government guidance which warns against over complicating charging zones, two value zones have identified for the Central Lincolnshire Plan area, providing a relatively simple and logical approach based on general property values.

- The sales values of areas that are within easy reach of Lincoln City command highest values – this area coincides with the wider Local Plan strategy area and so for simplicity, has retained the name 'Lincoln Strategy Area'. The urban areas of Sleaford and Gainsborough have similar general values (per sq.m basis) as the remaining rural areas of North Kesteven and West Linsey and together form the 'all other areas' zone.

- With regard to commercial element of the planned development, the delivery of schemes taking place is less affected by the impact of 'policy burdens' for which this study is assessing, and more sensitive to wider economic market conditions of demand and supply for such development. The viability assessment assessed a range of speculative development scenarios, without the imposition of any planning obligations and found the schemes most likely to take place are those that have an identified client requiring specific development requirements rather than speculative delivery.

- The commercial viability assessment indicates that very little speculative development is viable at present apart from retail development, and even here, it would be prudent to exercise caution and avoid charging close to the margins of viability.

8.5 Study recommendations

Proactive approach to support delivery

8.5.1 The various individual policies relating to infrastructure currently in the draft Local Plan should be simplified and merged together into a single overarching 'infrastructure requirements and delivery policy' and cross referenced to a 'live' infrastructure delivery plan and the S106 SPD so that all matters relating to the infrastructure requirements are consistent and brought together. The new delivery policy should set out a clear explanation of the mechanisms that will be used for developer contributions, including CIL, S106 and site enabling infrastructure costs. The aim of this is to provide a clear transparent understanding of the cumulative impact of infrastructure costs on viability and delivery and provide clarity to developers and landowners over the scale of contributions likely to be required and ensure there is no duplication of contributions being sought to pay for the same infrastructure (S106 / S278 or CIL).

8.5.1 To support the delivery of the planned growth, there is an estimated infrastructure funding requirement of £150m - £200m. CIL is expected to fund about £50m-£60m to support critical infrastructure. Although CIL will be an important source of funding, it is highly unlikely that CIL will plug the entire funding gap needed to pay for the infrastructure required to deliver growth.

8.5.2 Developers are highly cashflow sensitive. This is likely to be a particular challenge for strategic urban extension sites, where there are significant up-front works required for site opening up costs. This is possibly one of the challenges to achieving the medium term delivery of the Local Plan. To support the delivery of the SUEs, the client team are already engaged in joint working with the site promoters. In addition they may consider exploring the scope to utilise the prudential borrowing powers, to provide low cost loan finance to pay for the upfront infrastructure costs, or on-site income generation investments such as utilities or energy or the use of CIL proceeds to provide upfront investment infrastructure.

CIL and percentage of affordable housing policy

8.5.3 The final decision on the policy trade-offs between infrastructure and affordable housing will be one for officers and members to determine after taking account of the need to fund substantial infrastructure and support the delivery of affordable housing need. The Local Plan policy and CIL charge options are set out in Table 8.1. We have highlighted our recommended charges in green.

8.5.4 The NPPF recognises that market conditions change over time, and so when setting long term policy on affordable housing, it will be important to incorporate review periods when the policy will be updated, and as such the policy should be kept flexible to reflect changing market circumstances. We recommend a review of the affordable housing and CIL charge is undertaken on a two or three yearly basis or when there are sudden changes to impact on viability.

Table 8.1 Policy and CIL charge options based on policy trade-offs for residential and commercial development

Developer contribution policy options / CIL Market Zones for residential use	20% affordable CIL upto:	17% affordable CIL upto	15% affordable CIL upto:	0% - below housing affordable threshold CIL upto
Lincoln Strategy Area	£45 p sq.m	£50 p sq.m	£55 p sq.m	£75 p sq.m
Sleaford &Gainsborough urban	£15 p sq.m	£20 p sq.m	£30 p sq.m	£55 p sq.m
All other rural areas	£15 p sq.m	£20 p sq.m	£30 p sq.m	£55 p sq.m
Lincoln SUE	£20 p sq.m	£25 p sq.m	£30 p sq.m	n/a
Sleaford SUE	£0 p sq.m	£10 p sq.m	£20 p sq.m	n/a
Gainsborough SUE	£0 p sq.m	£10 p sq.m	£20 p sq.m	n/a
Flatted schemes	£0p sq.m	£0p sq.m	£0 p sq.m	n/a
Convenience retail – all formats	CIL upto £40 p sq.m			
All other uses	CIL at £0 p sq.m			

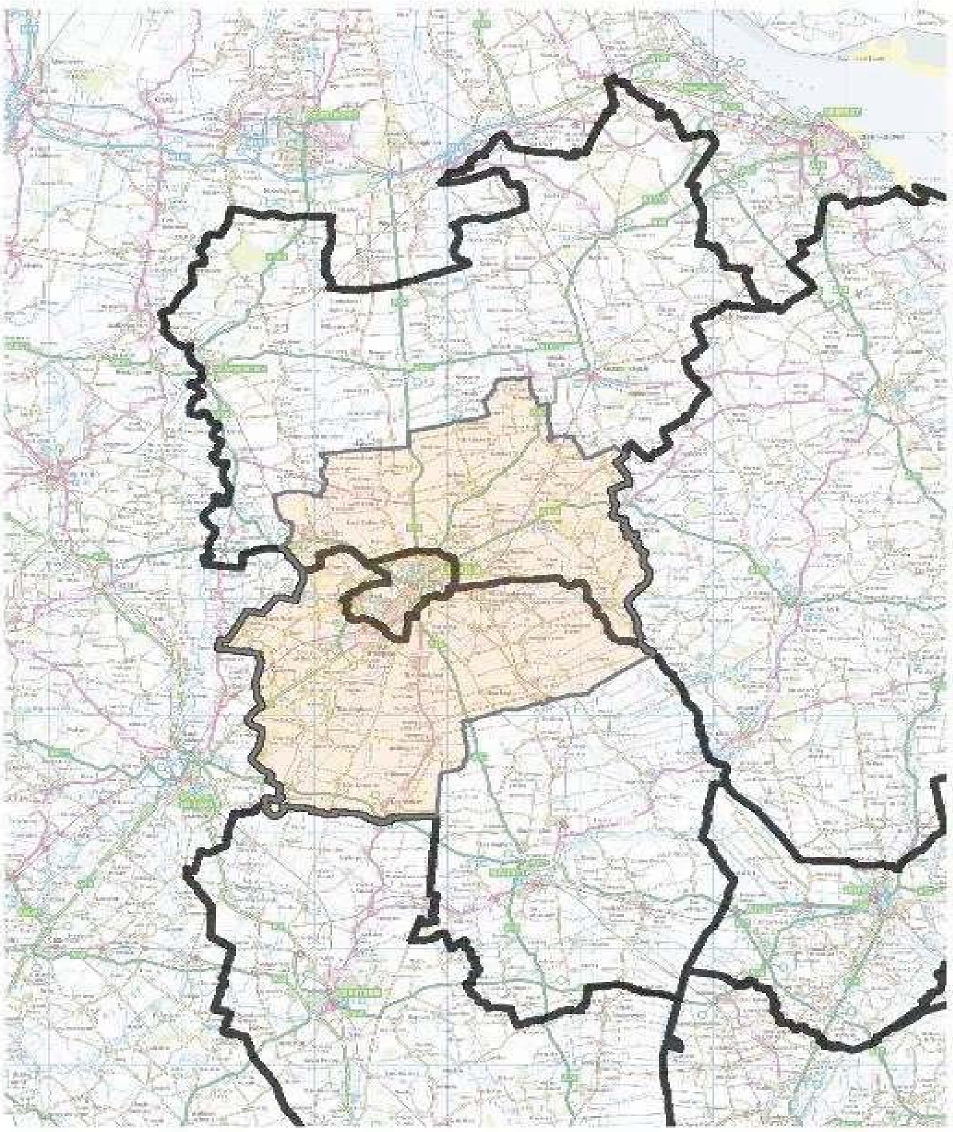
Source: PBA and client team 2015

CIL charge zones

8.5.5 In accordance with Government guidance which warns against over complicating charging zones, two value zones have been identified for the Central Lincolnshire Plan area, which provide a relatively simple and logical approach to CIL charge zones based on general property values.

8.5.6 The areas that are within easy reach of Lincoln City generally command the highest sales values. This area coincides with the Local Plan policy area known as the Lincoln Strategy Area which has been adopted for the higher value area for this study. The urban areas of Sleaford and Gainsborough have similar general values as the remaining rural areas of North Kesteven and West Linsey and together theyform the 'all other areas' charge zone. A charge zones map depicting the extent of the LSA is included at Figure 8.2.

Figure 8.2 Indicative CIL charge zones map depicting the Lincoln Strategy Area



Lincoln Strategy Area charging zone   All other area charging zone

8.5.7 Further boundaries reflecting the SUEs will need to be identified as separate CIL charge zones once these are determined.

Appendix A Developer workshop notes

Job Name: C Lincs Whole Plan Viability, Affordable Housing & CIL Study

Date: 4th February 2015 held at Lincolnshire County Hall

Subject: **Developer viability and infrastructure workshop**

Attendees List of attendees attached at the end of this note

Presenters Andy Gutherson, Brendan Gallagher, Shilpa Rasaiah, Stuart Cook

Purpose of note This note provides a summary of the questions and comments made at the developer workshop and should be read in conjunction with the attached workshop power point presentation.

Topic	Question / comment
Plan Preparation, infrastructure, viability and delivery context: • NPPF set's the scene for this work. • Politically, delivering infrastructure to support growth and affordable housing are key priorities. • Working on individually robust evidence and policy to provide a coherent "whole plan" • linking Central Lincolnshire Local Plan with delivery strategies • Viability and infrastructure delivery is central to delivery • Change in legislation means CIL will be needed to pay for strategic infrastructure • Major funding gap for strategic infrastructure to support delivery of growth – particularly delivery of Lincoln Eastern By-Pass, and Lincoln East – West links. • Will need to demonstrate a deliverable and developable plan with infrastructure - so an iterative process, sites, infrastructure and policies will be revised to support delivery • Prioritisation and managing delivery is essential • Authorities will work with the LEP (not 'cash cow') and other partners • Funding from a range of sources (developer contributions will only be a small element) • Viability evidence will support the whole plan viability assessment and CIL charging schedule process.	
Residential viability assumptions	
Value zones	North – south, urban - rural differentials noted
Residential scenario's: Greenfield & brownfield development Housing • 2 units • 14 units • 35 units • 100 units Flats • 10 units • 20 units	• Flats were not considered relevant to the area. • Need to add larger 200 – 300 scheme scenario to reflect higher opening costs. • Include 10 units to reflect the affordable threshold • Suggested scenario: • 4 units • 10 units • 35 units • 100 units • 250 unit Flatted scenarios of 10 and 20 units to be reviewed in the light of comments.
Sales values: Range of £1,500 – £1,950, with high, med and low value areas.	• Figures are about right but will need to be kept under review. • Developer's offering between 7% - 10% discounts. • Government incentives supporting values and demand. Concerns if they are removed will impact market.
Affordable housing: • Transfer values blended affordable housing = 55% of OMV	• A blended rate of 55% of OMV agreed by RV reps.

<table>
<tr><td>Social/ affordable rent – 45% OMV
Affordable rent - 55% OMV
Affordable housing unit size – 75 - 80 sq.m</td><td>Reduce to 70 sq.m (2 bed)
Welfare room tax resulting in need for more 1 bed units.</td></tr>
<tr><td>Build cost assumptions:
Houses - BCIS 'generally' median rebased £898 psm (£83 psf)
Flats - BCIS 'generally' median rebased £1,061 psm (£99 psf)
Plot externals 10 - 15% of build costs</td><td>No comment on BCIS build costs

General cost in this area of needing to provide additional flood mitigation measures requested by the EA range from onsite swales, SUDs, raising the land upto 1m – can add anything from £2k per unit or £300k per ha.
Greenfield sites hit more on flood mitigation costs (including raising levels and attenuation measures).Water attenuation including SUDs, swales etc are used to achieve sustainability credit (i.e. to achieve building regs) whilst brownfield sites get credits relatively easy in comparison through re-use of materials etc.</td></tr>
<tr><td>Other cost assumptions:
Professional fees 8%
Contingency 5%
Sale cost 3% OM GDV
Finance 7% - cash flowed
Profit 20% OM GDV & 6% Affordable GDV</td><td>Suggestion from developers that the developer's return should increase to 23% on GDV.

Comment that it is staggeringly expensive to submit a planning application.

No other comments on costs.</td></tr>
<tr><td>Density and unit size
Assumed house sizes of 95 sq.m to 110 sq.m / density of 35 dph
Assumed flat size 60 sq.m / density of 70 dph</td><td>Market units size 900 sq.ft / 83 sq.m
1 – 2 bed affordable 71 sq.m

Densities
Large schemes between 35 – 45 dph

Smaller schemes (less than 35 units) closer to 30 dph</td></tr>
<tr><td>Lead in times for delivery

Time-scales (build to sale)
Small sites (up to 5) 9 months
Medium (30 - 60)18 months
Large (100) 24 months</td><td>After planning consent, at least 4 months to first build. This is to be reflected in the appraisals.

Each developer selling 30 – 35 private homes pa
Though current experience, v high demand, selling 55 units pa in Lincoln area (linked to limited supply in the area).</td></tr>
<tr><td>Threshold land value
Fully serviced sites with policy costs:
Higher value - £900k per ha (£365k per acre)
Medium value - £700k per ha (£285k per acre)
Lower value - £600k per ha (£243k per acre)
SUEs – upto £450k per ha (£180k per acre)</td><td>General concern expressed from developers that the way these rates are expressed are too high and lead landowners to misunderstand / raise land value expectations.

Developers agreed to provide case study examples to help illustrate the actual land value (based on the build-up costs from EUV, site opening costs to final value and apportionment to land owner and policy requirement).</td></tr>
<tr><td colspan="2">General comments from the floor relating to residential development:
To meet the OAN target, will need to attract national builders; however, margins are so tight to attract the nationals.
Increase in supply due to massive number of sites being identified could impact on sales values – supply and demand.
CIL is viewed as another tax, sited neighbouring Newark & Sherwood where CIL cited as having stymied development.
Need to incentivise both landowner and developer.
Benchmark land value is critical – too low and landowners not incentivised to sell, too high, and no residual to pay for infrastructure and policy. Understanding how the tipping point is arrived at is essential.
Clean up / opening up costs vary considerably – so assumed a fully serviced site.
Pragmatic approach on overall CIL, S106 and policy requirements to avoid undue burden on developers.
Staggeringly expensive to prepare for a planning application now.</td></tr>
<tr><td colspan="2">Commercial viability assumptions</td></tr>
</table>

Scenarios tested Retail • Convenience *Small* – 279 sq.m • Convenience *Medium* – 930 sq.m • Convenience *Large* – 4,600 sq.m • Comparison *Out Town* – 930 sq.m m • Comparison *In Town* – 930 sq.m Office – 465 sq.m Industrial – 930 sq.m	Retail scenarios about right assuming that convenience floor areas are net sales. Additional industrial scenario for 2000 sq.m recommended.
Other cost assumptions • Professional fees 8% • Contingency 5% • Sale cost 3% GDV • Finance 7% - cash flowed • Profit 20% on costs	About right
Build costs Retail • Convenience – *Small* – £1,143 psm (£106 psf) • Convenience – *Medium* – £1,066 psm (£99 psf) • Convenience – *Large* - £1,325 psm (£123 psf) • Comparison - *Out of Town* – retail warehouse 'generally' median rebased - £594 psm (£55 psf) • Comparison – *In Town* – shops 'generally' £775 psm (£72 psf) Office - BCIS 'generally' median rebased - £1,260 psm (£117 psf) Industrial - BCIS 'generally' median rebased - £494 psm (£46 psf) Plot externals 15% of build costs	Build costs on industrial and office accommodation £10psf too light.
Commercial values Retail • Convenience – *Small* – £194 psm (18 psf) & 5% yield • Convenience – *Medium* – £230 psm (21 psf) & 5% yield • Convenience – *Large* - £248 psm (23 psf) & 4.75% yield • Comparison - *Out of Town* – retail warehouse - £172 psm (£16 psf) & yield of 7.5% • Comparison – *In Town* – shops - £215 psm (£20 psf) & yield of 7.5% Office - £160 psm (£15psf) & yield of 8% Industrial - £592 psm (£5.50 psf) & yield of 8%	Convenience small and medium retail – amend to 6% yield Office reduce to £13 psf
Commercial threshold land value Assumed fully serviced sites: Retail • Convenience – £4m per ha (£1.6m acre) • Comparison – *Out of Town* – £2m per ha (£0.8m acre) • Comparison – *In Town* – £3m per ha (£1.2 m acre) Office - £620k per ha (£250k per acre) Industrial - £370k per ha (£150k per acre)	Office and industrial about right Convenience retail too high, reduce to £1m per acre

Appendix B Draft Local Plan policy review

Plan policy	Does the policy have a cost implication?	Viability testing implication?
LP1: Presumption in Favour of Sustainable Development	No	A general policy to complement the National Planning Policy Framework (NPPF).
LP2: The Spatial Strategy and Settlement Hierarchy	No	Determining which towns and villages fall into what category of the settlement hierarchy. Consideration must be given to sales values specific to where growth will take place.
LP3: Level and Distribution of Growth	No	Housing growth targets (currently a range between 25,000 and 47,500) channelled to Lincoln Area and main towns. Forms basis for informing 'bulk of growth assessment' to inform values.
LP4:Delivering Prosperity and Jobs	No	Sets jobs and employment land targets. Seeks to maximise opportunities for jobs growth, raise skills levels and provide opportunities for training. If planning obligations are used to support delivery of say training for local workforce this could impact on cost and hence viability. **Action:** Need for greater clarity around policy requirements to ensure no cost are added by policy
LP5: Retail and Town Centres in Central Lincolnshire	Possibly	The policy sets the retail hierarchy and retail impact assessment threshold and clarifies when a retail impact assessment will be required. Assumed part of planning application preparation costs.
LP6: A Sustainable Visitor Economy	No	Policy to promote the growth of the visitor economy.
LP7:Health and Wellbeing	Possibly	Policy requiring developers to submit a Health Impact Assessment when appropriate – often duplicates other policies and standards and could be viewed as an 'additional' cost by developers. **Action**: Client team has agreed to consider PBA recommendation to remove / rationalise policy burden by incorporating principals within the scope of Design and Access Statement with supporting guidance / check list to provide clarity to applicants.
LP8:Meeting Accommodation Need	Yes	Policy encouraging a range of accommodation types such as custom build, single storey dwellings and executive homes and sets out criteria for assessing gypsy and traveller related development. Policy has set a target to provide 'typically' 5% of net developable area for self build schemes. **Action:** recommend removing target rewording policy to simply state self-build will be encouraged.
LP9:Meeting Housing Needs	Yes	Policy will set affordable housing requirement and threshold once the findings of the WPV assessment are considered

Plan policy	Does the policy have a cost implication?	Viability testing implication?
LP10: Infrastructure to Support Growth	Yes	Policy confirming the need for infrastructure and provides the parent policy for the Developer Contributions DPD, IDP, CIL, charging schedule, etc. Other policies provide more infrastructure specific advice. Action: policy needs to perform as an overarching policy making clear how it links to other infrastructure policies and to a 'live' IDP which sets out cost of infrastructure and approach to developer contributions / Developer Contributions SPD should also be aligned to the IDP which will be regularly reviewed and inform infrastructure delivery. S106 cost assumptions agreed for WPV assessment to cover primary education and other site specific costs and higher site specific costs for SUE's. Other strategic infrastructure e.g. secondary education, transportation etc will be paid for via CIL and green infrastructure, open space and SUD drainage etc will be treated as part of the developer's site opening costs.
LP11: Transport	Yes	Policy covering strategic as well as site specific transport matters. **Action:** Policy should cross reference to LP10 policy which will include how developer contributions will be addressed for infrastructure between site specific and strategic and avoiding undue burden.
LP12:Managing Water Resources and Flood Risk	Yes	Policy acknowledges importance of flood preventions and sets out the approach the Central Lincolnshire authorities expect in addressing flood prevention and drainage. Policy requirement affect cost at planning application stage with the need for flood risk assessments and at development stage. Developers in Lincolnshire are aware of need to factor in cost for flood / drainage measures and reflect this in their development costs.
LP13: Community Facilities	Yes	Policy sets out a requirement for new community infrastructure linked to development and approach to funding and off site provision. **Action**: This policy will have to be linked to SP10 which will clarify what infrastructure is required via the IDP and explain the approach to developer contributions in one place.
LP14: Development on Land affected by Contamination	Possible	Policy sets out need for assessing the risk of contamination prior to any development taking place on land affected by contamination. Pre-development cost of bringing a site forward for development, coming off the value of the land.
LP15: Our Landscape	No	Policy aimed at protecting landscape assets and prioritising the use of brownfield land.
LP16: Climate Change and Low Carbon Living	No	A policy aimed at encouraging development to take the opportunity to minimising resource consumption and combating climate change. No targets specified – positive approach to change adopted.
LP17:Stand-alone Renewable Energy Proposals	No	Policy for assessing commercial energy generation infrastructure.

Plan policy	Does the policy have a cost implication?	Viability testing implication?
LP18: Green Infrastructure Network	Possibly	Policy encourages the enhancement of green infrastructure networks as part of development. Viability assessment treats this as a site opening cost as part of scheme development costs where appropriate.
LP19: Biodiversity and Geodiversity	Possibly	Policy setting out the approach to safe guarding, enhancing and militating against the loss of habitats, species and sites. Cost of assessments planning applications affected by the need to provide a biodiversity assessment. Any safeguards will be factored into the developable area. Appraisals are based on net developable land area.
LP20:The Historic Environment	Possibly	Policy with criteria to protect preserve or enhance historic assets. Where assessments are required, cost assumed as part of professional fees for submitting planning application.
LP21:Design Principles	No	Policy sets out the design criteria to inform the layout and design of developments to create a sense of place, safeguarding features and respecting character and views.
Housing standards review	No	The draft LP acknowledges the National Housing Standards Review and does not seek to impose any additional policy burdens, but does support their implementation on a voluntary basis.
LP22:Open Space, Sports and Recreation Facilities	Yes	Policy introducing the requirement for development to provide accessible open space or improve existing. **Action:** Policy should be linked to policy LP10 which will provide clarity on cost calculation in arriving at developer contributions. These costs have been factored into the S106 assessment by LCC.
LP23: Shop Fronts and Advertisements	No	Policy setting out criteria for assessing the impact of shop fronts and advertisement proposals
LP24: Threshold Test for locally supported growth in Villages	Possible	Policy setting out the broad principles for development in small towns and growth villages, any addition beyond would have to demonstrate community support. Will impact on viability cost due to community consultation. – presumed to come off the value of the land on sites being promoted through this process.
LP25: Local Green Spaces	No	Policy setting out the approach to Local Green Spaces.
LP26: Sustainable Urban Extensions	Yes	Policy setting out the requirements upon promoters to demonstrate the SUE is available, deliverable and masterplanning approach. **Action:** as part of demonstrating deliverability, promoters should submit viability appraisals before the allocation of the SUEs to enable the LA to assess how the Plan policy and infrastructure costs will be met. Part of SUEs appraisal assessments – includes estimates for costs and land value assumptions, but will be for promoters to submit their own viability appraisals. Should also be linked to policy LP 10 on infrastructure delivery to support the SUEs.

Plan policy	Does the policy have a cost implication?	Viability testing implication?
LP27:A Growing Lincoln	No	Policy identifying potential SUEs and options for growth in and around Lincoln (exact locations to be added at the next stage).
LP28:Transport Priorities/ Movement Strategy	Yes	Policy set out transport measures schemes to support growth of Lincoln area, but also includes details of sustainable travel initiatives. **Action:** the approach to funding the requirements stemming from this policy should be set out in the revised Infrastructure Policy LP10 which inturn will be linked to a 'live' infrastructure delivery plan and process for prioritising infrastructure delivery and sets out what and how these costs have been factored into the S106 assumptions for viability assessments and avoids any duplication or additional cost burdens.
LP29:Houses in Multiple Occupation including Student Housing	No	Sets out criteria for conversion to houses in multiple occupations.
LP30: Protecting Lincoln's setting and character	No	Policy setting out criteria for assessing the impact of proposals on Lincoln's setting and character.
LP31: - LP39 Future growth policies	No	A range of policies setting out key considerations in informing future growth in Lincoln, Gainsborough, Sleaford, rural areas, smaller towns.

Appendix C Background information on case studies

A.1.1 This section captures some of the viability assumptions guidance stemming from the case study developer surgeries. We are grateful for the time and input provided by the various promoters for the case studies.

Witham St Hughes – North Kesteven

A.1.2 Situated along the A46, on a former RAF site. Phases 1 and 2 of this site have already been completed, creating a 'new settlement' with a neighbourhood centre and primary school. The proposal by Strawson's is to develop an adjoining greenfield site currently in agricultural use, for a further 1000 houses and 200 unit residential care village. There is an existing employment area across the road. The viability assessment relates only to the 1000 houses, the 200 residential care village has not been appraised and is assumed to generate a value and share some of the site opening costs. This will need to be assessed as a site specific detailed level. The site does not have any abnormal cost implications; the land is in a single land ownership, it does not have any ransom strips to affect access to the site, it does not have any abnormal flood issues or other abnormal constraints to address and is fairly level with a slight rise to the north east.

A.1.3 The main infrastructure requirements are a new loop road (which the promoter would prefer to provide upfront to maximise economies of delivery along with the foul sewer), the expansion of the existing primary school, and a possible noise bund to shield vehicular noise will be needed. Some off site highway infrastructure is likely to be required, and contributions towards creating a health facility, expansion of the existing community centre and secondary school education will be required. A S106 cost estimate of £4.3k per unit is assumed for this.

A.1.4 The developer enabling works will include the provision of the loop road, SUDs, green infrastructure, including jogging tracks, LEAPs, NEAP's (but not LAP's), utilities, foul sewer, noise bund, allotments, playing fields, and a 30m noise bund. A cost estimate of £10k per unit is assumed for this.

A.1.5 Policy level affordable housing at 35% is assumed to be provided on this scheme, although the previous phases did not include any.

A.1.6 A planning application is expected imminently. The road will require a lead in time of six to twelve months. This will be funded by pre-selling two cells at each end of the road to part fund the cost of the road. The site is expected to attract 2-3 developers building at any one point, with 90-100 dwellings in total per annum. Providing a planning application is submitted this year, and delivery of the infrastructure commences next year, delivery could optimistically commence sometime in 2017 and based on the projected delivery rate, it is estimated to be completed by 2027.

A.1.7 The development at Witham St Hughes has been relatively affordable compared to older villages nearby; the site has good access to the A46 to Lincoln and the wider highway network. The past development has been of two and three story detached and semi-detached homes, of circa 37-40 dph. There has been a very strong demand for the earlier phases of development at Witham St Hughes, partly due to high demand and constrained supply elsewhere in Lincoln. Witham St Hughes has proved very popular, and currently there are only four properties on the market by Taylor Wimpey and M & D Homes.

Western Growth Corridor – Lincoln

A.1.8 City of Lincoln Council (C of LC) and Taylor Wimpey are promoting the urban extension known as the Western Growth Corridor, with a view to formalising an agreement to work jointly to unlock the delivery of this site. The overall scheme has been modelled at 3,000 homes, (1,300 on the

City of Lincoln Council land) but is understood to now be 3,200), parkland, and commercial development (office and leisure uses) linked to the university will also be provided.

A.1.9 The site has been subject to substantive testing for flood mitigation measures, and a formal strategy to create a technical solution for a developable area is expected to be formally confirmed by the Environment Agency by June 2015. Some parts of the site may require floor level increases ranging from 0.3m to 1m for cut and fill.

A.1.10 Part of the site, north east towards the railway line has poor quality geo technical fill and is subject to a current feasibility study, this site is promoted as mixed commercial use and infrastructure development but is not expected to include any residential development.

A.1.11 A design and cost team has been appointed to clarify the cost of mitigating the flood and geo technical fill but is at present assumed to be at owners cost, liability and warranted. City of Lincoln Council may need to take a master-developer role to ensure timely delivery of infrastructure. The flood mitigation work will be phased alongside the delivery, and phasing will be from the south northwards.

A.1.12 City of Lincoln Council (Cpf LC) also own the access point to Skellingthorpe Road. There is an in principle agreement to link to the northern site via a bridge crossing landing on Beevor Street and into the developing science park. Eastern access depends on Network Rail and there is an in principle agreement. Relevant access to both start and finish of the development is expected to be achieved in advance of the need for it.

A.1.13 Site opening infrastructure includes the need for one bridge to the Beevor Street area and a second pedestrian link to Tritton Road. Bridge connection is likely to be required early on in the scheme. Transport modelling will confirm whether there is a need or not to link to the A46. There is an aspiration for a Combined Heat and Power facility on site.

A.1.14 The market values are mixed as one might expect in an urban location, and it is expected that this development will provide range of housing to meet natural growth in population, some in-migration and the current supply constraints being experienced by the area.

A.1.15 The CoLC is currently in the process in applying for a range of European Social Fund grants to support the delivery of the Western Growth Corridor which they have estimated could be in the region of £24 million. The certainty of securing any grants will be subject to successfully securing a planning consent for the site. Therefore, any assumptions surrounding grant funding at this stage is at risk. Notwithstanding this, given the nature of the scheme and the length of time it would be delivered - some grant funding is expected by the local authority. For the purpose of the viability testing we have assumed that £24 million of grant contribution will be obtained through the lifetime of the project.

A.1.16 The Western Growth Corridor site is partly in the ownership of the Local Authority. Local Authorities can make prudential borrowing, the rates of interest through this route is lower than market rates. The current prudential borrowing rate is circa 3.25%. On sites of the nature of Western Growth Corridor the Local Authority can use its borrowing to help facilitate other development outside their ownership. To facilitate such an arrangement additional fees are incurred over the prudential borrowing which the Local Authority can achieve. To reflect the borrowing arrangements available to the Local Authority we have used a finance cost rate of 4% on the Western Growth Corridor.

A.1.17 The site has been split into two phases; the first phase of circa 500 units has very few constraints and can be viably developed in the first five years. The second phase is dependent on ground remediation works and grant funding and will form part of the six year plus supply considerations.

Spa Road, Lincoln

A.1.18 The Spa Road case study reflects a complicated brownfield regeneration affected by a number of abnormal constraints. The site is being promoted by the Westleigh Partnership who have undertaken similar joint venture schemes at Monks Road and Brayford Pool in Lincoln. The focus is to bring forward a difficult to develop brownfield site with an emphasis on creating a predominantly affordable housing scheme with the aid of external grant funding and a risk sharing mechanism via the creation of a Joint Venture Company. The draft scheme is to develop 400 two and three bedroom, two storey dwellings though the precise nature of the developable land area is to be determined.

A.1.19 The site is a former electricity power station with cooling tower, coal power with railway line. Now all demolished to slab level. All underground structures are still in situ. The site still has underground and over ground electric cables, and it is likely that there will be asbestos in the demolition material still on the site.

A.1.20 There is an existing large substation on site which will need be incorporated in any future scheme – thus reducing the net developable area. The biggest constraint and abnormal cost for this site is the need to relocate the existing EON / Western Power cabling and kit which would involve a five year lead in time to move, and requires some 80% of the £5.226m costs upfront to facilitate this move.

A.1.21 The site is adjacent to the canal and at risk of flooding, so any future scheme will need to mitigate against flooding. The indication is that the site a rise in levels by 0.5m at a cost of £2k to £5k per unit. An allowance for £4k has been included in the assumptions for including pile foundations. No allowance has been made for any other site flood mitigation measures, but will need to be assessed.

A.1.22 There is a single track unfinished road serving the site, and is likely to require some highway, cycleway and pedestrian footpath upgrades to line the site to the City Centre. No allowance has been included in the cost assumptions for any S106 works associated with transport, on site open space or education infrastructure, though these will need to be costed and included.

A.1.23 The site promoter for Spa Road has informed us that the Register Provider will be paying for the cost of the affordable housing units of the scheme. We have calculated this ‘grant income’ as the cost of building the units (BCIS costs) plus plot external works (10%). This equates to £74,000 per unit and has been used in the site specific viability testing.

A.1.24 The proposal is for a mixed tenure scheme, with 66% affordable housing and working with a registered Housing Association. Westleigh has assumed that the full cost of the affordable housing units will be met by the Registered Providers. They are looking to package a redevelopment of this site and submit a grant application during the 2015-2020 allocation. The site may also benefit from potential Growth Fund or ESIF funding at £30k per plot towards the wider infrastructure requirements – this is to be investigated.

A.1.25 Given the site’s complications and abnormal works required to clear this site for development, delivery is not expected to take place in the first five years of the plan, and this scheme should be considered as part of the medium to longer term strategy.

A.1.26 It is proposed to create a Joint Venture Company (JVC) between Westleigh, Waterloo Housing and City of Lincoln Council to help bring this site forward. This would establish a ‘buy-in’ from the three partners and share in the risk and rewards of the scheme. It is estimated this scheme will require approximately £11m to delivery, of which the JVC would take a loan of 70% and each of the three partners would share 30% of the upfront costs.

A.1.27 The Spa Road site is being promoted by a Registered Provider who can also access preferential borrowing rates. We have been informed by the site promoter that this rate is 5% and has been used in this site specific testing.

A.1.28 Given the high abnormal costs and long lead in time to remediate the site, effective delivery of such a site would benefit from a clear vision and action plan involving a wider area and securing greater regeneration benefits. It may also benefit from a Local Development Order. To secure delivery of this site, it is recommended that this site should be considered as part of wider mixed use regeneration scheme – incorporating the wider underutilised area, and assessing the scope for further employment, skill training sector, energy generation and residential use. This should incorporate a strategy for sharing the infrastructure costs and creating better utilisation of this land asset with the waterfront location and proximity to the City Centre. To do this would require an assessment as part of planning making process and the economic strategy of the Local Enterprise Partnership, and a project team to review the options and approach to secure delivery. This is a complicated site and should be considered as part of the longer term developable considerations with some joint working required to bring this site forward for development.

Market Rasen, West Lindsey

A.1.29 This is a clean green field site situated on the edge of Market Rasen. It is currently in use for agricultural purposes by a tenant farmer. The proposal is to develop a gross site area of 6.25ha site for 150 residential units at a density of around 30 dph, including some bungalows. The site is owned by a local company, who have developed small to medium schemes across Lincolnshire in the recent past. A planning application was expected for this site shortly.

A.1.30 The site will incorporate some open space within the scheme resulting in the net developable area of 5ha. As part of preparing the planning application, the site required a protected species survey, flood risk assessment, transport assessment and geographical survey. The site did require an archaeology survey for Roman remains, followed by further archaeological testing - though no constraints were identified.

A.1.31 There are no major abnormal constraints to the site apart from some drainage and flood issues in one corner of the site to be addressed by incorporating a culvert for drainage as part of site opening costs. Services are available for this site in close proximity. However, to avoid disturbance to existing residents, a temporary access will be created to bring construction traffic to the site.

A.1.32 The main developer contributions are likely to be towards primary education, public transport, junction markings and GP surgery expansion. We estimate this could cost circa £419k or approximately £2,800 per unit. There will be a requirement to provide 25% affordable housing provision. There is currently a need for young single person and elderly affordable housing.

A.1.33 The rate of development is expected to be around 15 dwellings per annum, so total build out could take upto ten years. There is a steady market demand in the area. Linden Homes, Kier and Chestnut Homes are currently completing development schemes in Market Rasen. This is a clean easy to develop site and can be brought forward in the first five years of the supply.

Gainsborough and Sleaford SUEs

A.1.34 Gainsborough north urban extension of 2000 units is in a stronger value area of Gainsborough. Importance of the wider economy is sustaining effective demand for the planned growth. Access to wider emerging industrial areas of Scunthorpe, Doncaster and N E Lincolnshire area may be influencing the increase in demand for quality for quality housing in Gainsborough. At this stage, there was limited information provided on the infrastructure needed for this site.

A.1.35 Planning consent was granted in 2011 under a Planning Performance Agreement (PPA) for an urban extension in Gainsborough for 2,500 dwellings on land at Foxby Lane Gainsborough with associated employment land; community services and facilities (use classes A1-Shops, A2- Financial & Professional, A3- Restaurants & Cafes, non-residential institutions and leisure facilities and formal and informal open space and landscaping; together with the construction of new access junctions, cycleways and footways and associated infrastructure and facilities.

A.1.36 The vision for the PPA was 'for a well integrated extension to Gainsborough town with a sense of place that is "of Gainsborough" and would achieve the highest standards of environmental and architectural design.' Our assumption inputs for the Sleaford SUE were informed by a discussion with the promoter of the consented SUE in Sleaford.

Appendix D Residential viability assumptions

Changes to reflect the local market

A.1.1 It is clear that development is taking place on the ground, and recent developments have been able to meet a mix of affordable housing and infrastructure contributions. Here we set out some of the research that has informed the assessment on the revised developers profit and threshold land values, as well as other research that has informed the residential viability assumptions.

Developers profit assumption

A.1.2 This revised developer's profit assumption of 17.5% of GDV is based on the following evidence presented by the former head of District Valuation Service at an event held in June 2015 hosted by the RICS on Financial Viability in Planning event titled 'Case Study Analysis':

Table D1 Average profits qouted national - analysis by former District Valuer

Location	Average / Median	Open Market Housing GDV per sq.m	Open market GDV Profit inc Overheads	Affordable Housing Profit
Midlands	Ave Median	£2,125 £2,139	17.3% 18.0%	4.7% 5.0%
Northern	Ave Median	£2,109 £2,118	16.8% 17.8%	5.3% 5.0%
South East	Ave Median	£1,801 £1,759	17.3% 18.0%	4.7% 5.0%
South West	Ave Median	£1,744 £1,747	17.6% 17.9%	5.3% 5.0%
All	**Ave** **Median**	**£1,945** **£1,941**	**17.2%** **17.9%**	**5.0%** **5.0%**

Source: RICS event Financial Viability in Planning – Case Study Analysis Event 18th June 2015 - based on HCA development of preferred partner tenders submitted August 2013

Land values for fully serviced 'oven ready' sites

A.1.3 In collecting evidence on residential land values a distinction has been made for sites that might reflect extra costs for 'opening up / enabling infrastructure, abnormals and securing planning permission from those which are clean or 'oven ready' residential sites. The asking land values in the table below, relate to largely greenfield sites, and all but one are for less than ten dwellings with planning permission. Units of less than 10 dwellings currently do not require to provide any policy or affordable housing contributions.

A.1.4 As can be seen from the table D2, landowner expectations vary considerably (from £50,000 to £4,700,000 per ha). The price will be determined by a number of factors, including the expectation / hope value, security of planning permission, location, site opening costs and existing policy requirements.

A.1.5 There is one site on the market currently at Moor Lane, Branston, (highlighted in table D2) for 2.5 ha and outline consent for 73 dwellings. This outline consent is based on the provision of 35% affordable housing and developer contributions towards education and health. The asking price for this site with the benefit of planning permission is £700,000 per ha. A developer will take account of the cost to provide the policy, and site opening costs, developer profit allowance, expected values and build costs and then make an offer accordingly for such sites. The asking price is an indication of the value the landowner places on the site having incurred upfront costs to get it to planning stage. The assumed threshold land value for a generic typology representing a greenfield site for 100 dwellings is £600,000 per ha for this study. It is likely that site specific variations in costs and values may result in a higher (or lower) value being offered than the asking price. The value in the plan wide assessment reflects sites without the benefit of planning consent.

A.1.6 Land values used in site specific testing will differ from those used in plan wide area viability studies. The Harman guidance states: when looking at whether or not a particular site is viable, it will be assessed against the existing planning policy, whereas a plan-wide test is carried out to help inform future policy. To avoid the circularity nature of using comparable evidence (i.e. only using land comparable that do not achieve policy or potential future policy will continue the status quo). Thus adjustments to land values have been made to reflect future policy requirements to enable sustainable development.

Table D2 Asking land values for sites with planning permission in Central Lincolnshire Area

ID	Settlement	Land area ha	Planning Permission	No. Dwellings	Price per plot	Asking price per ha	Developer contributior
1	Heighington - Washingborough	0.0322	Outline		£150,000	£4,658,385	
2	Barrowby Road, Grantham	0.81	no		£800,000	£987,654	
3	Moor Lane, Branston	2.5	Outline	73	£1,750,000	£700,000	Education + £31,000 for health + 35% affordable
4	Moor Lane, Branston Booths	4.7	Full	1	£230,000	£48,936	
5	Mareham Lane, Sleaford	0.65	Yes	6	£695,000	£1,069,231	
6	Lincoln Road, Ingham (8 miles north	0.3	Yes	3	£450,000	£1,500,000	
7	Station Road, Lincoln	0.4	Outline	7	£399,700	£999,250	
8	High Street, Walcott (south of Lincol	0.35	Full	5	£350,000	£1,000,000	
9	Pinfold Lane, Ruskington (Sleaford)	0.132	Full	4	£350,000	£2,651,515	
10	Witham Road, Woodhall Spa	0.54	Full	9	£300,000	£555,556	
11	Rear Of Church Street, Billinghay	0.55	Outline	5	£299,950	£545,364	
12	North Hykeham	0.3	Outline	3	£285,000	£950,000	
13	Brant Road, Lincoln	0.121	Full	2	£265,000	£2,190,083	
14	Rookery Lane, Lincoln	0.202	Outline	4	£250,000	£1,237,624	
15	62a Horncastle Road, Woodhall Spa (	0.21	Full	1	£250,000	£1,190,476	
16	Church Drive, Norton Disney	1 plot	Outline	1 (Bungalow)	£50,000	£1,500,000	
17	Robey Street & Cranwell Street, Linc	plots / 3 dwellin	Yes	3	£95,000	£950,000	

Source: PBA web search 2015

Land value assumptions for strategic sites

A.1.7 Typically, in the market, strategic site values are referred to on a gross value per acre with the eventual net developable hectare which we have used in the viability testing affected by the net to gross site area. The threshold land values used in the site testing for the strategic sites are set out in the table D3 below and are are based on consultation with site promoters and their agents. Although expectations are to maximise land values, the agents in all cases acknowledge that for a strategic study of this nature, and to reflect the Central Lincolnshire market, the threshold land values will be lower than the expectations in stronger housing market areas.

Table D3 Residential threshold land values assumed for strategic urban extensions and other case studies

Land values	Gross value per acre	Gross Value per ha	Net developable area as % of gross site area	Net developable value per acre	Net developable value per ha	Site opening / Remediation Per net ha
Generic SUEs	£85,000	£210,044	70%	£121,430	£300,000	£350,000

Source: PBA 2015/ promoter agent inputs

A.1.8 Note in addition the threshold land values, our assumptions include an allowance of £350,000 per net ha towards site opening costs. Thus taking an oven ready land value upto £650,000 per net ha for a fully serviced site. In reality the developer will deduct the cost of site opening infrastructure from the threshold land value in arriving at the value to be offered to the land owner.

Sales value research

Table D4 Number and type of new properties currently on the market

Row Labels	Apartment	Detached	Semi-Detachec	Terraced	Grand Total
Gainsborough		11	15		26
Lincoln	3	18	6	12	39
Lincoln Strategy Area	2	24	23	2	51
Rural North Kestever		4	3		7
Rural West Lindsay	9	1	11		21
Sleaford		11	2		13
Grand Total	14	69	60	14	157

Source: Right Move – March 2015

A.1.9 Table D4 above shows that during March 2015 the concentration of new property delivery was focused on detached and semi detached properties. Interestingly, apartments (flats) also feature in Rural West Lindsey – these were in Market Rasen. Table D6 below summarises the information relating to these properties based on RightMove March 2015 data.

Table D5 Average size and price of new properties on the market

	Detached		Semi Detached		All averages	
Market area	Average area sq.m	Average price per sq.m	Average area sq.m	Average price sq.m	Aver. Floorspace sq.m	Aver. Price per sq.m
Gainsborough	113	£1,662	65	£1,958	85	£1,833
Lincoln	106	£2,764	90	£1,978	102	£2,567
Lincoln Strategy Area	140	£2,160	86	£2,117	113	£2,139
Rural North Kesteven	146	£2,225	67	£1,821	112	£2,052
Rural West Lindsay	110	£1,954	65	£2,075	69	£2,065
Sleaford	116	£1,828	85	£1,882	111	£1,836
Grand Total	123	£2,186	76	£2,033	101	£2,115

Source: Right Move 2015

A.1.10 In addition to the properties currently on the market we reviewed some 2000 new properties included on the Land Registry database for new build properties sold in the last three and half years (2012 to 2015).

A.1.11 Table D5 above shows the average size of dwellings and the per sq.m price by different dwelling types and market area of the properties currently on the market. The difference in the total value per dwelling and the price per sq.m for Gainsborough and Sleaford is explained by the difference in the average size of dwellings being delivered in the two areas. The properties in Sleaford tend to be larger house types. The average size of a dwelling in Gainsborough is 85sq.m, whilst the average size of a dwelling in Sleaford is 110sq.m.

A.1.12 For this plan wide study, we have adopted a single generic house size though out the study area, due to the fact there are considerable variations and no one value will be quite representative. We note that general average density is around 35dph, though again in the case of larger properties, the densities will be reduced and vice versa. We have sought to be broadly reflecting the assumptions in the area, rather than undertake too detailed analysis and which is in danger of over complicating the assessment.

Selection of new build properties recently sold by market areas

Table D6 Properties currently on the market in the LSA

Market area	Address	Location	Type	Bedrooms	Est Area (sq.m)	Price	Price per Sq.m
Lincoln Strategy Area	Torksey	Torksey	Country House	5	745	£1,000,000	£1,342
Lincoln Strategy Area	Newark Road, Lincoln,	Laugherterton	Detached	6	465	£450,000	£968
Lincoln Strategy Area	Sykes Lane	Saxilby	Bungalow	3	100	£230,000	£2,300
Lincoln Strategy Area	Canal Court Plot 23	Saxilby	Townhouse	3	75	£159,950	£2,133
Lincoln Strategy Area	Canal Court Plot 32	Saxilby	Townhouse	3	75	£159,950	£2,133
Lincoln Strategy Area	Canal Court Plot 31	Saxilby	Townhouse	3	75	£159,950	£2,133
Lincoln Strategy Area	Bridge Street	Saxilby	retirement flat	2	55	£110,000	£2,000
Lincoln Strategy Area	Bridge Street	Saxilby	retirement flat	2	55	£110,000	£2,000
Lincoln Strategy Area	19 The Edge, Tillbridge Lane	Grange de Lings	Family homes	4	175	£389,000	£2,223
Lincoln Strategy Area	18 The Edge, Tillbridge Lane	Grange de Lings	Family homes	4	170	£369,000	£2,171
Lincoln Strategy Area	17 The Edge, Tillbridge Lane	Grange de Lings	Family homes	3	135	£325,000	£2,407
Lincoln Strategy Area	Church Street	Nettleham	Detached	2	70	£185,000	£2,643
Lincoln Strategy Area	Lime Crescent	North Greetwell	Detached	5	130	£294,950	£2,269
Lincoln Strategy Area	Lime Crescent	North Greetwell	Detached	5	130	£289,950	£2,230
Lincoln Strategy Area	Welsey Road	North Greetwell	Terraced	4	90	£176,000	£1,956
Lincoln Strategy Area	Heathcroft	Cherry Willinghan	Detached	4	100	£209,950	£2,100
Lincoln Strategy Area	Holmes Court	Wragby	Semi-Detached	3	85	£172,995	£2,035
Lincoln Strategy Area	Holmes Court	Wragby	Semi-Detached	3	85	£172,995	£2,035
Lincoln Strategy Area	Holmes Court	Wragby	Semi-Detached	3	85	£172,995	£2,035
Lincoln Strategy Area	Holmes Court	Wragby	Semi-Detached	3	85	£172,995	£2,035
Lincoln Strategy Area	Holmes Court	Wragby	Semi-Detached	3	85	£169,995	£2,000
Lincoln Strategy Area	Holmes Court	Wragby	Semi-Detached	3	85	£169,995	£2,000
Lincoln Strategy Area	Holmes Court	Wragby	Semi-Detached	3	85	£169,995	£2,000
Lincoln Strategy Area	Holmes Court	Wragby	Semi-Detached	3	85	£169,995	£2,000
Lincoln Strategy Area	Holmes Court	Wragby	Semi-Detached	3	85	£169,995	£2,000
Lincoln Strategy Area	Holmes Court	Wragby	Semi-Detached	3	85	£169,995	£2,000
Lincoln Strategy Area	Holmes Court	Wragby	Semi-Detached	3	80	£149,995	£1,875

Source: Right Move March 2015

Market area	Address	Settlement	Type	Bedrooms	Price	Price per sq.m
Lincoln Strategy Area	Roman Fields,	Witham St Hughs	Semi-Detached	3	£183,995	£2,044
Lincoln Strategy Area	Roman Fields,	Witham St Hughs	Semi-Detached	3	£183,995	£2,044
Lincoln Strategy Area	Roman Fields,	Witham St Hughs	Semi-Detached	3	£181,995	£2,022
Lincoln Strategy Area	1 Dambusters Court	Witham St Hughs	Bungalow	3	£239,950	£2,002
Lincoln Strategy Area	10 Church Hill	Washingborough	Apartment	2	£275,000	
Lincoln Strategy Area	10 Church Hill	Washingborough	Apartment	2	£250,000	
Lincoln Strategy Area	Waterloo Lane	Skellingthorpe	Detached	5	£475,000	£2,111
Lincoln Strategy Area	Waterloo Lane	Skellingthorpe	Detached	4	£359,950	£2,400
Lincoln Strategy Area	Main Rd	Washingborough	Semi-Detached	2	£175,000	£2,500
Lincoln Strategy Area	Main Rd	Washingborough	Semi-Detached	2	£175,000	£2,500
Lincoln Strategy Area	Park View Mews	Branston	Detached	5	£399,950	£2,424
Lincoln Strategy Area	Lincoln Road	Branston	Town House	4	£274,950	£2,291
Lincoln Strategy Area	Lincoln Road	Branston	Semi-Detached	2	£167,500	£2,792
Lincoln Strategy Area	Lincoln Road	Branston	Semi-Detached	2	£167,500	£2,792
Lincoln Strategy Area	village	Bracebridge Heath	Detached Link	4	£270,000	£2,250
Lincoln Strategy Area	St Johns village	Bracebridge Heath	Detached	4	£270,000	£2,000
Lincoln Strategy Area	village	Bracebridge Heath	Detached Link	4	£270,000	£2,000
Lincoln Strategy Area	village	Bracebridge Heath	Detached	4	£270,000	£2,250
Lincoln Strategy Area	Durham Close, St Johns	Bracebridge Heath	Detached	4	£245,000	£2,227
Lincoln Strategy Area	Lakeside, Station Rd	Waddington	Detached	4	£324,995	£2,167
Lincoln Strategy Area	Lakeside, Station Rd	Waddington	Detached	4	£265,995	£2,128
Lincoln Strategy Area	Lakeside, Station Rd	Waddington	Detached	4	£259,995	£1,926
Lincoln Strategy Area	Lakeside, Station Rd	Waddington	Detached	3	£212,995	£2,130
Lincoln Strategy Area	Lakeside, Station Rd	Waddington	Detached	4	£249,995	£2,174
Lincoln Strategy Area	Lakeside, Station Rd	Waddington	Terraced	3	£169,995	£2,000
Lincoln Strategy Area	Waterloo Lane	Skellingthorpe	Detached	5	£475,000	£2,111
Lincoln Strategy Area	Nocton Park Road	Nocton	Detached	5	£415,000	£1,886
Lincoln Strategy Area	Nocton Park Road	Nocton	Detached	5	£415,000	£1,886
Lincoln Strategy Area	Nocton Park Road	Nocton	Detached	4	£359,950	£1,636
Lincoln Strategy Area	Nocton Park Road	Nocton	Detached	4	£285,500	£2,379
Lincoln Strategy Area	Nocton Park Road	Nocton	Detached	4	£285,500	£2,379
Lincoln Strategy Area	Nocton Park Road	Nocton	Detached	3	£204,950	£2,277
Lincoln Strategy Area	Nocton Park Road	Nocton	Detached	3	£204,950	£2,277
Lincoln Strategy Area	Nocton Park Road	Nocton	Detached	3	£204,950	£2,277
Lincoln Strategy Area	Nocton Park Road	Nocton	Detached	3	£204,950	£2,277
Lincoln Strategy Area	Nocton Park Road	Nocton	Detached	3	£202,950	£2,255
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£182,500	£2,028
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£182,500	£2,028
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£180,500	£2,006
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£180,500	£2,006
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£180,500	£2,006
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£180,500	£2,006
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£180,500	£2,006
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£179,500	£1,994
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£179,500	£1,994
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£179,500	£1,994
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£179,500	£1,994
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£179,500	£1,994
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£179,500	£1,994
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£179,500	£1,994
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£178,500	£1,983
Lincoln Strategy Area	Nocton Park Road	Nocton	Semi-Detached	3	£177,500	£1,972

Source: Right Move March 2015

Table D7 Burton Waters outliers excluded from assessment

Market area	Address	Location	Type	Bedrooms	Est Area (sq.m)	Price	Price per Sq.m
Lincoln Strategy Area	The Quays	Burton Waters	Town House	3	100	£279,995	£2,800
Lincoln Strategy Area	The Quays	Burton Waters	Town House	3	100	£279,996	£2,800
Lincoln Strategy Area	The Quays	Burton Waters	Town House	3	100	£279,997	£2,800
Lincoln Strategy Area	The Quays	Burton Waters	Town House	3	90	£264,995	£2,944
Lincoln Strategy Area	The Quays	Burton Waters	Town House	3	70	£259,995	£3,714
Lincoln Strategy Area	The Quays	Burton Waters	Town House	3	70	£244,950	£3,499
Lincoln Strategy Area	The Quays	Burton Waters	Town House	3	70	£244,950	£3,499
Lincoln Strategy Area	The Quays	Burton Waters	Town House	3	70	£244,950	£3,499

Source: Right Move March 2015

Table D8 Properties currently on the market in rural areas

Market area	Address	Location	Type	Bedrooms	Est Area (sq.m)	Price	Price per sq.m
Rural West Lindsey	Mallards Way de Aston Fields	Market Rasen	Bungalow	3	125	£239,950	£1,920
Rural West Lindsey	Mallards Way de Aston Fields	Market Rasen	Bungalow	3	125	£230,000	£1,840
Rural West Lindsey	Mallards Way de Aston Fields	Market Rasen	Bungalow	3	125	£230,000	£1,840
Rural West Lindsey	Willingham Rd	Market Rasen	Detached	4	110	£214,950	£1,954
Rural West Lindsey	Hunters PL Willingham Rd	Market Rasen	Semi-Detached	3	65	£137,950	£2,122
Rural West Lindsey	Riverside	Market Rasen	Semi-Detached	3	65	£137,950	£2,122
Rural West Lindsey	Riverside	Market Rasen	Semi-Detached	3	65	£137,950	£2,122
Rural West Lindsey	Willingham Rd	Market Rasen	Semi-Detached	3	65	£137,950	£2,122
Rural West Lindsey	Hunters PL	Market Rasen	Semi-Detached	3	65	£137,950	£2,122
Rural West Lindsey	Hunters PL	Market Rasen	Semi-Detached	3	65	£137,500	£2,115
Rural West Lindsey	Hunters PL	Market Rasen	Semi-Detached	3	65	£135,950	£2,092
Rural West Lindsey	Hunters PL	Market Rasen	Semi-Detached	3	65	£134,950	£2,076
Rural West Lindsey	Hunters PL	Market Rasen	Semi-Detached	3	65	£134,950	£2,076
Rural West Lindsey	Hunters PL	Market Rasen	Semi-Detached	2	55	£112,500	£2,045
Rural West Lindsey	Willingham Rd	Market Rasen	Apartment	2	50	£109,950	£2,199
Rural West Lindsey	Willingham Rd	Market Rasen	Apartment	2	50	£109,950	£2,199
Rural West Lindsey	Hunters PL	Market Rasen	Apartment	2	50	£108,950	£2,179
Rural West Lindsey	The Orchards	Market Rasen	Apartment	2	40	£97,500	£2,438
Rural West Lindsey	The Orchards	Market Rasen	Apartment	2	40	£84,500	£2,113
Rural West Lindsey	The Orchards	Market Rasen	Apartment	2	40	£84,500	£2,113
Rural West Lindsey	The Orchards	Market Rasen	Apartment	2	40	£76,500	£1,913
Rural West Lindsey	The Orchards	Market Rasen	Apartment	1	32	£61,500	£1,922
Rural West Lindsey	The Orchards	Market Rasen	Apartment	1	32	£57,950	£1,811
Rural West Lindsey	Romans Walk	Caistor	Semi-Detached	3	72	£129,995	£1,805

Ref No	Address	Settlement	Type	Bedrooms	Area (sq.m)	Price	Price per sq.m
Rural North Kesteven	Martin Moor	Metheringham	Detached	5	180	£365,000	£2,028
Rural North Kesteven	Mill Lane	Martin	Barn Conversion	3	125	£299,000	£2,392
Rural North Kesteven	Mill Lane	Martin	Detached	4	115	£285,000	£2,478
Rural North Kesteven	11 Main Street	Timberland	Detached	6	165	£330,000	£2,000
Rural North Kesteven	High Street	Walcott	Semi-Detached	2	60	£105,000	£1,750
Rural North Kesteven	Fen Road	Billinghay	Semi-Detached	3	70	£130,000	£1,857
Rural North Kesteven	Fen Road	Billinghay	Semi-Detached	3	70	£130,000	£1,857

Source: Right Move March 2015

Table D9 Properties currently on the market in Gainsborough

Market area	Address	Location	Type	Bedrooms	Est Area (sq.m)	Price	Price per sq.m
Gainsborough	Brooklands Brewster Road	Gainsborough	Detached	4	90	£175,000	£1,944
Gainsborough	Brooklands Brewster Road	Gainsborough	Detached	4	90	£182,995	£2,033
Gainsborough	Brooklands Brewster Road	Gainsborough	Detached	3	90	£149,995	£1,667
Gainsborough	Foxby Chase, Meldrum Drive	Gainsborough	Detached	3	70	£124,950	£1,785
Gainsborough	Foxby Chase Meldrum Drive,	Gainsborough	Detached	4	145	£225,000	£1,552
Gainsborough	Foxby Chase Meldrum Drive,	Gainsborough	Detached	4	145	£209,950	£1,448
Gainsborough	Foxby Chase Meldrum Drive,	Gainsborough	Detached	4	120	£184,950	£1,541
Gainsborough	Foxby Chase Meldrum Drive,	Gainsborough	Detached	4	120	£184,950	£1,541
Gainsborough	Foxby Chase Meldrum Drive,	Gainsborough	Detached	4	120	£184,950	£1,541
Gainsborough	Foxby Chase Meldrum Drive,	Gainsborough	Detached	4	120	£184,950	£1,541
Gainsborough	The Belt, The Avenue,	Gainsborough	Semi-Detached	3	60	£114,995	£1,917
Gainsborough	The Belt, The Avenue,	Gainsborough	Semi-Detached	3	60	£114,995	£1,917
Gainsborough	The Belt, The Avenue,	Gainsborough	Semi-Detached	3	70	£139,995	£2,000
Gainsborough	The Belt, The Avenue,	Gainsborough	Semi-Detached	3	70	£139,995	£2,000
Gainsborough	The Belt, The Avenue,	Gainsborough	Semi-Detached	3	70	£139,995	£2,000
Gainsborough	The Belt, The Avenue,	Gainsborough	Semi-Detached	3	70	£139,995	£2,000
Gainsborough	The Belt, The Avenue,	Gainsborough	Detached	4	130	£219,995	£1,692
Gainsborough	Corringham Road,	Gainsborough	Semi-Detached	3	70	£139,995	£2,000
Gainsborough	Corringham Road, Gainsborough,	Gainsborough	Semi-Detached	3	70	£139,995	£2,000
Gainsborough	Corringham Road, Gainsborough,	Gainsborough	Semi-Detached	3	80	£129,995	£1,625
Gainsborough	Corringham Road,	Gainsborough	Semi-Detached	2	55	£122,995	£2,236
Gainsborough	Corringham Road,	Gainsborough	Semi-Detached	2	55	£116,995	£2,127
Gainsborough	Corringham Road,	Gainsborough	Semi-Detached	2	55	£112,995	£2,054
Gainsborough	Corringham Road,	Gainsborough	Semi-Detached	2	55	£112,995	£2,054
Gainsborough	Corringham Road,	Gainsborough	Semi-Detached	2	65	£112,995	£1,738
Gainsborough	Corringham Road,	Gainsborough	Semi-Detached	2	65	£110,995	£1,708

Table D10 Properties currently on the market in Sleaford

Market area	Address	Settlement	Type	Bedrooms	Area (sq.m)	Price	Price per sq.m
Sleaford	Edward Street,	Sleaford	Detached	4	145	£249,500	£1,721
Sleaford	3 Castle Park King	Sleaford	Detached	4	120	£224,950	£1,875
Sleaford	3 Castle Park King	Sleaford	Detached	4	120	£224,950	£1,875
Sleaford	3 Castle Park King	Sleaford	Detached	4	120	£224,950	£1,875
Sleaford	3 Castle Park King	Sleaford	Detached	4	115	£224,950	£1,953
Sleaford	3 Castle Park King	Sleaford	Detached	4	120	£219,950	£1,833
Sleaford	3 Castle Park King	Sleaford	Detached	4	110	£195,950	£1,781
Sleaford	3 Castle Park King	Sleaford	Detached	4	110	£195,950	£1,781
Sleaford	3 Castle Park King	Sleaford	Detached	4	110	£195,950	£1,781
Sleaford	Edward St	Sleaford	Detached	4	110	£195,950	£1,781
Sleaford	3 Castle Park King	Sleaford	Detached	3	95	£175,950	£1,852
Sleaford	3 Castle Park King	Sleaford	Semi-Detached	3	85	£169,950	£1,999
Sleaford	3 Castle Park King	Sleaford	Semi-Detached	3	85	£149,950	£1,764

Source: PBA research based on website market sales analysis March 2015

Appendix E Residential appraisal summaries

A.1.13 The viability results are summaries in the tables E1 to E6 below ranging from 0 affordable, 40% affordable and then various ranges from 15% to 20%.

A.1.14 Note that the CIL overage is not a direct calculation of deducting the threshold value from the residual land value. As affordable housing is not liable to CIL charge.

Table E1 Affordable housing at 0%

Affordable at 0%				Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
Lincoln Strategy Area											
Houses –	4	0.11	35	360	360	£1,293,864	£411	£680,000	£216	£613,864	£195
Houses –	10	0.29	35	900	900	£1,151,504	£366	£680,000	£216	£471,504	£150
Houses –	35	1.00	35	3,150	3,150	£1,178,304	£374	£680,000	£216	£498,304	£158
Houses –	100	2.86	35	9,000	9,000	£1,147,162	£364	£680,000	£216	£467,162	£148
Houses –	300	8.57	35	27,000	27,000	£1,119,115	£355	£680,000	£216	£439,115	£139
Gainsborough & Sleaford											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	3,150	3,150	£873,917	£277	£500,000	£159	£373,917	£119
Houses –	100	2.86	35	9,000	9,000	£847,978	£269	£500,000	£159	£347,978	£110
Houses –	300	8.57	35	27,000	27,000	£820,525	£260	£500,000	£159	£320,525	£102
All other rural areas											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	3,150	3,150	£873,917	£277	£500,000	£159	£373,917	£119
Houses –	100	2.86	35	9,000	9,000	£847,978	£269	£500,000	£159	£347,978	£110
Houses –	300	8.57	35	27,000	27,000	£820,525	£260	£500,000	£159	£320,525	£102
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,800	1,800	£944,293	£262	£400,000	£111	£544,293	£151
Houses –	50	1.25	40	4,500	4,500	£918,308	£255	£400,000	£111	£518,308	£144
Flats -	50	0.77	65	3,500	3,500	£530,637	£117	£400,000	£88	£130,637	£29
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	180,000	180,000	£592,806	£188	£300,062	£95	£292,743	£93
Sleaford urban extension	2,000	57.14	35	180,000	180,000	£592,806	£188	£300,062	£95	£292,743	£93
Lincoln urban extension	2,000	57.14	35	180,000	180,000	£678,681	£215	£300,062	£95	£378,619	£120

Table E2 Affordable housing at 40%

Affordable at 40%				Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
Lincoln Strategy Area											
Houses –	4	0.11	35	360	360	£1,293,864	£411	£680,000	£216	£613,864	£195
Houses –	10	0.29	35	900	900	£1,151,504	£366	£680,000	£216	£471,504	£150
Houses –	35	1.00	35	2,870	1,890	£594,568	£207	£680,000	£237	-£85,432	-£45
Houses –	100	2.86	35	8,200	5,400	£573,071	£200	£680,000	£237	-£106,929	-£57
Houses –	300	8.57	35	24,600	16,200	£552,525	£193	£680,000	£237	-£127,475	-£67
Gainsborough & Sleaford											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	2,870	1,890	£354,245	£123	£500,000	£174	-£145,755	-£77
Houses –	100	2.86	35	8,200	5,400	£333,285	£116	£500,000	£174	-£166,715	-£88
Houses –	300	8.57	35	24,600	16,200	£312,911	£109	£500,000	£174	-£187,089	-£99
All other rural areas											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	2,870	1,890	£354,245	£123	£500,000	£174	-£145,755	-£77
Houses –	100	2.86	35	8,200	5,400	£333,285	£116	£500,000	£174	-£166,715	-£88
Houses –	300	8.57	35	24,600	16,200	£312,911	£109	£500,000	£174	-£187,089	-£99
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,640	1,080	£310,658	£95	£400,000	£122	-£89,342	-£41
Houses –	50	1.25	40	4,100	2,700	£299,942	£91	£400,000	£122	-£100,058	-£46
Flats -	50	0.77	65	3,500	2,100	-£73,016	-£16	£400,000	£88	-£473,016	-£173
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	164,000	108,000	£39,113	£14	£300,062	£105	-£260,949	-£138
Sleaford urban extension	2,000	57.14	35	164,000	108,000	£39,113	£14	£300,062	£105	-£260,949	-£138
Lincoln urban extension	2,000	57.14	35	164,000	108,000	£116,256	£41	£300,062	£105	-£183,807	-£97

Table E3 Affordable housing at 25%

Affordable at 25%				Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
Lincoln Strategy Area											
Houses –	4	0.11	35	360	360	£1,293,864	£411	£680,000	£216	£613,864	£195
Houses –	10	0.29	35	900	900	£1,151,504	£366	£680,000	£216	£471,504	£150
Houses –	35	1.00	35	2,975	2,363	£813,562	£273	£680,000	£229	£133,562	£57
Houses –	100	2.86	35	8,500	6,750	£788,355	£265	£680,000	£229	£108,355	£46
Houses –	300	8.57	35	25,500	20,250	£764,996	£257	£680,000	£229	£84,996	£36
Gainsborough & Sleaford											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	2,975	2,363	£546,885	£184	£500,000	£168	£46,885	£20
Houses –	100	2.86	35	8,500	6,750	£526,295	£177	£500,000	£168	£26,295	£11
Houses –	300	8.57	35	25,500	20,250	£503,266	£169	£500,000	£168	£3,266	£1
All other rural areas											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	2,975	2,363	£546,885	£184	£500,000	£168	£46,885	£20
Houses –	100	2.86	35	8,500	6,750	£526,295	£177	£500,000	£168	£26,295	£11
Houses –	300	8.57	35	25,500	20,250	£503,266	£169	£500,000	£168	£3,266	£1
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,700	1,350	£544,347	£160	£400,000	£118	£144,347	£53
Houses –	50	1.25	40	4,250	3,375	£530,017	£156	£400,000	£118	£130,017	£48
Flats -	50	0.77	65	3,500	2,625	£160,406	£35	£400,000	£88	-£239,594	-£70
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	170,000	135,000	£247,860	£83	£300,062	£101	-£52,202	-£22
Sleaford urban extension	2,000	57.14	35	170,000	135,000	£247,860	£83	£300,062	£101	-£52,202	-£22
Lincoln urban extension	2,000	57.14	35	170,000	135,000	£327,165	£110	£300,062	£101	£27,103	£11

Table E4 Affordable housing at 20% affordable housing

Affordable at 20%				Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
Lincoln Strategy Area											
Houses –	4	0.11	35	360	360	£1,293,864	£411	£680,000	£216	£613,864	£195
Houses –	10	0.29	35	900	900	£1,151,504	£366	£680,000	£216	£471,504	£150
Houses –	35	1.00	35	3,010	2,520	£886,560	£295	£680,000	£226	£206,560	£82
Houses –	100	2.86	35	8,600	7,200	£860,117	£286	£680,000	£226	£180,117	£71
Houses –	300	8.57	35	25,800	21,600	£835,820	£278	£680,000	£226	£155,820	£62
Gainsborough & Sleaford											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	3,010	2,520	£612,337	£203	£500,000	£166	£112,337	£45
Houses –	100	2.86	35	8,600	7,200	£590,631	£196	£500,000	£166	£90,631	£36
Houses –	300	8.57	35	25,800	21,600	£566,718	£188	£500,000	£166	£66,718	£26
All other rural areas											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	3,010	2,520	£612,337	£203	£500,000	£166	£112,337	£45
Houses –	100	2.86	35	8,600	7,200	£590,631	£196	£500,000	£166	£90,631	£36
Houses –	300	8.57	35	25,800	21,600	£566,718	£188	£500,000	£166	£66,718	£26
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,720	1,440	£624,336	£181	£400,000	£116	£224,336	£78
Houses –	50	1.25	40	4,300	3,600	£607,675	£177	£400,000	£116	£207,675	£72
Flats -	50	0.77	65	3,500	2,800	£232,940	£51	£400,000	£88	-£167,060	-£46
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	172,000	144,000	£317,025	£105	£300,062	£100	£16,963	£7
Sleaford urban extension	2,000	57.14	35	172,000	144,000	£317,025	£105	£300,062	£100	£16,963	£7
Lincoln urban extension	2,000	57.14	35	172,000	144,000	£397,468	£132	£300,062	£100	£97,406	£39

Table E5 Affordable housing at 17%

Affordable at 17%				Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
Lincoln Strategy Area											
Houses –	4	0.11	35	360	360	£1,293,864	£411	£680,000	£216	£613,864	£195
Houses –	10	0.29	35	900	900	£1,151,504	£366	£680,000	£216	£471,504	£150
Houses –	35	1.00	35	3,031	2,615	£930,359	£307	£680,000	£224	£250,359	£96
Houses –	100	2.86	35	8,660	7,470	£903,173	£298	£680,000	£224	£223,173	£85
Houses –	300	8.57	35	25,980	22,410	£878,314	£290	£680,000	£224	£198,314	£76
Gainsborough & Sleaford											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	3,031	2,615	£651,609	£215	£500,000	£165	£151,609	£58
Houses –	100	2.86	35	8,660	7,470	£629,233	£208	£500,000	£165	£129,233	£49
Houses –	300	8.57	35	25,980	22,410	£604,789	£200	£500,000	£165	£104,789	£40
All other rural areas											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	3,031	2,615	£651,609	£215	£500,000	£165	£151,609	£58
Houses –	100	2.86	35	8,660	7,470	£629,233	£208	£500,000	£165	£129,233	£49
Houses –	300	8.57	35	25,980	22,410	£604,789	£200	£500,000	£165	£104,789	£40
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,732	1,494	£672,330	£194	£400,000	£115	£272,330	£91
Houses –	50	1.25	40	4,330	3,735	£654,270	£189	£400,000	£115	£254,270	£85
Flats -	50	0.77	65	3,500	2,905	£278,439	£61	£400,000	£88	-£121,561	-£32
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	173,200	149,400	£358,473	£118	£300,062	£99	£58,410	£22
Sleaford urban extension	2,000	57.14	35	173,200	149,400	£358,473	£118	£300,062	£99	£58,410	£22
Lincoln urban extension	2,000	57.14	35	173,200	149,400	£439,650	£145	£300,062	£99	£139,588	£53

Table E6 Affordable housing at 15%

Affordable at 15%				Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
Lincoln Strategy Area											
Houses –	4	0.11	35	360	360	£1,293,864	£411	£680,000	£216	£613,864	£195
Houses –	10	0.29	35	900	900	£1,151,504	£366	£680,000	£216	£471,504	£150
Houses –	35	1.00	35	3,045	2,678	£959,551	£315	£680,000	£223	£279,551	£104
Houses –	100	2.86	35	8,700	7,650	£931,878	£306	£680,000	£223	£251,878	£94
Houses –	300	8.57	35	26,100	22,950	£906,644	£298	£680,000	£223	£226,644	£85
Gainsborough & Sleaford											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	3,045	2,678	£677,784	£223	£500,000	£164	£177,784	£66
Houses –	100	2.86	35	8,700	7,650	£654,968	£215	£500,000	£164	£154,968	£58
Houses –	300	8.57	35	26,100	22,950	£630,170	£207	£500,000	£164	£130,170	£49
All other rural areas											
Houses –	4	0.11	35	360	360	£979,857	£311	£500,000	£159	£479,857	£152
Houses –	10	0.29	35	900	900	£846,054	£269	£500,000	£159	£346,054	£110
Houses –	35	1.00	35	3,045	2,678	£677,784	£223	£500,000	£164	£177,784	£66
Houses –	100	2.86	35	8,700	7,650	£654,968	£215	£500,000	£164	£154,968	£58
Houses –	300	8.57	35	26,100	22,950	£630,170	£207	£500,000	£164	£130,170	£49
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,740	1,530	£704,326	£202	£400,000	£115	£304,326	£99
Houses –	50	1.25	40	4,350	3,825	£685,333	£197	£400,000	£115	£285,333	£93
Flats -	50	0.77	65	3,500	2,975	£308,771	£68	£400,000	£88	-£91,229	-£24
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	174,000	153,000	£386,076	£127	£300,062	£99	£86,014	£32
Sleaford urban extension	2,000	57.14	35	174,000	153,000	£386,076	£127	£300,062	£99	£86,014	£32
Lincoln urban extension	2,000	57.14	35	174,000	153,000	£467,771	£154	£300,062	£99	£167,709	£63

Table E7 Sensitivity testing - 5% decrease in cost and values, 20% affordable

				Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Benchmark		CIL Surplus	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Lincoln Strategy Area											
Houses –	4	0.11	35	360	360	£1,225,786	£389	£680,000	£216	£545,786	£173
Houses –	10	0.29	35	900	900	£1,090,614	£346	£680,000	£216	£410,614	£130
Houses –	35	1.00	35	3,045	2,520	£836,023	£275	£680,000	£223	£156,023	£62
Houses –	100	2.86	35	8,700	7,200	£810,812	£266	£680,000	£223	£130,812	£52
Houses –	300	8.57	35	26,100	21,600	£787,503	£259	£680,000	£223	£107,503	£43
Gainsborough & Sleaford											
Houses –	4	0.11	35	360	360	£927,445	£294	£500,000	£159	£427,445	£136
Houses –	10	0.29	35	900	900	£817,244	£259	£500,000	£159	£317,244	£101
Houses –	35	1.00	35	3,045	2,520	£573,428	£188	£500,000	£164	£73,428	£29
Houses –	100	2.86	35	8,700	7,200	£552,755	£182	£500,000	£164	£52,755	£21
Houses –	300	8.57	35	26,100	21,600	£529,804	£174	£500,000	£164	£29,804	£12
All other rural areas											
Houses –	4	0.11	35	360	360	£927,445	£294	£500,000	£159	£427,445	£136
Houses –	10	0.29	35	900	900	£817,244	£259	£500,000	£159	£317,244	£101
Houses –	35	1.00	35	3,045	2,520	£573,428	£188	£500,000	£164	£73,428	£29
Houses –	100	2.86	35	8,700	7,200	£552,755	£182	£500,000	£164	£52,755	£21
Houses –	300	8.57	35	26,100	21,600	£529,804	£174	£500,000	£164	£29,804	£12
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,740	1,440	£569,754	£164	£400,000	£115	£169,754	£59
Houses –	50	1.25	**40**	4,350	3,600	£554,357	£159	£400,000	£115	£154,357	£54
Flats -	50	0.77	**65**	3,500	2,800	£201,634	£44	£400,000	£88	-£198,366	-£54

Table E8 Sensitivity testing - 5% decrease in cost and values, 15% affordable

				Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Benchmark		CIL Surplus	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Lincoln Strategy Area											
Houses –	4	0.11	35	360	360	£1,225,786	£389	£680,000	£216	£545,786	£173
Houses –	10	0.29	35	900	900	£1,090,614	£346	£680,000	£216	£410,614	£130
Houses –	35	1.00	35	3,071	2,678	£906,103	£295	£680,000	£221	£226,103	£84
Houses –	100	2.86	35	8,775	7,650	£879,740	£286	£680,000	£221	£199,740	£75
Houses –	300	8.57	35	26,325	22,950	£855,562	£279	£680,000	£221	£175,562	£66
Gainsborough & Sleaford											
Houses –	4	0.11	35	360	360	£927,445	£294	£500,000	£159	£427,445	£136
Houses –	10	0.29	35	900	900	£817,244	£259	£500,000	£159	£317,244	£101
Houses –	35	1.00	35	3,071	2,678	£636,862	£207	£500,000	£163	£136,862	£51
Houses –	100	2.86	35	8,775	7,650	£615,141	£200	£500,000	£163	£115,141	£43
Houses –	300	8.57	35	26,325	22,950	£591,373	£193	£500,000	£163	£91,373	£34
All other rural areas											
Houses –	4	0.11	35	360	360	£927,445	£294	£500,000	£159	£427,445	£136
Houses –	10	0.29	35	900	900	£817,244	£259	£500,000	£159	£317,244	£101
Houses –	35	1.00	35	3,071	2,678	£636,862	£207	£500,000	£163	£136,862	£51
Houses –	100	2.86	35	8,775	7,650	£615,141	£200	£500,000	£163	£115,141	£43
Houses –	300	8.57	35	26,325	22,950	£591,373	£193	£500,000	£163	£91,373	£34
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,755	1,530	£646,620	£184	£400,000	£114	£246,620	£81
Houses –	50	1.25	**40**	4,388	3,825	£628,953	£179	£400,000	£114	£228,953	£75
Flats -	50	0.77	**65**	3,500	2,975	£273,674	£60	£400,000	£88	-£126,326	-£33

Appendix F Commercial market data

Research on office and industrial units

Table F1 Research on industrial properties currently on the market in Gainsborough

Type of use	Location	Town	Rent (p.a.) per sq.m
Not Specified	Corringham Road	Gainsborough	n/a
Not Specified	Corringham Road	Gainsborough	n/a
B2 (general Industri	Corringham Road	Gainsborough	£11
B2 (general Industri	Corringham Road	Gainsborough	£11
B2 (general Industri	Corringham Road	Gainsborough	£27
B2 (general Industri	Corringham Road	Gainsborough	£11
B2 (general Industri	Corringham Road	Gainsborough	£27
B1 (business)	Heapham Road	Gainsborough	£35
B2 (general Industri	Kirton Lindsey	Gainsborough	£30
B2 (general Industri	Sanders Road	Gainsborough	£48
B2 (general Industri	Station Road	Gainsborough	£13
B8 (storage And Dist	Wembley Street	Gainsborough	£29
Not Specified	Wembley Street	Gainsborough	n/a

Source Focus June 2015

Table F2 Research on industrial properties currently on the market in Sleaford

Type of use	Location	Town	Rent (p.a.) per sq.m
B1 (business)	Boston Road	Sleaford	£74
B1 (business)	Boston Road	Sleaford	£74
B1 (business)	Carre Street	Sleaford	£39
B1 (business)	Carre Street	Sleaford	£88
B1 (business)	Carre Street	Sleaford	£102
B1 (business)	Carre Street	Sleaford	£102
B1 (business)	Folkingham	Sleaford	£78
B1 (business)	Handley Street	Sleaford	£120
B1 (business)	High Street	Sleaford	£89
B1 (business)	Lions Way	Sleaford	£108
D1 (non Residential	London Road	Sleaford	£101
B1 (business)	Manor Street	Sleaford	£91
Not Specified	Manor Street	Sleaford	n/a
B1 (business)	Mareham Lane	Sleaford	£55
B1 (business)	Northgate	Sleaford	£84
B1 (business)	Northgate	Sleaford	£150
B1 (business)	Northgate	Sleaford	£121
B1 (business)	Northgate	Sleaford	£194
B1 (business)	Northgate	Sleaford	£172
B1 (business)	South Gate	Sleaford	£68
Not Specified	Southgate	Sleaford	£88
Not Specified	Southgate	Sleaford	£28
B1 (business)	Southgate	Sleaford	£79
Not Specified	Southgate	Sleaford	£59
B1 (business)	Southgate	Sleaford	£90

Table F3 Research on general industrial properties currently on the market

Type of use	Location	Town	Rent (p.a.) per sq.m
Not Specified	Duke Street	Sleaford	n/a
B2 (general Industri	Grosvenor Road	Sleaford	£28
B2 (general Industri	Hadley Road	Sleaford	£39
B2 (general Industri	High Gate	Sleaford	£25
B2 (general Industri	Pride Court	Sleaford	£54
B2 (general Industri	Pride Parkway	Sleaford	£33
B2 (general Industri	Sellwood Court	Sleaford	£43
Not Specified	Sellwood Court	Sleaford	£43
B2 (general Industri	Woodbridge Road	Sleaford	£33

Table F4 Research on industrial properties currently on the market

Type of use	Location	Town	Rent (p.a.) per sq.
B2 (general Industrial)	Beevor Street	Lincoln	£52
B8 (storage And Distrib	Beevor Street	Lincoln	£27
B2 (general Industrial)	Bishops Road	Lincoln	£50
B2 (general Industrial)	Boundary Lane	Lincoln	£60
B2 (general Industrial)	Cardinal Close	Lincoln	£53
B2 (general Industrial)	Coldham Road	Lincoln	£9
B8 (storage And Distrib	Crofton Close	Lincoln	£52
B1 (business)	Dankerwood Road	Lincoln	£48
B2 (general Industrial)	Dankerwood Road	Lincoln	£28
B2 (general Industrial)	Deacon Road	Lincoln	£53
B2 (general Industrial)	Dixon Close	Lincoln	£58
B2 (general Industrial)	Doddington Road	Lincoln	£49
B2 (general Industrial)	Dowding Road	Lincoln	£59
B2 (general Industrial)	Earlsfield Close	Lincoln	£54
B2 (general Industrial)	Exchange Close	Lincoln	£51
B2 (general Industrial)	Farrrier Road	Lincoln	£59
B2 (general Industrial)	Five Mile Lane	Lincoln	£84
Not Specified	Freeman Road	Lincoln	£22
B2 (general Industrial)	Grange Lane	Lincoln	£23
Not Specified	Great Northern Terrace	Lincoln	£22
B2 (general Industrial)	Hives Lane	Lincoln	£47
B2 (general Industrial)	Hooks Lane	Lincoln	£21
B2 (general Industrial)	Kingsway	Lincoln	£28
B1 (business)	Lincoln Road	Lincoln	£46
B2 (general Industrial)	Monks Way	Lincoln	£22
B2 (general Industrial)	Moor Lane	Lincoln	£40
B2 (general Industrial)	Network 46	Lincoln	£51
B2 (general Industrial)	Outer Circle Road	Lincoln	£48
B2 (general Industrial)	Pioneer Way	Lincoln	£56
B2 (general Industrial)	School Lane	Lincoln	£22
B2 (general Industrial)	Scopwick Heath	Lincoln	£44
B2 (general Industrial)	Sincil Street	Lincoln	£142
B2 (general Industrial)	Skellingthorpe Road	Lincoln	£81
B2 (general Industrial)	Sleaford Road	Lincoln	£62
Not Specified	Station Road	Lincoln	£32
B2 (general Industrial)	Stirlin Court	Lincoln	£54
B2 (general Industrial)	Tanners Lane	Lincoln	£20
B8 (storage And Distrib	Teal Park Road	Lincoln	£62
Not Specified	Tritton Road	Lincoln	£180
B2 (general Industrial)	Wavell Drive	Lincoln	£59
B2 (general Industrial)	Whisby Way	Lincoln	£70
B2 (general Industrial)	Whisby Way	Lincoln	£59
B2 (general Industrial)	Wragby Road	Lincoln	£73

Table F5 Research on industrial properties currently on the market

Type of use	Location	Town	Rent (p.a.) per sq.m
B1 (business)	Burton Lane End	Lincoln	£106
B1 (business)	Canwick Road	Lincoln	£86
B1 (business)	Canwick Road	Lincoln	£86
B1 (business)	Carholme Road	Lincoln	£79
B1 (business)	Clasketgate	Lincoln	£91
B1 (business)	Crofton Close	Lincoln	£74
B1 (business)	Crofton Road	Lincoln	£74
B1 (business)	Crusader Road	Lincoln	£161
B1 (business)	Crusader Road	Lincoln	£86
B1 (business)	Deepdale Lane	Lincoln	£140
B1 (business)	Doddington Road	Lincoln	£261
B1 (business)	Doddington Road	Lincoln	£108
B1 (business)	Doddington Road	Lincoln	£40
B1 (business)	Drinsey Nook	Lincoln	£88
B1 (business)	Exchange Road	Lincoln	£109
B1 (business)	Farrier Road	Lincoln	£41
Not Specified	Firth Road	Lincoln	£21
B1 (business)	Hall Street	Lincoln	£108
B1 (business)	High Street	Lincoln	£59
B1 (business)	High Street	Lincoln	£107
B1 (business)	High Street	Lincoln	£71
B1 (business)	Highcliffe Farm	Lincoln	£64
B1 (business)	Kingsley Road	Lincoln	£135
B1 (business)	Kingsley Road	Lincoln	£86
B1 (business)	Kingsley Road	Lincoln	£103
Not Specified	Lindum Road	Lincoln	£55
B1 (business)	Montague Street	Lincoln	£82
B1 (business)	Moor Lane	Lincoln	£96
B1 (business)	Moor Lane	Lincoln	£171
B1 (business)	Newark	Lincoln	£92
B2 (general Industri	Newark Road	Lincoln	£108
B1 (business)	Newland	Lincoln	£105
B1 (business)	Outer Circle Road	Lincoln	£103
B1 (business)	Pioneer Way	Lincoln	£54
B1 (business)	Redhall Drive	Lincoln	£91
Not Specified	Roman Road	Lincoln	£161
B1 (business)	Sadler Road	Lincoln	£51
B1 (business)	Silver Street	Lincoln	£91
B1 (business)	Skellingthorpe Road	Lincoln	£59
B1 (business)	Sleaford Road	Lincoln	£55
B1 (business)	South Park	Lincoln	£269
B1 (business)	St Peter At Arches	Lincoln	£56
B1 (business)	The Green	Lincoln	£94
B1 (business)	The Green	Lincoln	£76
Not Specified	Tritton Road	Lincoln	£86
B1 (business)	Waterside	Lincoln	£78
B1 (business)	Waterside	Lincoln	£86
B1 (business)	Weaver Road	Lincoln	£43
B1 (business)	West Parade	Lincoln	£136
A1 (shops)	Whisby Road	Lincoln	£84

Source: FocusJune 2015

NOTES

Job Name: Central Lincs WPV Study

Job No: M9556

Date: 19th August 2015

Prepared By: Shilpa Rasaiah and Stuart Cook

Subject: **Affordable housing at 3 units and 5 units and introduction of Part M policy**

This note responds to the additional scope to test the scope to apply affordable housing at 3 and 5 units (with the removal of the national threshold of 10 units) and the introduction of Part M policy.

Item	Subject
1.	The effect of introducing additional three dwelling and five dwelling typologies to test if they can afford to contribute towards affordable housing has been tested. Thus all scenarios tested now incorporate 15%, 20% or 25% affordable housing policy. Whereas the original report includes a threshold of 10 units, which was then compliant with the NPPG, but this is recently in the process of changing, and included policy levels of 15%, 17% and 20%. In addition, we have also appraised the implications of a policy to support higher accessibility standards. The costs adopted for testing this policy have been provided to us by the client team and originate from the DCLG Housing Standards Review Cost Impacts report by EC Harris September 2012 (abbreviated to EC Harris report). The following additional lifetime policy cost implications have been tested: • M4(2) is standard 2 for accessible and adaptable dwellings based on a cost of **£521 per unit** for a 3 bed semi (table 43 of the EC Harris report September 2012). This cost has been applied on the basis of 30% of total units applied across 5 units or more. • M4(3) is standard 3 for wheelchair user dwellings based on a cost of **£22,791** for a 3 bed semi (table 45 of the EC Harris report September 2012). This cost has been applied on 1% of total units applied across scenarios of 500 units or more. The findings incorporating both the above policy requirements are summarised in the table below:

CIL Market Zones	25% affordable	20% affordable	15% affordable
	CIL upto	CIL upto	CIL upto
Lincoln Strategy Area	£25 p sq.m	£35 p sq.m	£45 p sq.m
Sleaford &Gainsborough urban	£0 p sq.m	£15p sq.m	£25 p sq.m
All other rural areas	£0 p sq.m	£15p sq.m	£25 p sq.m
Lincoln SUE	£0 p sq.m	£17 p sq.m	£30 p sq.m
Sleaford SUE	£0 p sq.m	£0 p sq.m	£15 p sq.m
Gainsborough SUE	£0 p sq.m	£0 p sq.m	£15 p sq.m
Flatted schemes	£0p sq.m	£0p sq.m	£0 p sq.m

The summary appraisal findings are summarised in the following tables.

NOTES

15% affordable and Part M				Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
Lincoln Strategy Area											
Houses –	3	0.09	35	261	230	£1,061,602	£396	£680,000	£223	£381,602	£143
Houses –	4	0.11	35	348	306	£1,051,608	£393	£680,000	£223	£371,608	£139
Houses –	5	0.14	35	435	383	£1,010,519	£377	£680,000	£223	£330,519	£123
Houses –	10	0.29	35	870	765	£929,024	£305	£680,000	£223	£249,024	£93
Houses –	35	1.00	35	3,045	2,678	£919,048	£302	£680,000	£223	£239,048	£89
Houses –	100	2.86	35	8,700	7,650	£913,512	£300	£680,000	£223	£233,512	£87
Houses –	300	8.57	35	26,100	22,950	£901,838	£296	£680,000	£223	£221,838	£83
Gainsborough & Sleaford											
Houses –	3	0.09	35	261	230	£759,251	£249	£500,000	£164	£259,251	£97
Houses –	4	0.11	35	348	306	£749,961	£246	£500,000	£164	£249,961	£93
Houses –	5	0.14	35	435	383	£724,603	£238	£500,000	£164	£224,603	£84
Houses –	10	0.29	35	870	765	£659,167	£216	£500,000	£164	£159,167	£59
Houses –	35	1.00	35	3,045	2,678	£641,534	£211	£500,000	£164	£141,534	£53
Houses –	100	2.86	35	8,700	7,650	£637,558	£209	£500,000	£164	£137,558	£51
Houses –	300	8.57	35	26,100	22,950	£625,364	£205	£500,000	£164	£125,364	£47
All other rural areas											
Houses –	3	0.09	35	261	230	£759,251	£249	£500,000	£164	£259,251	£97
Houses –	4	0.11	35	348	306	£749,961	£246	£500,000	£164	£249,961	£93
Houses –	5	0.14	35	435	383	£724,603	£238	£500,000	£164	£224,603	£84
Houses –	10	0.29	35	870	765	£659,167	£216	£500,000	£164	£159,167	£59
Houses –	35	1.00	35	3,045	2,678	£641,534	£211	£500,000	£164	£141,534	£53
Houses –	100	2.86	35	8,700	7,650	£637,558	£209	£500,000	£164	£137,558	£51
Houses –	300	8.57	35	26,100	22,950	£625,364	£205	£500,000	£164	£125,364	£47
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,740	1,530	£698,944	£201	£400,000	£115	£298,944	£98
Houses –	50	1.25	40	4,350	3,825	£680,182	£195	£400,000	£115	£280,182	£92
Flats -	50	0.77	65	3,500	2,975	£303,981	£67	£400,000	£88	-£96,019	-£25
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	174,000	153,000	£373,877	£123	£300,062	£99	£73,814	£28
Sleaford urban extension	2,000	57.14	35	174,000	153,000	£373,877	£123	£300,062	£99	£73,814	£28
Lincoln urban extension	2,000	57.14	35	174,000	153,000	£455,711	£150	£300,062	£99	£155,649	£58

NOTES

20% affordable and Part M				Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
	No of dwellings	Net site area ha	Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
Lincoln Strategy Area											
Houses –	3	0.09	35	258	216	£983,312	£390	£680,000	£226	£303,312	£120
Houses –	4	0.11	35	344	288	£973,543	£386	£680,000	£226	£293,543	£116
Houses –	5	0.14	35	430	360	£934,030	£371	£680,000	£226	£254,030	£101
Houses –	10	0.29	35	860	720	£856,144	£284	£680,000	£226	£176,144	£70
Houses –	35	1.00	35	3,010	2,520	£847,309	£281	£680,000	£226	£167,309	£66
Houses –	100	2.86	35	8,600	7,200	£842,176	£280	£680,000	£226	£162,176	£64
Houses –	300	8.57	35	25,800	21,600	£831,014	£276	£680,000	£226	£151,014	£60
Gainsborough & Sleaford											
Houses –	3	0.09	35	258	216	£689,031	£229	£500,000	£166	£189,031	£75
Houses –	4	0.11	35	344	288	£679,949	£226	£500,000	£166	£179,949	£71
Houses –	5	0.14	35	430	360	£656,290	£218	£500,000	£166	£156,290	£62
Houses –	10	0.29	35	860	720	£592,492	£197	£500,000	£166	£92,492	£37
Houses –	35	1.00	35	3,010	2,520	£577,231	£192	£500,000	£166	£77,231	£31
Houses –	100	2.86	35	8,600	7,200	£573,617	£191	£500,000	£166	£73,617	£29
Houses –	300	8.57	35	25,800	21,600	£561,912	£187	£500,000	£166	£61,912	£25
All other rural areas											
Houses –	3	0.09	35	258	216	£689,031	£229	£500,000	£166	£189,031	£75
Houses –	4	0.11	35	344	288	£679,949	£226	£500,000	£166	£179,949	£71
Houses –	5	0.14	35	430	360	£656,290	£218	£500,000	£166	£156,290	£62
Houses –	10	0.29	35	860	720	£592,492	£197	£500,000	£166	£92,492	£37
Houses –	35	1.00	35	3,010	2,520	£577,231	£192	£500,000	£166	£77,231	£31
Houses –	100	2.86	35	8,600	7,200	£573,617	£191	£500,000	£166	£73,617	£29
Houses –	300	8.57	35	25,800	21,600	£561,912	£187	£500,000	£166	£61,912	£25
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,720	1,440	£618,955	£180	£400,000	£116	£218,955	£76
Houses –	50	1.25	40	4,300	3,600	£602,524	£175	£400,000	£116	£202,524	£70
Flats -	50	0.77	65	3,500	2,800	£228,149	£50	£400,000	£88	-£171,851	-£47
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	172,000	144,000	£304,795	£101	£300,062	£100	£4,733	£2
Sleaford urban extension	2,000	57.14	35	172,000	144,000	£304,795	£101	£300,062	£100	£4,733	£2
Lincoln urban extension	2,000	57.14	35	172,000	144,000	£385,408	£128	£300,062	£100	£85,346	£34

NOTES

25% affordable and Part M	No of dwellings	Net site area ha	Density	Total Floor Space per sq.m Floor Space	Chargeable Floor Space per sq.m Floor Space	Residual land value Per Ha	Residual land value Per £ sq.m	Threshold benchmark value Per Ha	Threshold benchmark value Per £ sq.m	CIL Surplus Per Ha	CIL Surplus Per £sq.m
Lincoln Strategy Area											
Houses –	3	0.09	35	255	203	£905,022	£383	£680,000	£229	£225,022	£95
Houses –	4	0.11	35	340	270	£895,478	£379	£680,000	£229	£215,478	£91
Houses –	5	0.14	35	425	338	£857,541	£363	£680,000	£229	£177,541	£75
Houses –	10	0.29	35	850	675	£799,711	£269	£680,000	£229	£119,711	£51
Houses –	35	1.00	35	2,975	2,363	£775,569	£261	£680,000	£229	£95,569	£40
Houses –	100	2.86	35	8,500	6,750	£770,840	£259	£680,000	£229	£90,840	£38
Houses –	300	8.57	35	25,500	20,250	£760,190	£256	£680,000	£229	£80,190	£34
Gainsborough & Sleaford											
Houses –	3	0.09	35	255	203	£618,810	£208	£500,000	£168	£118,810	£50
Houses –	4	0.11	35	340	270	£609,938	£205	£500,000	£168	£109,938	£47
Houses –	5	0.14	35	425	338	£587,978	£198	£500,000	£168	£87,978	£37
Houses –	10	0.29	35	850	675	£525,817	£177	£500,000	£168	£25,817	£11
Houses –	35	1.00	35	2,975	2,363	£512,928	£172	£500,000	£168	£12,928	£5
Houses –	100	2.86	35	8,500	6,750	£509,675	£171	£500,000	£168	£9,675	£4
Houses –	300	8.57	35	25,500	20,250	£498,460	£168	£500,000	£168	-£1,540	-£1
All other rural areas											
Houses –	3	0.09	35	255	203	£618,810	£208	£500,000	£168	£118,810	£50
Houses –	4	0.11	35	340	270	£609,938	£205	£500,000	£168	£109,938	£47
Houses –	5	0.14	35	425	338	£587,978	£198	£500,000	£168	£87,978	£37
Houses –	10	0.29	35	850	675	£525,817	£177	£500,000	£168	£25,817	£11
Houses –	35	1.00	35	2,975	2,363	£512,928	£172	£500,000	£168	£12,928	£5
Houses –	100	2.86	35	8,500	6,750	£509,675	£171	£500,000	£168	£9,675	£4
Houses –	300	8.57	35	25,500	20,250	£498,460	£168	£500,000	£168	-£1,540	-£1
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,700	1,350	£538,966	£159	£400,000	£118	£138,966	£51
Houses –	50	1.25	40	4,250	3,375	£524,866	£154	£400,000	£118	£124,866	£46
Flats -	50	0.77	65	3,500	2,625	£155,515	£34	£400,000	£88	-£244,485	-£72
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	170,000	135,000	£235,603	£79	£300,062	£101	-£64,459	-£27
Sleaford urban extension	2,000	57.14	35	170,000	135,000	£235,603	£79	£300,062	£101	-£64,459	-£27
Lincoln urban extension	2,000	57.14	35	170,000	135,000	£315,105	£106	£300,062	£101	£15,042	£6