

Central Lincolnshire Local Plan and Community Infrastructure levy Viability Study 2016

Final Study

On behalf of:



Project Ref: M9556 | Date: 8th April 2016



Document Control Sheet

Project Name: Central Lincolnshire Local Plan and Community Infrastructure Viability Study

Project Ref: M9556

Doc Ref: Final Study – Revision 2

Date: 13th April 2016

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Revision	Date	Description	Prepared	Reviewed	Approved
Revision 1	11 th April 2016	Minor amends	SR	SR	MP
Revision 2	13 th April 2016	Revised map for West Gainsborough	SR	SR	

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EXECUTIVE SUMMARY

1. Peter Brett Associates were commissioned by Lincolnshire County Council on behalf of the Central Lincolnshire Authorities to inform the Plan Viability assessment of the Local Plan (2016) and the Draft Consultation of the Central Lincolnshire Community Infrastructure Levy (CIL). Aspinall Verdi have undertaken elements of the viability assessment, sub contracted to PBA.
2. For clarity, the Plan Viability element of the work carried out is on behalf of the Central Lincolnshire Joint Strategic Planning Committee. The Draft CIL Consultation element of the work and this Study is on behalf of the three CIL Charging Authorities - Lincoln City Council, North Kesteven Council and West Lindsey District Council. Each charging authority sets their own CIL charging schedule (for consultation) informed by evidence provided in this Study.

Development context

3. The National Planning Policy Framework states that plans should be deliverable and developable¹ and that the sites and scale of development identified in the plan should not be subject to such a scale of obligations or policy burdens² that their ability to be developed viably is threatened.
4. Future growth in the area is planned to be targeted predominantly where there is greatest demand for housing, particularly in areas that are accessible to the City of Lincoln, as well as at the urban centres of Sleaford, and Gainsborough. Short term housing delivery is through progression of consented schemes and emerging greenfield sites. Medium to long term housing delivery is through a number of identified, but unconsented Strategic Urban Extensions (SUEs) and the continued delivery of sites commenced in the short term. A number of sites do have planning consent or are now in the planning process.

Approach to viability assessment and policy costs

5. The approach to viability assessments for both residential and non-residential development is based on a residual value assessment. The assessment has reflected the areas and typologies where the bulk of the future growth is expected. The assumptions made to the viability inputs have been guided by appropriate available evidence, including an assessment of some local transactions, case studies and consultations with stakeholders and developers. It is accepted that for a strategic viability assessment such as this, assumptions have to be made, and a degree of generalisation assumed. This assessment is not intended for site specific viability assessment.
6. In informing the CIL charge recommendations for the SUEs, the need to balance viability, site specific infrastructure requirements and the need to fund strategic infrastructure to support delivery, has been considered as far as is practical at this Local Plan stage.
7. Following a review of policies for the Local Plan 2016³, the following changes to policy and threshold sizes have been factored into the viability assessment:
 - An additional policy cost estimate to reflect the need for Health Impact Assessments for schemes of 25 dwellings or more,
 - The threshold level for affordable housing policy has been set at four dwellings or more, and the potential affordable housing policy of 15%, 20%, 25% and 40% has been assessed.

¹ National Planning Policy Framework paragraph 47, footnotes 11 and 12. 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.

² National Planning Policy Framework (41, para 173)

³ PBA reviewed the Pre Submission Draft Local Plan April 2016 version of the local plan; this was subsequently replaced by the Proposed Submission Local Plan 2016.

- Part M 4(2) housing standard costs has been included for 30% of development with a threshold of 6 units or more. The costs for Part M4 (3) have been removed from the SUE assessment (which although not policy had been assessed as part of the separate viability note prepared by PBA August 2015).
 - Provision of land for Gypsy and Traveller pitches (provision on site has been assessed for the SUEs (note the policy states this could be either on or off site).
8. Iterative testing was undertaken for varying levels of affordable housing costs to arrive at recommended policy options. Sensitivity testing has also been undertaken to test the effect of an increase in costs and values on the overall policy requirements, in order to understand implications of varying assumptions.

Plan viability findings and recommendations

9. The viability appraisal findings conclude that if affordable housing policy is set between 15% and 25% then the majority of the planned development is expected to be viable, and able to fund some infrastructure in the form of CIL and S106 contributions and other plan policies assessed as part of this study. The appraisals indicate that the inclusion of 40% affordable housing as a policy is also not viable based on the assumptions made.
10. The strategic site (SUEs) viability assessment demonstrate that development is viable, based on adopting a pragmatic approach to the scale of policy requirements, developer profit expectations and landowner land value expectations. The assumptions included in the viability assessments were informed by the SUE promoters or their agents as part of the 2015 consultation.
11. However, the formal consultation response submitted on behalf of Church Commissioners for England (CCfE) questions the threshold land value assumption for the Lincoln SUEs, although alternative figures or justification as to what would be an appropriate threshold land value have not been provided at this stage.
12. PBA understand that engagement with CCfE by the client team in relation to their land holdings will continue to address possible risks to delivery and seek further evidence to inform deliverability considerations.
13. Policy LP 11 includes a new requirement for affordable housing to be provided as part of specialist housing for older persons. The viability assessment has not appraised any specialist older person housing at this stage.
14. Based on the policies and infrastructure assumptions assessed in this study, the planned growth is broadly considered to be viable and developable, based on the flexible approach to policy requirements to reflect any site specific variations.
15. Development in the Greater Gainsborough Housing Zone area is recognized as being challenging and unable to support developer contributions towards policy requirements. Development delivery is being supported by range of financial and other intervention measures by West Lindsey District Council with the aim of transforming market delivery here.
16. The affordable housing and developer contributions policies should be reviewed regularly to reflect changes in the market which may affect viability.
17. With regard to the commercial element of the planned growth, 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 tested a range of speculative development scenarios, and found that schemes that have an identified client requiring specific development requirements are most likely to take place. At this stage speculative development is not generally considered to progress.

CIL charge findings and recommendations

18. Based on a review of the available evidence, it is recommended that a geographical differentiation in affordable housing policy and CIL charge zones be introduced (see figure 9.2 at chapter 9 for the charge zone maps). The reasoning for this is supported by the evidence that areas within easy reach of Lincoln City generally command the highest sales values. This area is referenced in the Local Plan 2016 as the Lincoln Strategy Area and has informed the viability assessment for the area by the same name for this study.
19. The evidence indicates that urban areas of Sleaford and Gainsborough have similar general values as the remaining rural areas of North Kesteven and West Lindsey. Together they form the 'all other areas' charge zone, whilst a separate zone is proposed for West Gainsborough (see figure 9.3 at chapter 9), which has some of the lowest value areas in Central Lincolnshire.
20. This assessment has informed the plan level recommendations for the scale of Community Infrastructure Levy (CIL) charge options with a variety of affordable housing provision, as set out in Table 1 below.

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

CIL Market Zones	25% affordable	20% affordable	15% affordable
	CIL up to	CIL up to	CIL up to
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
West Gainsborough CIL Zone	£0 p sq. m	£0p sq. m	£0 p sq. m
Lincoln SUE	£0 p sq. m	£20 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

22. In order to strike the balance between funding the infrastructure required to support the Plan objectives and the potential effects of the levy on the economic viability of development across area, the final decision on the CIL charge is one for the charging authorities to determine based on their 'attitude to risk of the delivery of planned growth taking place and the need to fund infrastructure'. This decision will be informed by the viability evidence. The above CIL charge recommendations allow for a viability 'buffer' from the maximum CIL overage for each typology assessed by this study so that the levy rate is able to support development when economic circumstances adjust.
23. Viability testing of the West Gainsborough Zone based on current values and assumptions demonstrates that development here cannot viably contribute to any policy requirements including CIL at least in the short term. A package of regeneration measures aimed at creating a new housing market in this area could change this position in the future.
24. Residential development consisting of flats/apartments are not considered viable based on the assumptions made, across all three CIL Charging authorities and the recommended CIL charge is zero.
25. With respect to a CIL charge for commercial use, based on the viability assumptions and available evidence relating to the type and scale of development expected, a single convenience

retail charge of £40 p sq.m is recommended (which includes a sufficient overage to reflect normal site specific costs). All other uses are recommended to be charged at zero rate.

1 Introduction

1.1 Study purpose

- 1.1.1 Peter Brett Associates (PBA) were commissioned by Lincolnshire County Council on behalf of the Central Lincolnshire Authorities to inform the Plan Viability assessment of the Local Plan (2016) and the Draft Consultation of the Central Lincolnshire Community Infrastructure Levy (CIL). Aspinall Verdi have undertaken elements of the viability assessment, sub contracted to PBA.
- 1.1.2 For clarity, the Plan Viability element of the work carried out is on behalf of the Central Lincolnshire Joint Strategic Planning Committee. The Draft CIL Consultation element of the work and this Study is on behalf of the three CIL Charging Authorities - Lincoln City Council, North Kesteven Council and West Lindsey District Council. Each charging authority sets their own CIL charging schedule (for consultation) informed by evidence provided in this Study.

1.2 Background

- 1.2.1 The Central Lincolnshire Joint Strategic Planning Committee (JPC) and the three local authorities have prepared a Proposed Submission Local Plan. As part the evidence base to inform these, the following viability assessments were commissioned by the JPC:
- The Viability Study (Peter Brett Associates August 2015) which assessed the viability of the Central Lincolnshire Preliminary Draft Local Plan October 2015, including the impact of the proposed plan policies, viability of the planned growth and the Preliminary Draft Community Infrastructure Levy (CIL) charge options.
 - A separate viability note (Peter Brett Associates August 2015) which set out the effect on Plan viability of the introduction of the National Housing Standards Review Part M and the removal of the national affordable housing threshold.
- 1.2.2 These documents formed part of the evidence base supporting both the Central Lincolnshire Further Draft Local Plan consultation in October 2015, and the three Preliminary CIL Charging Schedule consultations that were held at the same time by City of Lincoln, North Kesteven District and West Lindsey CIL charging authorities.

1.3 How this study differs from the previous viability studies

- 1.3.1 This study:
- Responds to the Autumn 2015 viability study consultations and incorporates changes as a result of this in the viability assessment. The approach to the responses and amendments to this Study were discussed with the client team at their officer group meeting held on 16th December 2015. The consultation responses are summarised in chapter six.
 - Reviews the plan policies forming part of the Pre Submission Draft Local Plan (April 2016)⁴ and update the viability assessment to reflect the changes in the plan policies. This is set out in chapter three.
 - Reviews and undertakes a further viability assessment for the development proposed in the Greater Gainsborough Housing Zone area, to inform the CIL charge recommendations for this area based on the viability assessment. This is set out in chapter seven.
 - Incorporates the findings from the above into a single Viability Study 2016. Note this Viability Study 2016 does not include a full update of the August 2015 viability assumptions. Instead

⁴ PBA reviewed the Pre Submission Draft Local Plan April 2016 version of the local plan; this was subsequently replaced by the Proposed Submission Local Plan 2016.

additional inputs address the feedback to the autumn consultations, reflect the revised Local Plan policies and introduce an additional West Gainsborough CIL charge zone. New appraisals have been undertaken to reflect the changes from these updates. This Study is part of an iterative process and builds on work undertaken previously.

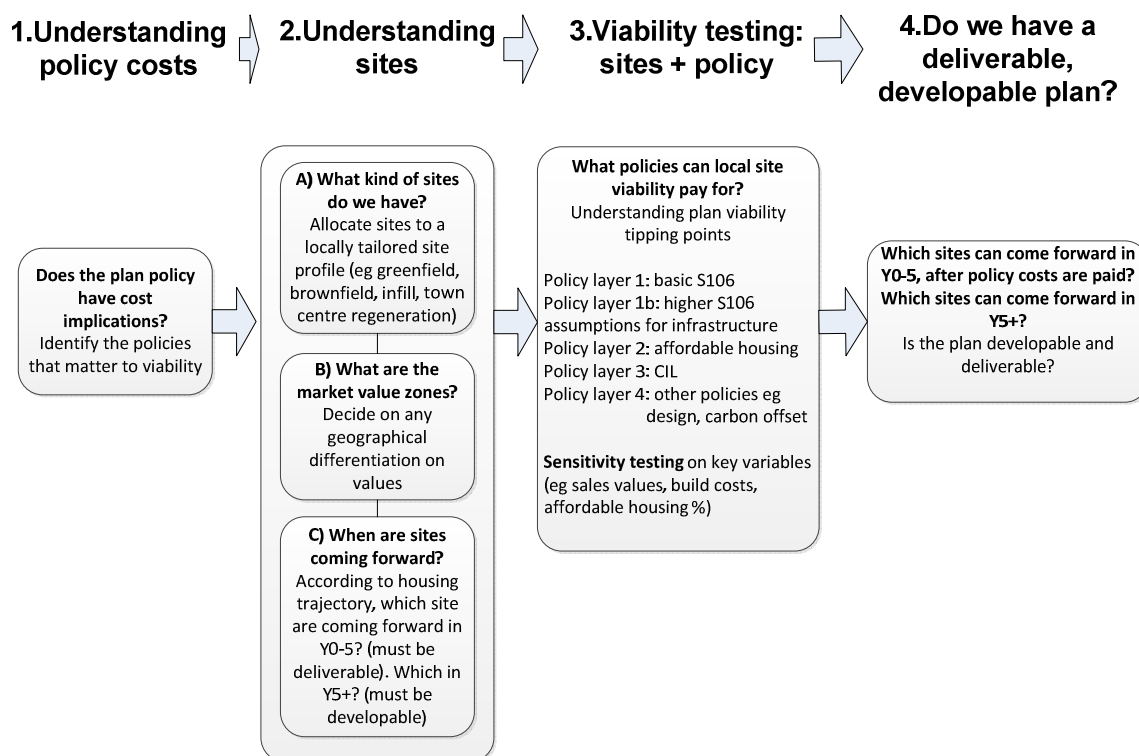
1.4 Caveats to this study

- 1.4.1 This study and the accompanying appraisals have been prepared in line with RICS valuation guidance and the Viability Testing Local Plans - Advice for Planning Practitioners (known here as the Harman Report) prepared by the Local Housing Delivery Group and chaired by Sir John Harman (June 2012). This study is first and foremost a supporting document to inform the Local Plan evidence base and planning policy including CIL charge options.
- 1.4.2 This study has been prepared for the stated objective of the plan wide viability assessment and to inform associated CIL charging recommendations. This study should not be used for any other purpose. The assumptions informing this study reflect the policy requirements and planned growth for Central Lincolnshire and take account of the cumulative cost of policies from the Pre Submission Draft Local Plan April 2016. No responsibility is accepted to any third party who may seek to rely on the content of the Study for a purpose other than for the stated scope of this commission.
- 1.4.3 This plan wide viability assessment is unlikely to be appropriate for all developments and a degree of professional judgments are required. At a site specific level, every scheme will be different due to its unique local circumstances. The assumptions adopted in this study are considered to be reasonable at this time in terms of informing this plan level viability assessment which reflects the type of sites that form the bulk of the delivery.
- 1.4.4 The review of development viability is not an exact science. Small changes in assumptions can make a big difference to the residual land value and CIL surplus / deficit generated. The indicative surpluses (or deficits) generated by the development appraisals for this study will not necessarily reflect site specific circumstances. Therefore this study is not intended to prescribe land values or act as a substitute for the considerations and discussions that will continue to take place at a site specific level.
- 1.4.5 It is not appropriate to assume that because a development appears to be viable, that the land will change hands and the development proceed (and vice versa). There can be no definite viability threshold cut off point owing to variation in site specific circumstances.
- 1.4.6 This study considers the viability of the planned growth based on viability assumptions which reflect a plan level assessment. However it is important to note that the delivery assessment of the sustainable urban extensions is being further refined by ongoing work led by the client team and includes detailed input from the site promoters. If site promoters and landowners disagree with the assumptions adopted in this study, then the onus will be for them to demonstrate how their sites can remain viable and deliverable in meeting the future policy and infrastructure requirements to support the planned growth.
- 1.4.7 This study does not set out to justify the CIL charge options proposed by each of the Charging Authorities as part of their CIL Charge consultations. The study sets out recommended CIL charge options that are assessed as viable, based on maintaining a CIL buffer to reflect variations in viability assumptions adopted. Each charging authority will be responsible for setting their own CIL charging schedule.
- 1.4.8 An Infrastructure Delivery Plan (IDP) and a Developer Contributions Supplementary Planning Document (SPD) have been prepared by the client team to inform infrastructure requirements, costs and deliverability considerations. The S106 infrastructure cost inputs for the study have been assessed as part of the IDP and provided by the client team to inform this viability assessment. The policy cost assumption for the accessibility standards costs (M4 (2)) and space standards for the Gypsy and Traveller sites have also been provided by the client team based on available evidence.

1.5 Study approach

- 1.5.1 The approach to plan viability assessment is summarised in Figure 1.1 below. The process set out is broken down into a number of stages.

Figure 1.1 Whole plan viability process



Source: PBA 2016

Understanding the policy costs

- 1.5.2 Articulating the impact of policy costs provides a starting point for the analysis. All policies included in the Pre Submission Draft Local Plan (April) 2016 were reviewed to assess their impact on viability. Iterative testing was undertaken for varying levels of affordable housing to arrive at recommended policy options.
- 1.5.3 A number of changes have been made to the wording of the Central Lincolnshire Further Draft Local Plan October 2015 policies to ensure policies allow greater flexibility and take account of the impact on viability.

Understanding the sites

- 1.5.4 In order to understand the sort of development sites likely to emerge through the planning process, 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 Study seeks to understand how the economic geography of the area might affect site viability.
 - 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

- 1.5.5 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 potentially unviable based on the assumptions made.
- 1.5.6 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

- 1.5.7 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.
- 1.5.8 This study deals with the viability element of the developable and deliverable considerations. The assessment of availability, suitability, and achievability is dealt with by the client team as part of the Strategic Housing and Economic Land Availability Assessment (SHELAA) and other work such as the Infrastructure Delivery Plan to inform the deliverability and developability considerations of the planned growth.

Stakeholder engagement

- 1.5.9 The following stakeholder engagement has taken place to inform the viability assessment:
- A number of interviews have been undertaken with various site promoters including some strategic sites to inform the appraisal assumptions.
 - A developer workshop was held in February 2015. 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 District, City and County councils. Notes of the workshop are included at Appendix A.
 - Consultation of the Plan Viability Study (2015) took place during October to November 2015, as supporting evidence for the Central Lincolnshire Further Draft Local Plan October 2015 and the separate Preliminary Draft CIL Charging Schedule consultations held at the same time by the City of Lincoln, North Kesteven and West Lindsey Charging Authorities. A consultation was held with the Developer Forum in November 2015 to clarify the approach to the Viability Study 2015 and respond to any questions.

Study structure

- 1.5.10 The rest of this Study is set out as follows:
- Chapters 2 and 3 sets out the national and local policy and legal requirements relating to whole plan viability, affordable housing and community infrastructure levy which inform the study assessment.

- Chapter 4 outlines the planning and development context shaping future delivery.
- Chapters 5 to 8 describe the local residential and commercial markets, the additional Gainsborough analysis, the development scenarios to be tested, the viability assumptions and the appraisal results.
- Chapter 9 concludes by setting out the main findings and translates these into recommendations for plan viability and CIL charging schedules.

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'.⁵
- 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.'⁶
- 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."⁷

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".⁸

- 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 might instead be only viable at that point in time. This recognises the impact of economic cycles

⁵ DCLG (2012) National Planning Policy Framework (41, para 173)

⁶ Ibid (para 160)

⁷ 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 SHELA and other site work.

⁸ Ibid (para 47, footnote 12)

and variations in values and policy changes over time. The focus of this study is on the viability element of deliverability considerations⁹.

2.2 National policy on affordable housing and possible changes

- 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 should¹⁰:
- 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.¹¹
- 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 Report¹² too acknowledges that viability will change over the plan period which will frequently cover durations of fifteen years or more. The Harman 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 had sought to introduce affordable housing threshold following the issue of a Ministerial Statement in November 2014¹³ which required local authorities to adopt a national threshold for affordable housing of 10-units or less. However, the introduction of policy via a Ministerial Statement was subject to a legal challenge by West Berkshire Council and Reading Borough Council. The legal challenge was successful and affordable housing threshold policy was subsequently quashed as of August 2015. This now allows local authorities to adopt a lower affordable housing threshold (where viable to do so). This study therefore tests for a new lower affordable housing threshold of four units or more.

⁹ See paragraph 1.7.8.

¹⁰ NPPF para 50 and bullets

¹¹ NPPF para 50

¹² Local Housing Delivery Group Chaired by Sir John Harman (June 2012) Viability Testing Local Plans - Advice for planning practitioners – referred to as the Harman Report

¹³ Ministerial Statement in Nov 2014 DCLG Support for small scale developers

Possible changes affordable housing policy

- 2.2.6 Currently, homes that do not meet the prescribed definition of affordable housing, such as 'low cost market housing or starter homes are not considered as part of the affordable housing mix for planning purposes. However, there are a number consultations and Bills aimed at seeking to broaden the scope of what is included in the definition of affordable housing and any changes stemming from this are likely to affect both the viability and the delivery of affordable housing.
- 2.2.7 The Government has stated its commitment to increasing opportunities for home ownership for first-time buyers under 40 by the provision of discounted market homes. As part of this, the Housing and Planning Bill 2015 (the Bill), once enacted, will require planning authorities (including the Secretary of State) to promote the supply of starter homes in England. The Bill makes clear that the Secretary of State could, through regulations, require local authorities to grant permission for certain residential developments only if a requirement (to be specified in the regulations) as to starter homes is met. The Bill suggests that regulations could allow permission to be granted only if a developer enters into a planning (s106) obligation to provide starter homes or pay a contribution to the authority towards starter homes.
- 2.2.8 The Government has also launched a consultation in December 2015 seeking views on various proposed amendments to the NPPF. This includes a proposal to amend the definition of what constitutes affordable housing, to include a fuller range of products that can support people to access home ownership. The intention is to enable greater innovation to allow new ways of providing low cost market housing or intermediate rent such as discount market sales or innovative rent to buy housing, and in some cases, removing the 'in perpetuity' restrictions or the need to recycle the subsidy, and helping to increase affordable home ownership opportunities.
- 2.2.9 The Chancellor announced in his Budget speech in 2015 that affordable housing providers will have to cut social housing rents by one per cent year for the next four years from April 2016. This represents a reversal of the rent formula which currently allows register providers to raise rents in line with the consumer prices index plus one per cent.
- 2.2.10 These announcements suggest that the definition of affordable housing may be changed in the near future so that low cost market homes may be treated as affordable homes for the purposes of planning. As further detail develops, for example through legislation and regulations, other national policy moves to encourage or secure the provision of various forms of housing may need to be considered. The Starter Homes initiative (for example) together with specialist housing (e.g. for the elderly and regarding accessibility) and custom-build may be other aspects of overall housing provision to consider in the future as proposals develop.
- 2.2.1 Going forward the traditional means of delivering affordable housing via Homes and Communities Agency or S106 funding is likely to fall and could be replaced by a range of new products, which may include a greater share of starter homes¹⁴, help to buy equity loan, shared ownership homes and some affordable homes which are likely to be funded through cross subsidy from other products. The role of the Registered Provider too is likely to change to reflect a less grant and more market funded delivery.

2.3 National policy on infrastructure

- 2.3.1 The NPPF requires authorities to demonstrate that infrastructure will be available to support development, it states:

'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.'¹⁵

¹⁴ Linked to possible changes to the NPPF to support national delivery of this product

¹⁵ NPPF para 177

- 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,'¹⁶ 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 be required immediately and that mainstream funding levels may recover.
- 2.3.3 The local authorities have prepared a joint Infrastructure Delivery Plan (IDP) setting out the necessary infrastructure to support the planned growth. This works forms the basis for informing the infrastructure cost inputs for this study and provides the evidence to inform the funding gap assessment to support the CIL charging schedules.

2.4 National Housing Standards Review

- 2.4.1 Following consultation on the Housing Standards Review in 2013, the Government made an announcement through a Ministerial Statement in March 2015 to adopt a new approach to setting of technical housing standards in England; this has been accompanied by a set of streamlined standards. Once the Deregulation Bill gains Royal Assent, local planning authorities should not include any local technical standards or requirements relating to the construction, internal layout or performance of new dwellings. 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.
- 2.4.2 This is aimed at simplifying plan policies to remove duplication with 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 efficiency and access (volumes 1 and 2);
 - 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.
- 2.4.3 The optional standards may only be applied where there is a local plan policy, based on evidenced local need for them; and where the viability of development is not unduly compromised as a result of their application. The Central Lincolnshire Local Authorities have adopted a policy on part of the optional access standards (see plan policy review chapter 3) and as such this has been tested as part of this viability assessment.

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.'¹⁷
- 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

¹⁶ NPPF para 174

¹⁷ NPPF para 153

should critically examine the financial implications from the subsequent adopt of any Supplementary Planning Documents (SPDs) or Development Plan Documents (DPDs). Any subsequent policies or SPDs should not be progressed without a robust and proportionate review of the plan's viability.

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 (with various subsequent amendments). 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 floor space 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).¹⁸

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).'¹⁹

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.

¹⁸ DCLG (February 2014) Community Infrastructure Levy Guidance and DCLG (June 2014) National Planning Practice Guidance: Community Infrastructure Levy (NPPG CIL)

¹⁹ DCLG (June 2014) NPPG CIL (para 019)

- 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:

‘.....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.’²⁰

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.’*²¹
- 2.6.10 As a result of feedback from the client team, further assessment of development viability has been undertaken for the urban areas of West Gainsborough in West Lindsey District. This follows the council’s continued work to advance housing delivery on sites that are identified as part of the Greater Gainsborough Housing Zone (GGHZ), a status designated by DCLG in 2015. Chapter seven sets out further details on this.

Supporting evidence

- 2.6.11 The legislation requires a charging authority to use ‘*appropriate available evidence*’ to inform their charging schedule²². The guidance expands on this, explaining that the available data *‘is unlikely to be fully comprehensive’*.²³
- 2.6.12 These statements are important, because they indicate that the evidence supporting CIL charging rates should be proportionate, avoiding excessive detail.

CIL, S106, S278 and the Regulation 123 infrastructure list

- 2.6.13 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.
- 2.6.14 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).

²⁰ DCLG (June 2014) NPPG CIL (para 019)

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

²² Planning Act 2008 section 211 (7A)

²³ DCLG (June 2014) NPPG CIL (para 019)

- 2.6.15 The Regs 123 list now forms part of the 'appropriate available evidence' for consideration at the CIL examination. A draft infrastructure list has been prepared to support the CIL and local plan processes.

National review of CIL

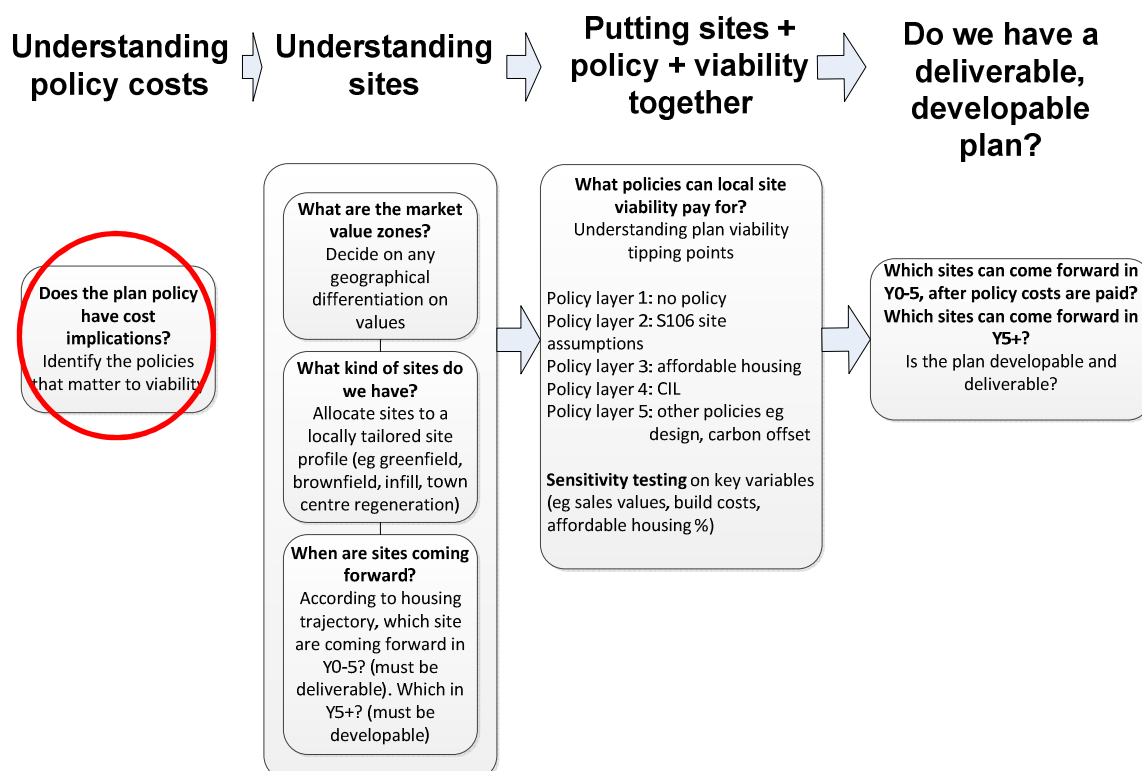
- 2.6.16 The Government has commissioned an independent panel to review CIL, headed by Liz Peace, (the former chief executive of the British Property Federation) with a view to examining how CIL could be improved to ensure it benefits local communities whilst delivering the houses. The consultation stage of this review ended in December 2015. Initial views reported in planning media suggest that the House Builders Federation consider the biggest issue with CIL is its lack of transparency on how rates are set and how CIL money is spent to provide infrastructure. The consultation response on behalf of the Royal Town Planning Institute member's views were mixed on CIL, however, there is a general feeling that given time, the aims of securing developer contributions and delivering infrastructure will be simplified, more predictable, transparent and efficiency will be achieved. It is likely that charging authorities may not have spent CIL funds yet because they have not collected sufficient funds to pay for a particular piece of infrastructure. Charging Authorities will need to report on how much CIL proceeds have been collected and spent so the principle of transparency is built into the process.
- 2.6.17 It is likely that some further changes to CIL may result once the review findings are published. The general view is that developers and landowners view CIL as an additional burden on development. Though in many cases, CIL simply replaces S106 developer contributions, but is necessary to be compliant with developer contributions legislation and the restrictions placed on pooling contributions. It is intended to be a fairer way of funding strategic infrastructure which is required due to the cumulative impact of growth and not dependent on any single development (i.e. all eligible schemes contributing towards the cost of strategic infrastructure instead of the cost burden falling on just a few major development schemes).

3 Relevant policy and development context

3.1 Introduction

- 3.1.1 This chapter considers the policy cost implications of the Local Plan 2016 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 sets out guiding principles in terms of whole plan policy assessment and viability.

Viability testing is an iterative process

- 3.1.3 The Harman Report states 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'.²⁴

'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.'²⁵

3.2 Plan viability policy assessment

- 3.2.1 The policies in the Pre Submission Draft Local Plan April 2016 have been reviewed to inform any additional plan policy costs for the viability assessment.
- 3.2.2 Appendix B summaries the findings of the policy review and sets out the approach adopted to inform the cost inputs relating to these policies.
- 3.2.3 The specific additional plan policies to inform this study relate to affordable housing, infrastructure, health impact assessments, Part M accessibility housing standards and the provision of gypsy and traveller pitches. Where appropriate, other policy costs are factored into the viability assessment as 'cost inputs'.

Affordable housing – LP11

- 3.2.4 The policy sets out the following affordable housing requirement for schemes of four dwellings or more:
 - Lincoln Strategy Area (excluding SUEs) 25%
 - Lincoln Strategy Area SUEs 20%
 - Other SUEs 15%
 - Elsewhere 20%
- 3.2.5 These percentages have been tested as part of this viability study for all typologies of four dwelling and more. Developers represented at the November 2015 consultation forum did raise concerns about the possible reduction in threshold for affordable housing to developments of four dwellings or more. This threshold has been introduced in the draft policy and has been tested as part of the viability assessment.
- 3.2.6 The possible impact of the Starter Homes inclusion into the affordable housing definition has been discussed with the client team, and it is noted that the introduction of this product is likely to improve viability and increase the viability buffer for any CIL charge. However, as this is not a current policy requirement, it has not been included in the viability assessment.
- 3.2.7 Note policy LP11 also states that where specialist housing for older people is provided as private provision, an affordable contribution will be sought in line with the requirements set out above. The viability assessment has not appraised any specialist older person housing at this stage. If

²⁴ Local Housing Delivery Group Chaired by Sir John Harman (June 2012) Viability Testing Local Plans - Advice for planning practitioners (p.11)

²⁵ Local Housing Delivery Group Chaired by Sir John Harman (June 2012) Viability Testing Local Plans - Advice for planning practitioners (p.40)

this element is to remain in the policy requirements, it is recommended that such provision be assessed as part of the overall viability appraisal.

Infrastructure to support growth – LP12

- 3.2.8 There are a number of individual policies in the Local Plan which relate to the delivery of infrastructure. Appendix B includes a summary policy table which identifies the policies in the draft Local Plan relating to infrastructure requirement.
- 3.2.9 For this viability assessment, the following cost assumptions have been used for Policy LP 12 based on client input from their assessment of infrastructure requirements and costs:
- S106 cost assumptions of £2000 per dwelling (houses and flats) to reflect site specific costs such as primary education and other site specific costs. A higher site specific cost estimate of £4300 per dwelling has been incorporated for the SUEs in the viability assessment to reflect costs such as primary education, health and community infrastructure.
 - Other strategic infrastructure which will be identified in the CIL Regs 123 list by the client team to avoid duplication with S106 contributions, these will in part be funded by CIL contributions. The scale of CIL overage will be informed by this viability assessment.
 - Whilst other site specific requirements such as green infrastructure, open space, internal roads, drainage and utilities infrastructure is treated as part of the developer's site opening costs for the SUEs in the viability assessment, and reflected in the fully serviced land values for all other sites.
- 3.2.10 An Infrastructure Delivery Plan (IDP) and a Developer Contributions Supplementary Planning Document (SPD) have been prepared to inform developer contribution requirements and the delivery assessment of the planned growth. This IDP takes account of estimated developer contributions and other funding, to arrive at a CIL funding target / funding gap.
- 3.2.11 It has been assumed that any requirements included in the Developer Contributions SPD have been aligned with the IDP and the S106 cost inputs provided for this viability assessment.

Health and wellbeing – LP9

- 3.2.12 This policy is aimed at improving health and wellbeing and health related infrastructure provision. The policy sets the following requirement:
- In the case of 25 dwellings or more or 0.5ha for other development, a Health Impact Assessment is required.
- 3.2.13 For the residential viability assessment, an additional cost allowance of £5,500 per scheme for all development scenarios of ten units²⁶ and above has been tested for undertaking a Health Impact Assessment. For the SUEs a higher cost figure to £8,500 per scheme to reflect the greater complexity. The range of £5,500 - £8,500 is based on PBA's assessment of undertaking HIAs, but note that the actual cost can vary depending on scope and complexity. The cost range provides a professional estimate at this stage of the assessment and in keeping with the Harman guidance.

Meeting accommodation needs – LP10

- 3.2.14 This policy encourages a range of accommodation types, tenures and sizes and sets out additional Part M Building Regulation requirements to ensure dwellings are accessible and adaptable. The policy sets the following requirement:

²⁶ The threshold for this policy is 25 dwellings, however as the viability assessment does not include a 25 dwelling scenario, this policy has been tested on the nearest lowest threshold of ten dwellings and more.

- 30% of homes on sites of 6 or more dwellings (or 4 or more dwellings in small villages) to be built to M4 (2) targets for accessible and adaptable dwellings. The policy also encourages voluntary delivery of higher standards or higher percentage delivery.

3.2.15 The viability assessment has appraised the implications of M4 (2) targets to support higher accessibility standards for all typologies of four units and above. The costs adopted for testing this policy originates from the DCLG Housing Standards Review cost impacts report by E C Harris September 2012 (updated 2014). The following additional higher access standard policy cost has been tested for this viability assessment:

3.2.16 M4 (2) is standard 2 for accessible and adaptable dwellings based on a cost of £521 per house and £924 per flat. This cost has been applied on the basis of 30% of total units applied across 4 units or more.

3.2.17 The higher standards for wheelchair users M4 (3) which entailed an additional cost per unit of £22,791 had been included in the August 2015 viability note for the SUEs. This has been removed as a policy requirement and as such the cost has been removed from this viability assessment thus improving the overall impact on viability for the SUEs.

Land affected by contamination – LP16

3.2.18 A site remediation cost allowance has been included to reflect the cost of brownfield site remediation – though it is noted that this is by nature an abnormal cost and can vary.

Gypsy and traveller allocations and sustainable urban extensions – LP56 and LP28

3.2.19 These policies set out the requirements and criteria for the provision of land for gypsy and traveller pitches. For the SUES there is a requirement to set aside an area of land which is suitable for the provision of gypsy and traveller pitches on or off-site. The size of the site shall be agreed through negotiation, though is likely to be of a size sufficient to accommodate 5-10 pitches.

3.2.20 The policy states that such set aside land (whether on the SUE site or off-site) should be provided to the local planning authority at nil cost and be secured through an appropriate legal agreement. Policy 56 clarifies the criteria for accompanying infrastructure including safe vehicular access, and sufficient space for manoeuvring and parking within the site.

3.2.21 The following assumptions have been adopted to inform a policy cost for the viability assessment:

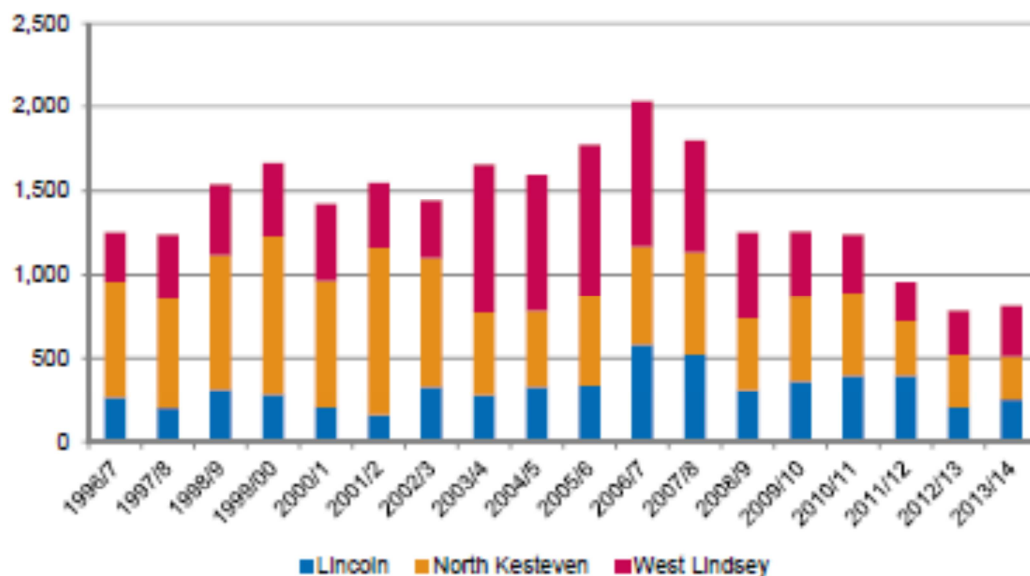
- Average size of pitch is assumed to be 415 sq. m. This based on an average of 325 – 500sq.m based on CLG Guidance 2008 and Central Lincolnshire Gypsy and Traveller Accommodation Assessment (GTAA) 2013).
- The quantum is yet to be decided, but indication is between 5 – 10 pitches per SUE. 7.5 pitches has been used as an average to inform this assessment.
- This will require an approximate land take (415 sq. m x 7.5) of 3,113 sq. m or 0.3 ha (including parking etc.).
- The initial assumption on gross to net land area for the SUEs was 70%.
- So the 0.3 ha requirement, changes the assumption on gross to net land area to 69%

3.2.22 Note that the provision may be delivered as an off-site contribution, however, to inform this assessment on site provision has been assessed. Any offsite contribution is also likely to incur some cost. The viability assessment has reflected the additional cost of land needed for the estimate provision of gypsy and traveller pitches by including an increase in the threshold land value from £300,062 to £301,165 per net ha to reflect the additional land required.

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 (August 2015)

- 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 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 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 potentially due 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 Economic Needs Assessment (ENA) 2015 and the Lincoln Sub Regional Growth Study 2015 have informed the following findings:

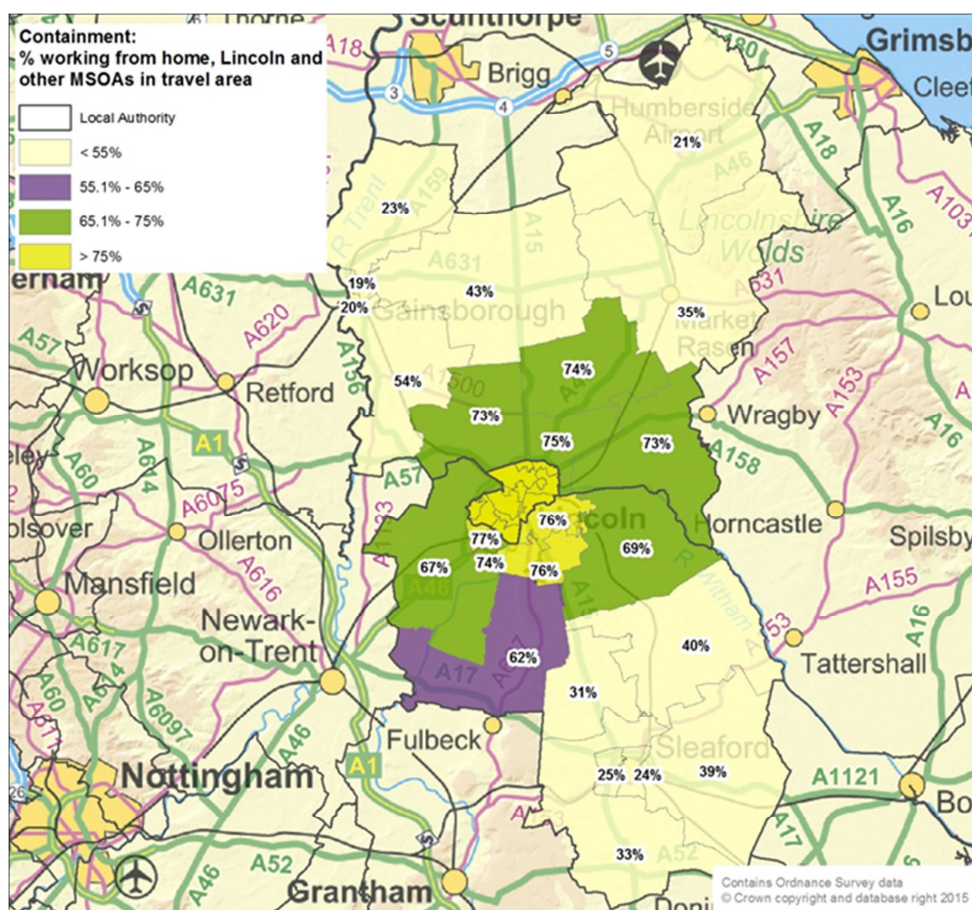
- There is a high level of self-containment of labour in the Lincoln Strategy Area see figure 3.3 overleaf.
- Lincoln City serves as the main employment centre for the residents in both North Kesteven and West Lindsey. Thus the main demand for market housing is likely to be from people who live and work 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. This suggests 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 (the Lincoln Strategy Area).

- West Lindsey has the highest level of out-commuting of the three districts, with over 60% of residents 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 the Humber /North East Lincolnshire, and part of Nottinghamshire. One 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 increase in house prices in certain parts of Gainsborough (such as near the golf course) which in previous years have tended to lag below the values for Central Lincolnshire.

3.4.2 Further analysis of travel to work patterns around Lincoln City has been undertaken as part of the Lincoln Strategy Area 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 Strategy Area Growth Study

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, 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 in Gainsborough and it is noted that from recent new properties coming on the market that there has been steady delivery of new housing in Market Rasen, (including some flatted schemes) indicating something is influencing the effective demand in this part of the study area. West Lindsey does have a net outflow of employees commuting to North and North East Lincolnshire. Although not evidenced, our hypothesis is that the expanding renewable energy sector employment associated with the Humber and North East Lincolnshire areas could be influencing the effective demand in the Gainsborough and Market Rasen area.

Market delivery context

- 3.4.6 Analysis, based on web research of properties on the market and Land Registry data of actual sales of new houses built in the study area is set out in this section. This research informs the type of developments taking place and has informed the study viability assumptions.
- 3.4.7 Delivery is clearly dependent on both local and national developers in this area, each bringing a different approach to the type of property offer, location of delivery and policy contributions. The local developers are active throughout the area, and are willing to 'experiment' 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 active in the area 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 C sets out transactional 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, with corresponding strong sales values ranging from £2000 to £2300 per sq. m, depending on the floor space of the units – the majority average 80sq.m to 90 sq. m, though 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, properties 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 (February 2015) on the market from this development.

- 3.5.5 Beal Homes have (March 2015) secured consent for 350 dwellings at Welton, situated within easy reach of Lincoln (between the A46 and A15). The scheme includes 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 promoted by local developer Beal Homes, and is described as 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, this scheme has not been included in the assessment 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, Branstion, 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 consisting of 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 consented, ready to develop 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 highly 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 up to £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 typical developments are mainly smaller schemes of up to 30 dwellings with occasional schemes of up to 150 dwellings, developed principally by local developers comprising a mix of two, three and four bedroom, two storey properties and bungalows. However, there is a three storey block of 13 apartments 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.
- 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 Billingham, 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 Market delivery will be based on assumptions relating to current developer contributions policy. It is therefore helpful to understand the sort of developer contributions 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 was 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 have reviewed recent planning applications to inform the scale of developer contributions. The following paragraphs provide the headline messages of what is being delivered.

Lincoln Strategy Area - rural areas within easy reach of Lincoln

- 3.6.3 A number of smaller schemes of up to 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 Hykeham 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 Hykeham for 310 dwellings

consented in 2013 has approval with 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, and 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 up to 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 up to 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. 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 over 1000 units in North Hykeham, 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 granted outline Planning Permission for an urban extension of 2500 units. The S106 agreement for this development, signed in 2011 stated that the site would deliver 10% affordable housing and a package of S106 contributions consisting of £6,000 to £10,000 per dwellings. However, this was agreed over five years ago and to date there has been no signed developer on this site.

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 terms of sales values 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 a 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 the rest of rural West Lindsey (excluding Gainsborough and the villages in the Lincoln Strategy Area) is concentrated predominantly in Market Rasen, with delivery being undertaken mainly by local developers. 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.

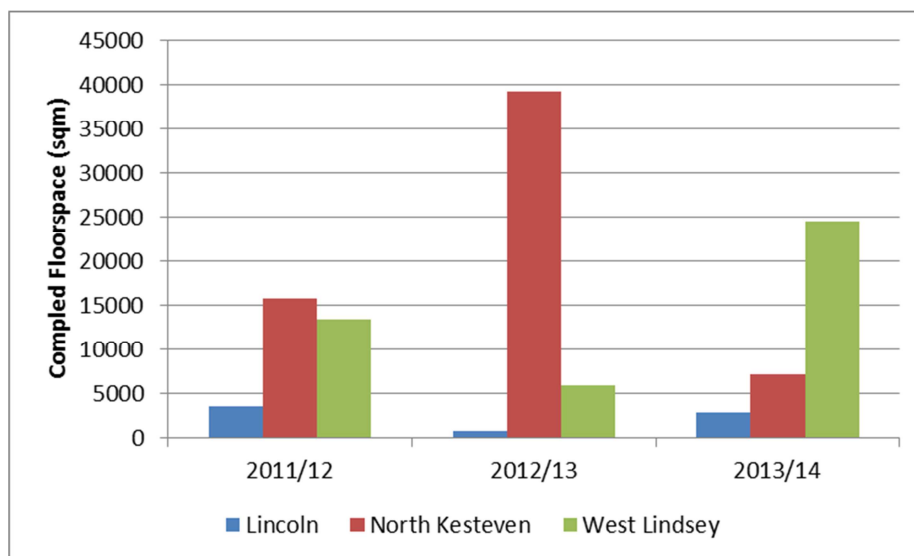
3.7 Future planned residential growth

- 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 options. The Local plan sets out the details on the scale and distribution of the planned growth which has informed this assessment (see Local Plan for further details)..
- 3.7.2 The housing need in Central Lincolnshire, identified by the Objectively Assessed Need and set out in the Strategic Housing Market Assessment (SHMA) is 1,540 dwellings per annum for the Local Plan period 2012 - 2036, resulting in a total dwelling target of 36,960 dwellings.
- 3.7.3 The largest proportion of the growth is identified in the Lincoln Strategy Area (LSA) at 64% of the growth (23,655 dwellings), where there is also the largest resident population, as well as the other main towns of Gainsborough at 12% (4,435) and Sleaford at 12% (4,435), and other rural areas 12% (4,435) excluding rural areas in the LSA. It is likely that the delivery will be through various consented schemes during the first five years, and also the commencement of some strategic urban extensions (SUE) in Lincoln, Gainsborough and Sleaford. Appendix E shows the general location of the proposed SUEs.

3.8 Commercial development context

- 3.8.1 As noted earlier, the key driver for stimulating housing demand and subsequently house values is 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 buildings for economic use.
- 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 (2015)

- 3.8.3 It is notable from Figure 3.4, that over the 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. 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 Local Plan Policy LP5 (Delivering Prosperity and Jobs) makes provision for the development of employment uses for office industrial and storage development at policy LP5.

Retail development

- 3.8.5 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.

Implications of planned commercial growth on CIL charge setting

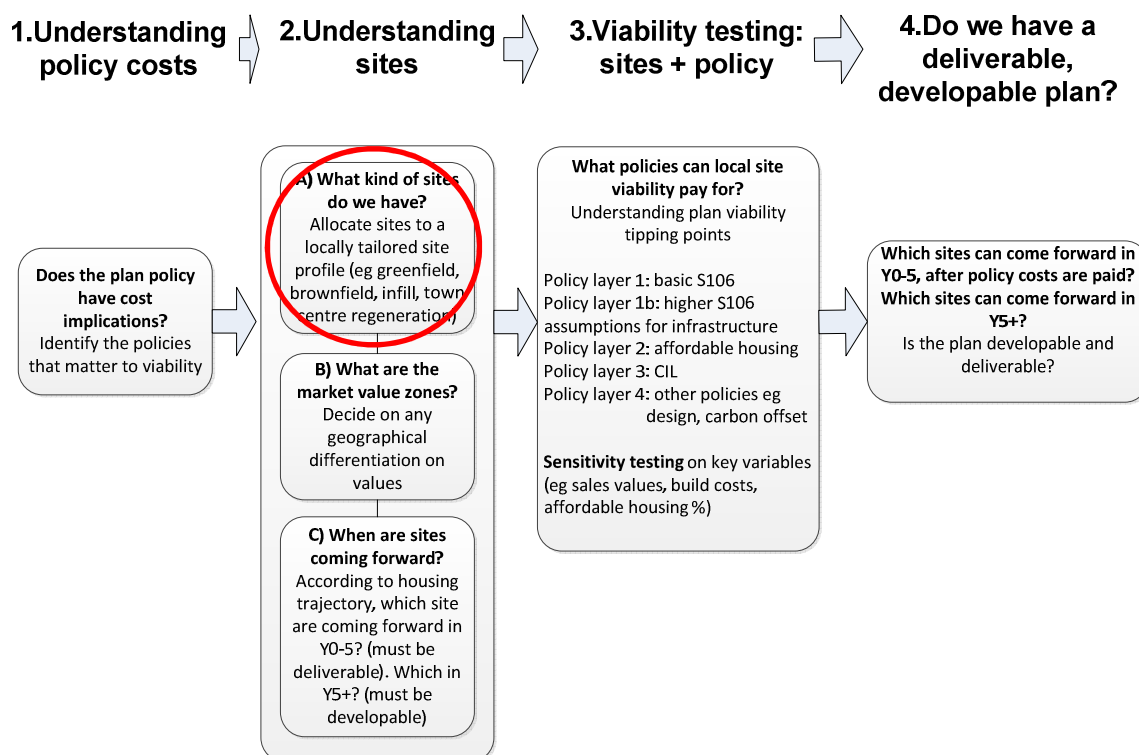
- 3.8.6 The bulk of the growth proposed for the Central Lincolnshire area is limited to a few main development uses such as residential, student accommodation, office (town centre and out of town), industrial, and retail will create the bulk of the new floorspace in the years to come. Infrastructure floorspace for uses such as education, health and community buildings is also planned to support the planned growth.
- 3.8.7 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, it is not consider it appropriate to undertake viability assessment for a wealth of other uses such as hotels, car show rooms and other sui generis uses that are not part of the planned growth, and are treated as 'all other use' category. Instead, the focus is on the viability assessment of the main uses identified in the 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'.²⁷
- 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 SHELAA sites, a review of past delivery of sites, reflecting policy thresholds and discussion with the client team and at the developer workshops.

²⁷ 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	3	35 dph	
House	4	35 dph	
House	5	35 dph	
House	10	35 dph	
House	35	35 dph	
House	100	35 dph	
House	300	35 dph	
Generic urban extensions	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

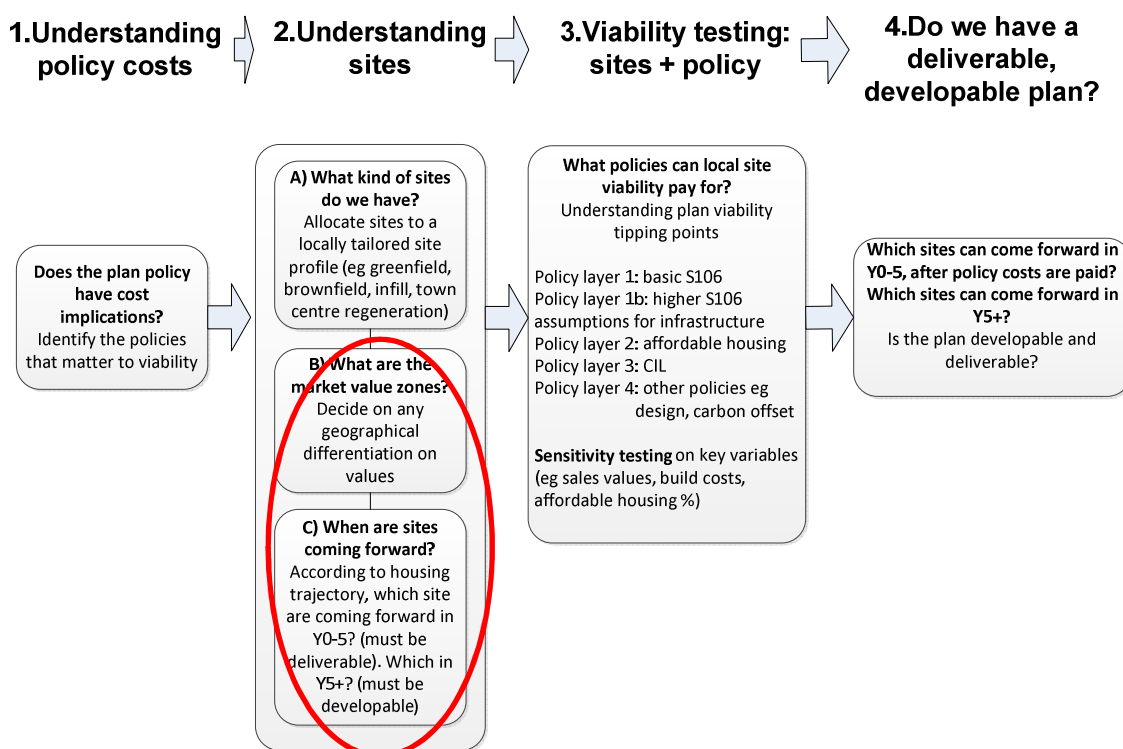
- 4.2.4 Background information on the case studies that have informed the viability assumptions is included in Appendix D.

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 due to site variations within zones. 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 C 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 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 in the Lincoln Strategy Area Growth Study and known as the 'Lincoln Strategy Area' as illustrated in Figure 3.3. To avoid confusion, this viability study has also adopted the 'Lincoln Strategy Area (LSA)' as the name for this value zone, but note that for the purpose of this study, this area has been based on viability evidence relating to sales values. This area consistently commands some of the highest per sq. m sales values and has the strongest 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).
 - Developments in the Greater Gainsborough Housing Zone concentrated in the western urban area of Gainsborough (this is a new zone introduced as part of this study and the assessment for this is set out in chapter 7).

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 onwards²⁸.
- 5.3.2 The published Central Lincolnshire 5 Year Land Supply Report sets out the sites and quantum of development that the authorities expect to be delivered in the first 5 years. This comprises new allocations as well as sites with planning permission.
- 5.3.3 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.
- 5.3.4 Of the case studies assessed, it is assumed that 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 (150 units) which is not affected by abnormal remediation / high infrastructure requirements will also form part of the first five year supply. The client team are also progressing work with the promoters of a various strategic sites to help bring these forward.

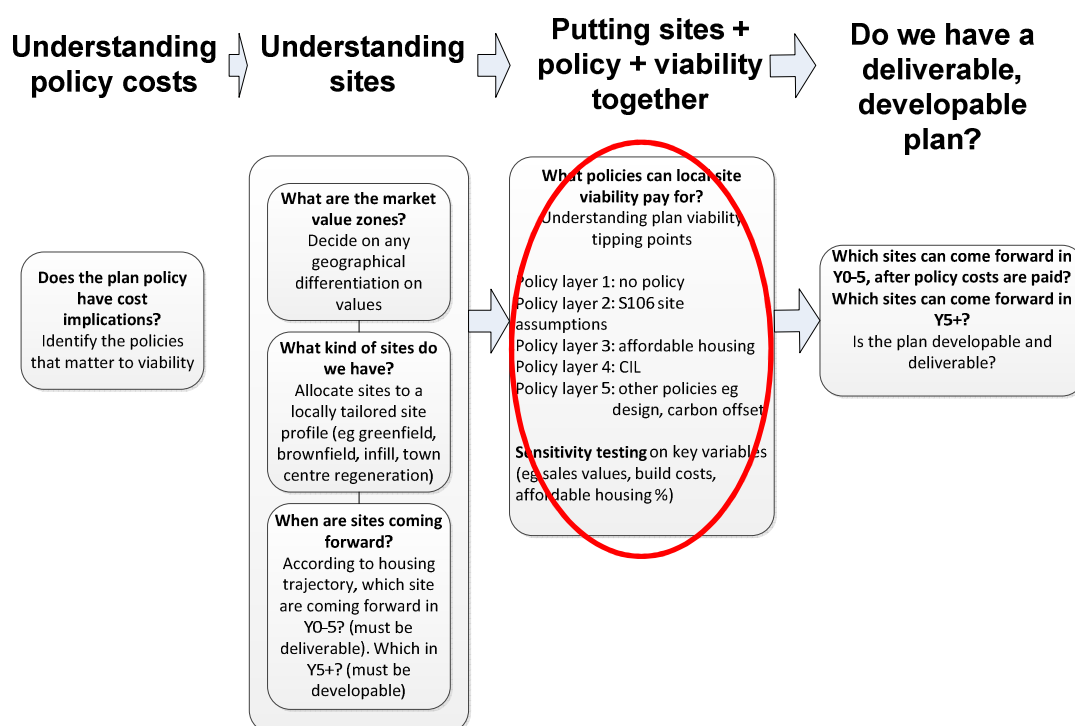
²⁸ See also paragraph 1.7.8 which sets out the role of this study.

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

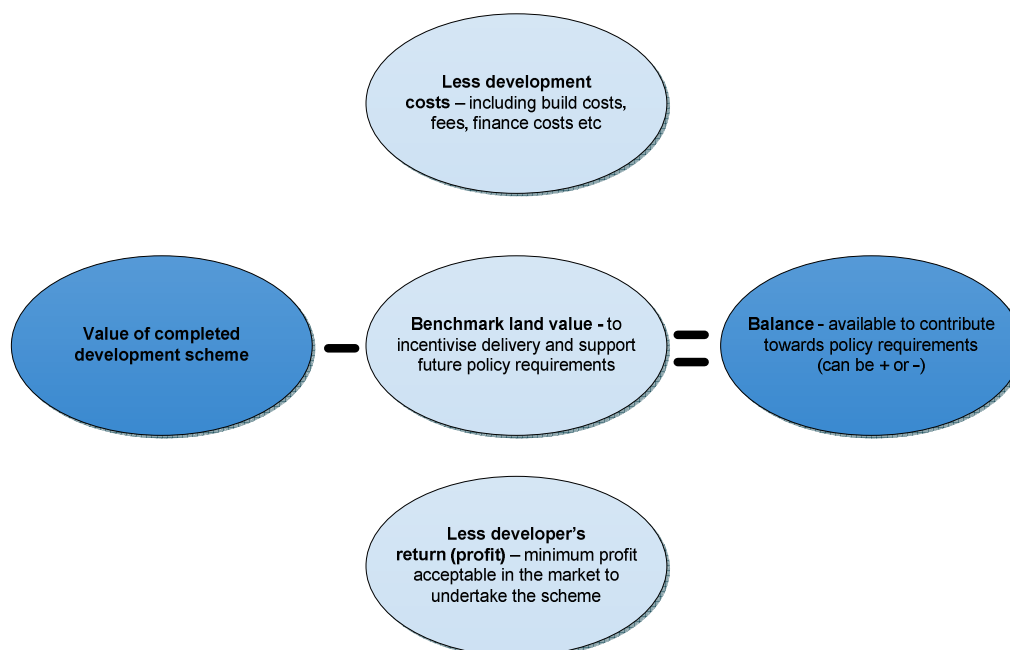


Source: PBA 2015

6.2 Residual land value 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 CIL at which the bulk of the development proposed in the development plan is financially viable.

6.3 Viability assumptions

- 6.3.1 The assessment uses readily available evidence, which has been informed and adjusted by an assessment of local transactions, consultations and market delivery. Plan level viability assessment involves a degree of generalisation. To compensate for variations in assumptions a viability buffer is included 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 cash flow 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, externals allowance,
 - 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 4 at table 4.1 and are not replicated here.
- 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.

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

Source: PBA 2015

- 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 The sales values adopted have been informed by the above research along with feedback received at the workshops and follow up interviews with the case study and SUE promoters. The sales values adopted for this viability assessment are set out in Table 6.2a.

Table 6.2a Sale value – market housing

Site	Typology	£ p sq.m
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

- 6.3.8 Since the August 2015 Viability Study, further work has been undertaken to inform the West Gainsborough urban area (see chapter 7). The sales values assumed for this area are set out in Table 6.2b below.

Table 6.2b Sales values – West Gainsborough

Site	Typology	£ p sq.m
West Gainsborough	Houses	£1,500
West Gainsborough	Flats	£2,000

Source: Aspinal Verdi March 2016

Affordable housing values

- 6.3.9 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 which has been confirmed by Registered Providers active in the area. The open market value has been informed by Registered Providers and discussion with the local authority housing teams.
- 6.3.10 It is noted that the possible introduction of Starter Homes into the affordable housing definition is likely to improve the overall viability; however, this has not been factored into the assessment until such time as it is legislated and there is clarity over the scope.

Threshold land values

- 6.3.11 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' NPPF²⁹. The threshold land value is important in the assessment of viability; if the residual land value exceeds the threshold then a scheme is deemed as viable.
- 6.3.12 Land values used in site specific testing will differ from that used in plan wide area viability studies. The Harman Report 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.
- 6.3.13 Based on the evidence reviewed the following key issues in assessing the threshold land values should be noted:
- 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. The 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. For the SUEs and brownfield remediation the approach adopts an unserviced land cost and add on a servicing/site remediation cost allowance to arrive at the fully serviced value.
 - The land transaction market is not transparent. Very little data is in the public domain and the subjective influences behind the deal are usually not available. A strong emphasis has been placed on consultation with both landowners and developers, sense testing with actual

²⁹ NPPF (2012) National Planning Policy Framework, para 173

delivery taking place on the ground and a review of recent viability appraisals submitted to the local authorities to inform the threshold land value assumption.

- 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 here. However, land owners still have an expectation for maximising their land value returns.
- It is not appropriate to assume that because a development appears to be viable, that the land will change hands and the development proceed. However, going forward, land value expectations will need to be realistic and reflect the planning policy requirements to support the overall delivery of the planned growth. There can be no definite viability threshold cut off point owing to variation in site specific circumstances, including the land ownership expectations. To compensate for the risk of limited transactional evidence, it will be important to allow a buffer away from the theoretical maximum CIL charge.

- 6.3.14 The approach to arriving at the threshold land value for the SUEs is based on the existing use of agricultural land values and adding uplift to this. As a result there will always be a price floor (i.e. the lowest margin) at 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.
- 6.3.15 The majority of the development sites coming forward are expected to be of low grade agricultural land. A review of the limited recorded evidence relating to the sales value of low grade agricultural land across the East Midlands (see Appendix C Table C2) suggests values range between £20,600 and £25,700 per hectare (£8,300 and £10,400 per acre).
- 6.3.16 A multiplier of 10 has been applied, (which, although at the lower end of the range of possible multipliers that might be adopted, reflects the generic Lincolnshire residential market value). This provides a threshold land value assumption of £210,000 per gross hectare (or £85,000 per gross acre). This sets the minimum threshold land value where land would be expected to come forward and provide a competitive return for a land owner in this market area.
- 6.3.17 From consultation with site promoters and their agents, there is a general market view that land owners expectations for the SUEs are typically £100,000 to £125,000 per gross acre. This is based on general market sentiment across the East Midlands and Yorkshire and Humber regions rather than evidence of reported land transactions. Agents in the central Lincolnshire area recognise that house sales values are not as high as other parts region and this will be reflected in land values.
- 6.3.18 Most promoters (or their agents) informally agreed to the use of a threshold land value assumption in the region of £85,000 per gross acre for the plan wide study. The gross land values adopted are set out in Table 6.3.

Table 6.3 Gross land values per acre and per ha to inform the threshold land values for the SUEs

Threshold Land values	Gross value per acre	Gross Value per ha
Gainsborough urban extension	£85,000	£210,044
Sleaford urban extension	£85,000	£210,044
Lincoln urban extension	£85,000	£210,044

Source: PBA 2015

- 6.3.19 It is noted that some landowners may still hold out for a higher land value expectation than the levels reflected in this plan level assessment. No land value evidence was submitted through the autumn 2015 consultations to justify a different value.

- 6.3.20 Generally there is very little published data on land value transactions across the Lincolnshire area. Appendix C (tables C2, C3 and C4) sets out the limited land sales information available. Given the complexities of development across a whole plan area, and limited nature of publically available transactional data, this assessment has been based on appropriate available evidence for a plan level assessment of this nature and taking account of the need for future policy requirements.

Opening cost and site remediation cost allowance

- 6.3.21 There will be varying levels of site specific opening costs, such as utilities, drainage, and s278 highway requirements to secure delivery. For the generic typologies fully serviced site land values have been assumed, so any site specific costs will come off the value paid for the land.
- 6.3.22 The site opening costs for the larger strategic urban extensions can vary depending on the site requirements and ability to connect into existing infrastructure capacity. Based on consultation with the site promoters and their agents, some suggested adopting £6,000 per dwelling for the site opening infrastructure costs, whilst others recommended £10,000 per dwelling. These site servicing costs are lower than seen elsewhere in the country but are reflective of the relatively unconstrained nature of the majority of the SUEs proposed in this area. A review of recent consented urban extension viability assessments for the study area suggests this cost range is suitable. 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. Once detailed masterplanning is undertaken there will be a better understanding of these costs to inform site specific assessments.
- 6.3.23 The appraisals for the brownfield sites include an allowance of £10,000 per dwelling as a remediation cost allowance.
- 6.3.24 The threshold land values and site opening assumptions adopted for this study are set out in table 6.4 and 6.5

Table 6.4 Residential threshold land values and site opening cost assumptions

Site typology	Fully serviced threshold land value per net developable ha	
Lincoln Strategy Area greenfield	£680,000	Fully serviced land value – opening cost to be deducted
Gainsborough & Sleaford urban Gainsborough Kesteven	£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 value (per net ha) based on EUV and separate 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 2015

- 6.3.25 Since the August 2015 study, further work has been undertaken to inform the West Gainsborough CIL Zone (see chapter 7 and Appendix H for further details). The threshold values assumed for West Gainsborough are set out in table 6.5 overleaf.

Table 6.5 West Gainsborough residential threshold land values and site opening cost assumptions

Site typology	Fully serviced threshold land value per net developable ha	
West Gainsborough brownfield	£300,000	£350,000 per net ha site remediation costs to be added
West Gainsborough greenfield	£500,000	Fully serviced land value – opening cost to be deducted

Source: Aspinal Verdi March 2016

- 6.3.26 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 has been factored into the assessment when drawing conclusions and recommendations.

Build costs, external works and contingency allowance

- 6.3.27 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 is averages taken from a wide range of different contracts and tenders in the BCIS data bank.³⁰ However, during 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 consultees that volume house builders can build at much lower costs.
- 6.3.28 It is widely 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, 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 support the adoption of a lower build cost.
- 6.3.29 As set out in Table 6. 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.
- 6.3.30 Allowances have been added for external works, contingencies, fees, VAT and finance charges, plus other revenue costs to the above build costs.
- 6.3.31 The external cost allowance 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. The external works costs has been set at a rate of 10% of build cost and applied to all the residential development scenarios.
- 6.3.32 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.

Table 6.6 Median build costs rebased for Lincolnshire, externals allowance and contingency allowance

per sq.m	median estate	Flats general
BCIS	£898	£1,061
Externals @10%	£988	£1,167
Contingency @ 5%	£1,037	£1,225
Total Build cost	£1,037	£1,225

Source: BCIS February 2015

³⁰ BCIS (February 2015) Page 3, Quarterly Review of Building Prices Issue 136

Professional fees

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

S106 Infrastructure contributions

- 6.3.34 A cost allowance £2,000 per dwelling for the generic scenarios has been included 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.
- 6.3.35 For the urban extension sites (SUEs) it is likely that a range of infrastructure requirements including education, health, community halls and playing fields will be met through S106. Estimated 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.
- 6.3.36 The S.106 contributions assumed in the viability assessment are set out in Table 6.7.

Table 6.7 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: Client team 2015

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

Land purchase costs

- 6.3.38 The land value needs to reflect additional purchase cost assumptions, shown in Table 6.8. 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 6.8 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 2015

- 6.3.39 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 and 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

- 6.3.40 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

- 6.3.41 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, an assumption of 20% of GDV for market housing was discussed and 6% for affordable housing. However, based on new evidence (see Appendix C) of the level of returns housebuilders are prepared to accept and taking account of the District Valuer responses to various site specific viability appraisals in Lincolnshire, a profit assumption of 17.5% for open market units has been adopted, 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

- 6.3.42 A monthly cash flow 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 cash flow

- 6.3.43 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.
- 6.3.44 Note that in reality the commencement date will vary, the critical point of note here is the delivery rate to inform the cash flow assessment. Each scenario has a cash flow to calculate the cost of interest. The cash flow 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 cash flow when income occurs, when completed units are sold.
- 6.3.45 It is 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 it is assumed land is drawn down on an annual basis.
- 6.3.46 Developers are highly cash flow sensitive. This is likely to be a particular challenge for strategic urban extension sites, where there can be significant up-front works required for site opening up costs. In these instances, there are potential challenges in undertaking 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 The case study findings

- 6.4.1 To inform the generic typologies and site appraisals, promoters of various actual sites were selected as case studies were consulted. In doing this a considered view on various assumptions has been reached, 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 D sets out some background information on the case studies assessed and provides 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

- 6.4.2 The development scenario for Spa Road site in Lincoln is at a very early stage, and the actual scale of developable area and type of development is yet to be determined. It is noted that 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 the 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 next two years or so to present a developable scenario. PBA 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.
- 6.4.3 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), in discussion with the client team, it has been agreed not to 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

- 6.4.4 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. For this reason, part 1 of the scheme is considered as viable, and based on the initial infrastructure costs assessment for this phase, is 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

- 6.4.5 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 SUE promoters was that the site opening costs and build costs could be lower than the amount included in the appraisals. However, it is important to note that whilst this was not backed with any supporting evidence that can be used for plan-wide study assumptions, based on their experience of working in the local housing market, there may be some merit in their assumptions. If this is the case, then there could be cost savings which will increase the 'viability cushion' from the threshold value and reduces the risk to delivery. The assumptions informing the individual SUEs will be refined as further joint work with the promoters progresses to concept plan stage and then onto detailed masterplan stage. For now, a cautious approach has been adopted for both the build costs and the site opening costs in the appraisals to reflect the wider typology rate. This cautious approach has meant adopting a threshold land value based on a lower uplift multiplier, and a reduction in the policy requirements (for affordable housing and CIL to fund infrastructure).
- 6.4.6 These generic SUEs are considered as viable based on the assumptions adopted.

The larger greenfield scenarios

- 6.4.7 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 Hughs 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.

6.5 Responses to the viability study consultations held during autumn 2015

- 6.5.1 The Central Lincolnshire Joint Strategic Planning Committee (JPC) and the three local authorities consulted on the Viability Study and update note (August 2015) as part of the evidence base supporting the Central Lincolnshire Further Draft Local Plan (October 2015), and each Charging Authority consulted on their Preliminary Draft CIL Charging Schedules. These consultations took place during October to November 2015 (referred to as the autumn 2015 consultations).
- 6.5.2 A separate Developer Forum consultation event on the Viability Study also took place in November 2015 to provide developers, landowners and agents an opportunity to understand and comment on the viability evidence accompanying the draft Local Plan and proposed CIL Charges.
- 6.5.3 Seventeen responses were submitted in respect of the viability assessment across all three authorities, with respondents including developers, landowners, agents, associations, parish councils, service providers and members of public. Some respondents objected to proposed CIL charge and raised some concerns about the viability assumptions, others supported the assessment CIL charge on the basis of the need for infrastructure funding, whilst some considered the CIL charge rates should be set higher. The main comments relating to the viability evidence have been summarised in the following paragraphs.

The threshold land value assumptions

- 6.5.4 The formal consultation response submitted on behalf of Church Commissioners for England (CCfE) questions the threshold land value assumption for the Lincoln SUEs, although alternative figures or justification as to what would be an appropriate threshold land value have not been provided at this stage. Others have queried the threshold land values, but have also noted that the values reflect a plan wide assessment and there will be variations at site specific level. PBA understand that engagement with the CCfE by the client team in relation to their land holdings will continue to address possible risks to delivery and ascertain further evidence to inform delivery considerations.

CIL and affordable housing policy

- 6.5.5 Policy costs and CIL trade-offs have been questioned by some respondents. The scale of affordable and CIL charges consulted for the Preliminary Draft CIL charging schedule is higher than the PBA 2015 Viability Study recommendations.
- 6.5.6 This was a decision taken by the client team after a consideration of Plan delivery considerations and possible risk to delivery.

Concern over an expanding list of infrastructure requirements

- 6.5.7 General concerns over the list of infrastructure requirements in the policies, SPD and acknowledgement that the developers funding pot are finite.
- 6.5.8 The client team is aware of this concern and, where possible, have sought to link individual infrastructure related policies to a single overarching policy on infrastructure (LP12). However, some policies have had to be maintained with further detail set out in the Developer Contributions SPD.

Viability assumptions in general

- 6.5.9 General viability assumptions have been questioned, though no evidence has been provided.
- 6.5.10 No changes are proposed to the assumptions as they are considered appropriate for the plan level assessment, though it is accepted that at a site specific basis there could be variations depending the nature of the site, market conditions and landowner expectations.

Build costs

- 6.5.11 There were no comments received in relation to build costs in the consultations.
- 6.5.12 This void is interesting due its omission, suggesting that perhaps the assumptions adopted are likely to be generous, as was indicated by some representatives as part of the case study consultations.

Impact of policy costs

- 6.5.13 Impact of additional policy costs such as archaeology and health impact assessments was questioned.
- 6.5.14 A detailed review of all policies included in the Pre Submission Draft Local Plan April 2016 have been assessed to inform the Viability Study 2016 and account has been taken in the viability appraisals of the health impact assessments and approach to archaeology costs.

6.6 Residential viability appraisal findings

- 6.6.1 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 cash flow 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 after taking account of policy requirements. Examples of the typology appraisals and summary appraisal output table findings are included in Appendix F.

Summary of residential appraisal findings

- 6.6.2 In working through the various viability iterations, account has been taken of evidence gathered, including a review of what is currently being delivered on the ground and consultation input from a number of promoters and various workshops with developers and input from the client team. 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, and the need avoid a complex CIL charging schedule in each charge area, a simplified approach, which is consistent with guidance has been recommended for the typologies and scenarios tested.
- 6.6.3 Table 6.9 overleaf sets out the emerging residential CIL charge options based on policy measures assessed as part of the Local Plan 2016. The results of this testing are set out in Appendix F. The main findings are summarised in the following paragraphs.
- 6.6.4 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. Most sites are viable and can contribute between 15% and 25% affordable housing with varying amounts for CIL.
- 6.6.5 These are all important components of the judgement on a sensible level of CIL charge. Market judgement has been used in arriving at a sensible charge that allows a CIL buffer and the CIL charge proposed is generally below 2 % of GDV.

Table 6.9 Affordable housing percentage and CIL charge options for the Central Lincolnshire Local Plan

CIL Market Zones	25% affordable	20% affordable	15% affordable
	CIL up to	CIL up to	CIL up to
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
West Gainsborough CIL zone	£0 p sq.m	£0p sq.m	£0 p sq.m
Lincoln SUE	£5 p sq.m	£20 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

Source: PBA / Aspinall Verdi 2016

Affordable housing policy

- 6.6.6 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.
- 6.6.7 The viability evidence has factored in a cost for affordable housing for the four dwellings or more scenarios and these are shown to be viable.
- 6.6.8 The possibility of introducing Starter Homes as part of the affordable housing mix has not been assessed, but if introduced, this is likely to increase the CIL buffer.
- 6.6.9 Policy LP 11 includes a new requirement for affordable housing from specialist housing for older person along the lines of the affordable housing requirements. The viability assessment has not appraised any specialist older person housing at this stage. If this element is to remain in the policy requirements, it is recommended that such provision be assessed as part of the overall viability appraisal.

Flats / apartments schemes

- 6.6.10 Residential development consisting of flats/apartments are not considered viable based on the assumptions made, across all three CIL Charging authorities and the recommended CIL charge is zero.

7 West Gainsborough viability assessment

- 7.1.1 Further assessment of development viability has been undertaken for the urban area of West Gainsborough in West Lindsey District Council area as some 1300 dwellings³¹ are planned here. This follows the council's continued work to advance housing delivery on sites that are identified as part of the Greater Gainsborough Housing Zone (GGHZ).
- 7.1.2 The majority of GGHZ sites fall within a part of the town with known low viability and values; features that led to the sites being designated as parts of the housing zone and that need special intervention measures. Typically these sites are heavily constrained, town centre brownfield land, most derelict for considerable time. These sites form an important and prominent part of the town's planned growth and regeneration.
- 7.1.3 The 2015 Viability Study acknowledged value differentials in Gainsborough, however a separate CIL charge zone was not proposed. At that time, it was anticipated that the housing delivery in the town centre was likely to be a lower quantum, whilst delivery at the Sustainable Urban Extensions (SUEs) would be greater. Both of these scenarios have since changed, increasing the significance of the housing zone sites as a proportion of Gainsborough's future housing supply.
- 7.1.4 This change in the distribution and scale of growth in Gainsborough has prompted the additional viability assessment to inform the consideration of a separate CIL charge zone and viability consideration for this part of Gainsborough.

Background

- 7.1.5 In the summer of 2015, West Lindsey District Council in partnership with the Homes and Communities Agency (HCA) commenced detailed site investigation to implement the Greater Gainsborough Housing Zone (GGHZ), designated by Central Government earlier in 2016. "The purpose of the housing zone is to speed up and simplify the process of house building on brownfield land through locally led partnerships".³²
- 7.1.6 The DCLG request for expressions of interest encouraged Local Authorities to create Housing Zones on brownfield land in urban areas (with some greenfield sites permitted but not to make up the majority of sites identified). Following the Council's successful bid, the HCA has provided West Lindsey District Council with £165,000 of grant resource coupled with access to other funding streams to help bring forward the identified sites
- 7.1.7 The award of 'Housing Zone status' provides the council with access to recoverable investment loan funding, plus dedicated brokerage support from Central Government. In obtaining Housing Zone status the council has also secured the ability to use 'local development orders' to expedite delivery and provide outline planning permission for sites. The first of these LDO's in the Housing Zone, for up to 450 homes at 'Riverside Gateway', is out to public consultation now

7.2 Greater Gainsborough Housing Zone

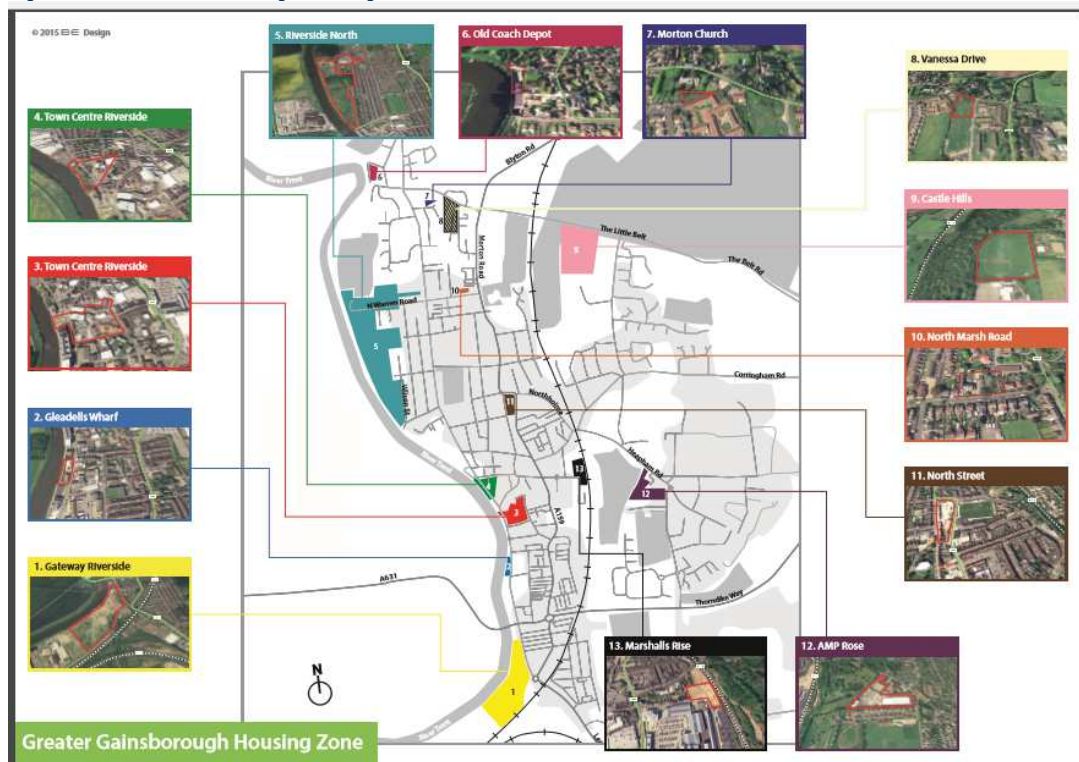
- 7.2.1 The development sites that make the Greater Gainsborough Housing Zone range from 2 to 450 dwellings, and are mainly brownfield sites. The South West Ward incorporating the Greater Gainsborough Housing Zone includes a concentration of a range of challenges associated with being one the most deprived wards in the District and one of the most deprived nationally.

³¹ The scale of growth in the Greater Gainsborough Housing Zone represents approximately a third of Gainsborough's total planned growth.

³² DCLG (August 2014) *Housing Zones Prospectus*

- 7.2.2 The sites identified for the GGHZ, shown in Figure 7.1 overleaf, lie predominantly to the west of the railway line along the river frontage and in the town centre. The characteristics of this part of the urban area are different from the SUEs, which are located to the north-east and south-east of the town, and other areas where the bulk of the planned growth was previously assessed for the Viability Study 2015. The sites identified in the GGHZ have very low sales values and require differing levels of interventions.

Figure 7.1 Greater Gainsborough Housing Zone Sites



Source: West Lindsey District Council 2016

Viability testing of West Gainsborough urban area

- 7.2.3 In response to the move to commence site investigations and to expedite delivery on the GGHZ, further viability analysis of this area has been undertaken. This further site testing has focused on the type of sites coming forward as part of the Greater Gainsborough Housing Zone and other sites that are typical of the town centre urban setting.
- 7.2.4 The Zoopla heatmap of sales values in Gainsborough in Figure 7.2 below shows that the main urban area, west of the railway line has generally lower average house prices (purple/blue colours), with the higher value areas (yellow/red) towards the outskirts of the town. To the north, and south east the heatmap shows that prices are higher.

Figure 7.2 Residential sales values heatmap for all properties in Gainsborough



Source: Aspinal Verdi using www.zoopla.co.uk accessed 18 February 2016

7.3 Approach to viability assessment

- 7.3.1 Based on the limited transactional data, a sale value assumption of £1,500 per sq. m for houses, and £1,600 per sq. m for flats has been applied to reflect the GGHZ scenarios. Brownfield land value is based on employment land values of £250,000 per net hectare plus premium of 20%, which equals a threshold land value of £300,000 per net ha.
- 7.3.2 All other remain the same as set out in chapter 6. A number of different development scenarios have been tested using typologies based on sites identified in the GGHZ.
- 7.3.3 Based on the house price heatmap, house price data and the type of development planned in the GGHZ, there is a rationale to test for a different value zone to the west of the railway line as these will form the bulk of development is in this area.
- 7.3.4 The area assessed for this Viability Study is described as the West Gainsborough. This area reflects the majority of the sites included in the GGHZ area, but consists of a different boundary area to the GGHZ sites to reflect compliance with CIL Regulations and ensure is based on strong physical boundaries (such as the railway line). to inform the West Gainsborough CIL charge zone.

7.4 Appraisal findings

- 7.4.1 Table 7.1 presents the viability appraisal findings based on zero affordable housing rates. Further assessments illustrating the results for 15% and 25% affordable housing for this area are set out in Appendix H.

Table 7.1 Results of viability testing – West Gainsborough 0% affordable housing

West Gainsborough				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									
0% affordable housing			Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
Brownfield houses											
Riverside Gateway	183	4.58	40	16,470	16,470	-£145,519	-£40	£300,000	£83	-£445,519	-£124
Town centre riverside - site 1	40	1.00	40	3,600	3,600	-£158,767	-£44	£300,000	£83	-£458,767	-£127
North Marsh Road	11	0.28	40	990	990	-£256,550	-£71	£300,000	£83	-£556,550	-£155
Brownfield flats											
Gleadells Wharf	11	0.17	65	770	770	-£1,618,464	-£356	£300,000	£66	-£1,918,464	-£422
North Street	16	0.25	65	1,120	1,120	-£1,634,156	-£359	£300,000	£66	-£1,934,156	-£425
Marshall's Rise	45	0.69	65	3,150	3,150	-£1,522,193	-£335	£300,000	£66	-£1,822,193	-£400
Town centre riverside - site 2	66	1.02	65	4,620	4,620	-£1,738,763	-£382	£300,000	£66	-£2,038,763	-£448
Greenfield houses											
Riverside north	113	3.23	35	10,170	10,170	£112,183	£36	£500,000	£159	-£387,817	-£123
Vanessa drive	27	0.77	35	2,430	2,430	£94,303	£30	£500,000	£159	-£405,697	-£129

7.4.2 The outcome of the viability appraisals as set out in table 7.1 above shows that negative values are derived for all the case studies assessed, even when a 0% affordable housing rate is applied. Therefore these sites cannot be considered to be viable at this time.

7.4.3 Based on this assessment, there is a case for a West Gainsborough CIL charge zone, with a zero (£0) rate (see figure 9.3 in Chapter 9). The zone reflects the lower values being achieved in the area west of the railway line and includes 10 of the 13 GGHZ sites and consists of the bulk of planned development in this area.

7.4.4 Note a few sites which are part of the GGHZ situated to the east and north of the proposed West Gainsborough CIL charge zone boundary are not included in this CIL charge boundary for the following reasons:

- CIL Zone has been based on capturing the bulk of the development sites and creating strong defensible boundaries.
- Sites to the east of the railway line are likely to emulate higher values similar to The Belt and Foxby Lane developments, and so covered by the main study findings.
- Two of the sites will not be affected by a CIL charge - Site 6 the old Coach Depot is currently being developed and Site 9 Castle Hill has currently submitted for planning. The remainder site AMP Rose does not constitute the bulk of development proposed.

Zero policy requirements

7.4.5 Based on the viability evidence, it is also recommended that this area should have zero affordable housing policy and no additional policy requirements should be sought in this area that are not necessary to mitigate the site specific effects of the development, until the regeneration benefits of intervention help to create a market value uplift in this area. Viability should be kept under review to inform updates to affordable housing policy in the future.

7.5 Creating a new market for housing delivery

7.5.1 Based on the historic trends, the GGHZ and sites forming part of West Gainsborough CIL Charge Zone are unlikely to achieve the same level of house price increases in the short term, as new developments in other parts of the town such as to the north-east, as effective demand and affordability in this area is low and the area is affected by the concentration of high levels of deprivation. Therefore, in terms of viability alone, the planned growth in this area is not considered as deliverable without the considerable intervention that are planned by the Local Authorities and partners to secure delivery at this location.

- 7.5.2 Cumulatively the town centre residential allocations and housing zone sites together represent a significant proportion of the 1300 dwellings planned growth for the town. Of these approximately 800 dwellings expected to come forward in the next five years and the rest will be delivered during the rest of the plan period. As such their delivery may start to influence and improve sales values being achieved over the medium and longer term, based on the creation of a new housing market.
- 7.5.3 To achieve this delivery will require concerted regeneration effort and investment in wider infrastructure provision and pump prime funding. Depending on the level of investment required, as each site is brought forward, the prominent town centre and riverside positions provide the potential to create quality schemes that can present a new market offering for the town. The ethos of the housing zone is that this will start to stimulate a growth revival where market values have typically fallen and then plateaued in recent years.
- 7.5.4 In obtaining Housing Zone status the council has also secured the ability to use 'local development orders' to expedite delivery and provide outline planning permission for sites. The first of these LDO's in the Housing Zone, for up to 450 homes at 'Riverside Gateway', is currently at public consultation stage and could be adopted (made) by late Spring 2016.
- 7.5.5 In allocating these sites as part of the planned growth, the authorities are aware that in terms of viability considerations alone, the growth is not viable and raises risk to delivery for the quantum of growth proposed. However, we have been informed by the client team that to support a robust case for delivery, there is an approved Capital Programme agreed and in place to cover any CIL gap that arises from the £0 CIL zone. In addition the award of 'Housing Zone status' provides the council with access to recoverable investment loan funding, plus dedicated brokerage support from Central Government.
- 7.5.6 In allocating these sites as part of the planned growth, the authorities are aware that in terms of viability considerations alone, and without intervention, growth is likely to be challenging to deliver within the area identified as West Gainsborough. However, to support a robust case for delivery, West Lindsey District Council has approved an extensive Capital Investment Programme to bring forward development and 'unlock' the housing zones sites. That package of investment includes funding that would exceed any potential loss of CIL revenue that would arise as a result of the £0 zone. In addition the award of Housing Zone status provides the council with access to recoverable investment loan funding, plus dedicated brokerage support from Central Government.

8 Commercial viability testing

8.1 Introduction

- 8.1.1 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.

8.2 The commercial development typologies

- 8.2.1 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. Appendix G set out market evidence relating to the commercial uses.

Typologies, site coverage and floorspace

- 8.2.2 Table 8.1 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.
- 8.2.3 We have also included student accommodation in this section, because although this is a form of residential use, the viability assessment adopts a commercial development approach based on rents and yields. Student accommodation NIA areas have been represented in terms of number of bed spaces in the appraisal (NIA of 20 sq. m per bed space and GIA of 25 sq. m) as it is the number of bed spaces which drives the value.

Table 8.1 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 bed spaces	70%	0.53

Source: PBA 2015

Establishing Gross Development Value (GDV)

- 8.2.4 In establishing the GDV for non-residential uses, this Study has also considered historical comparable evidence for new values on a local and for some uses, national, level.
- 8.2.5 Table 8.2 illustrates the values established for a variety of non-residential uses, expressed in sq. m 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 Morrison's). 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. Our analysis of rents on student accommodation is again analysed on a per bed space basis to be consistent with our analysis presented earlier in Table 8.1.

Table 8.2 Non-residential uses – rent, yields, and rent free

Use	Rent (£ pa)	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 per bed space pa	6.50%	0	Student accommodation

Source: PBA, developer workshop, Co-star, EI Group 2015

8.3 Viability assumptions

- 8.3.1 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.

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

Build costs

8.3.3 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 8.3.

Table 8.3 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 February 2015

External works

8.3.4 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.

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

8.4 Other development costs

Professional fees

- 8.4.1 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

- 8.4.2 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

- 8.4.3 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.
- 8.4.4 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

- 8.4.5 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

- 8.4.6 A monthly cash flow 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

- 8.4.7 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.
- 8.4.8 Our estimates of benchmark land values set out in Table 8.4 are based on market comparable derived through consultation with stakeholders and analysis of published data on Co-star 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 8.4 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, Co-star, EI Group 2015

8.5 Commercial viability appraisal findings

8.5.1 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 8.5 to Table 8.8) summarise the theoretical CIL charge available after deduction of land purchase from the residual land value.

8.5.2 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

8.5.3 The appraisal results in Table 8.5 show that comparison retail development is currently not viable and there is not a justification to charge a CIL for this use.

Table 8.5 Summary of Comparison uses viability

	GIA sq m	NIA sq m	Net site area ha	Residual value		Benchmark		CIL Overage	
				Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
In town comparison retail	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 2015

Convenience retail uses

8.5.4 The appraisal results in Table 8.6 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 per sq. m available.

Table 8.6 Summary of Convenience uses viability

	GIA sq m	NIA sq m	Net site area ha	Residual value		Benchmark		CIL Overage	
				Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Retail convenience - small format	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 2015

B-class uses

8.5.5 In line with other areas of the country our analysis as shown in Table 8.7 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.

- 8.5.6 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 be based on the profitability of the occupier's core business activities rather than the market values of the development.

Table 8.7 Summary of B class employment use viability

	GIA sq m NIA sq m		Net site area ha	Residual value		Benchmark		CIL Overage	
				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 2015

Student accommodation

- 8.5.7 The appraisal considered a 150 bed spaces (not 150 NIA sq. m). This equates to an average bed space of 25 sq. m GIA and an average bed space of 20 sq. m NIA. Rent is based on £95 gross per week for 48 weeks (and deduction made of 45% for management and maintenance).
- 8.5.8 The appraisal results in Table 8.8 show that student accommodation development is currently not viable and there is not a justification to charge a CIL for this use.

Table 8.8 Summary of student accommodation viability

	GIA sq m	Bed spaces	Net site area ha	Residual value		Benchmark		CIL Overage	
				Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Student accommodation	3,750	150	0.53	£3,164,321	£443	£750,000	£105	£3,914,321	£548

Source: PBA 2015

8.6 Commercial viability appraisal findings

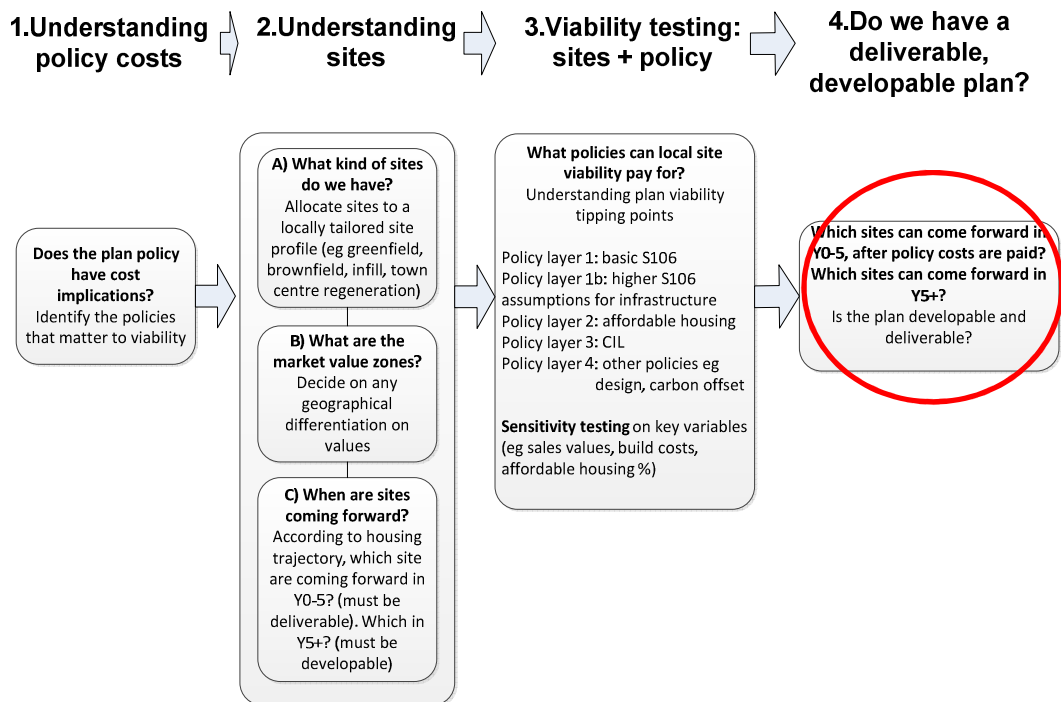
- 8.6.1 With regard to commercial element of the planned development, the delivery of schemes taking place is less affected by the impact of 'policy burdens' for which this study is assessing, and more sensitive to wider economic market conditions of demand and supply for such development. The viability assessment tested a range of speculative development scenarios, and found the schemes most likely to take place are those that have an identified client requiring specific development requirements rather than speculative delivery.
- 8.6.2 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 commercial uses.

9 Conclusions and recommendations

9.1 Introduction

- 9.1.1 The final stage of this viability assessment as shown in Figure 9.1 below is to draw the findings together on whether the Central Lincolnshire Local Plan is considered deliverable and make recommendations for the Plan Viability and CIL charges.

Figure 9.1 Process flow – is the plan deliverable?



Source: PBA 2015

9.2 Development context findings

- 9.2.1 There has been a steady delivery of housing, particularly in areas that are easily accessible to Lincoln, and also in Sleaford, Gainsborough and Market Rasen. 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.
- 9.2.2 Going forward, it will be critical to ensure that the emphasis on driving economic growth in the area is maintained and enhanced, as this will in turn help to support the effective demand for housing growth. This view was emphasised by the various site promoters whom we interviewed.
- 9.2.3 Much of the future planned residential growth (64%), is focused within the Lincoln Strategy Area (LSA), which broadly relates to areas accessible to Lincoln City, containing some of the highest sales values (per sq. m) and includes over 60% of self-containment in terms of jobs and homes³³. The urban centres of Sleaford and Gainsborough urban area have 24% of the total planned growth and further growth will also be focused to other sustainable settlements such as Market Rasen.

³³ Lincoln Sub Regional Growth Study 2016

- 9.2.4 There are a variety of developers operating in the study area, including a number of local and regional developers, some delivering unique housing products that command high values e.g. the Quays development at Burton Waters, and some low carbon 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 a few are operating in the urban areas of Sleaford and Gainsborough providing popular housing products.
- 9.2.5 Short term housing delivery in the Plan area is likely to be through a combination of existing sites with planning permission, other new allocations and a limited amount from certain SUEs coming forward and will be set out in the published 5 year land supply position statement.
- 9.2.6 Medium to long term housing (and infrastructure) delivery is dependent on a number of the unconsented sustainable urban extensions. The client team have set up 'delivery groups' for the emerging sustainable urban extensions (SUEs) involving key infrastructure providers, site owners and promoters to inform decisions relating to site viability, trajectory, infrastructure planning and to facilitate delivery as best as possible.
- 9.2.7 The majority of the Greater Gainsborough Housing Zone sites fall within a part of Gainsborough town with low viability and features that led to the sites being designated as parts of the housing zone and that need special intervention measures. These sites form an important and prominent part of the town's planned growth. Delivery in this area will be accompanied with intervention measures to help create a new market demand for a housing offer by West Lindsey District Council and its partners in this regard.
- 9.2.8 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; and there are considerable site specific variations in the urban towns and the wider rural areas.
- 9.2.9 There have been examples of up to 35% affordable housing provision, 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 Lincoln Strategy Area with developer contributions ranging from £6,000 to £10,000 for infrastructure costs.

9.3 Consultation findings

- 9.3.1 Various consultees have contributed to this study - by engaging in the case study consultations held during 2015, telephone interviews with the agents representing the SUE promoters during 2015, attending the developer workshops held in February 2015 and November 2015 and in responding to the formal consultations during autumn 2015. This has provided valuable input in shaping viability assumptions and identifying some of the challenges relating to the study area.
- 9.3.2 A key message from a number of the 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.
- 9.3.3 Developers commenting on the Viability Study 2015 have stated that they would like to have clarity over infrastructure (scale of developer contributions required either via S106 or CIL or other) requirements. Policy costs need to be factored into the viability assessment. Others have commented on the general viability assumptions, including threshold land values, but have noted that sales values vary considerably from site to site, and so welcome the acknowledgement that there will be scope for site specific viability assessments.

- 9.3.4 The feedback from the February 2015 developer workshop indicated that providing the right sites are identified for development then there continues to be a steady demand for housing, particularly in recent years, where demand has been 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 acceptable. Concerns about high land value expectations and landowners not needing to sell in a hurry, were identified as issues by developers.
- 9.3.5 The formal consultation response submitted on behalf of Church Commissioners for England (CCfE) to the autumn 2015 consultations questions the threshold land value assumption for the Lincoln SUEs, although alternative figures or justification as to what would be an appropriate threshold land value have not been provided at this stage.

9.4 Local Plan policy findings

- 9.4.1 The Central Lincolnshire Draft Local Plan (2016)³⁴ has been reviewed to inform plan policy costs for this viability assessment. The plan policies identified which impact on the viability assessment relate to affordable housing, infrastructure requirements, health impact assessments, Part M 4(2) accessibility housing standards and the provision of gypsy and traveller pitches. The previous viability assessment relating to the provision of Part M4 (3) housing standards has been removed.
- 9.4.2 Appendix B summaries the findings of the policy review and sets out the approach adopted in informing the cost inputs. Section 3.2 summaries the policy costs included in this viability assessment.
- 9.4.3 Policy LP 11 includes a new requirement for affordable housing to be provided as part of specialist housing for older persons. The viability assessment has not appraised any specialist older person housing at this stage.

9.5 Plan viability findings and recommendations

- 9.5.1 The final stage of this viability assessment is to draw broad conclusions on whether the Local Plan is deliverable and developable in terms of viability. This study deals with the viability element of the developable and deliverable considerations. The assessment of availability, suitability, and achievability is dealt with by the client team as part of other assessment (such as the Strategic Housing and Economic Land Availability Assessment, infrastructure and other work).
- 9.5.2 The approach to viability appraisals for both residential and non-residential development is based on a residual value assessment. The viability inputs have been guided by appropriate available evidence, which have been informed by an assessment of local transactions, case studies and consultations with local stakeholders and developers. It is accepted that for a strategic viability assessment such as this, assumptions have to be made, and a degree of generalisation assumed in reflecting the inputs. It is not intended that this assessment is a detailed site specific viability assessment.
- 9.5.3 Iterative testing was undertaken for varying levels of affordable housing and funding infrastructure costs to arrive at recommended policy options. Sensitivity testing has also been undertaken to test the effect of an increase in costs and values on the overall policy requirements, in order to understand implications of varying assumptions. Tables F1 to F5 in Appendix F summarise the appraisal findings for the various viability typologies for this study area.
- 9.5.4 The viability appraisal findings demonstrate that viability varies across the study area and conclude that if affordable housing policy is set between 15% and 25% then the majority

³⁴ PBA reviewed the Pre Submission draft Local Plan April 2016, which was then replaced by as the Proposed Submission Local Plan 2016.

of the planned development is expected to be viable, and able to fund some infrastructure in the form of CIL and S106 contributions and other plan policies assessed as part of this study.

- 9.5.5 The strategic site (SUEs) viability assessment demonstrate that development is viable, based on adopting a pragmatic approach to the scale of policy requirements, developer profit expectations and landowner land value expectations. The assumptions included in the viability assessments were informed by the SUE promoters or their agents as part of the 2015 consultation.
- 9.5.6 The formal consultation response submitted on behalf of Church Commissioners for England (CCfE) to the consultations held in autumn stated that the threshold land value assumption for the Lincoln SUEs, although alternative figures or justification as to what would be an appropriate threshold land value have not been provided at this stage. PBA has discussed the risks of this response with the client team, and the implications for this study. CCfE have not provided any evidence to support their position to date, and it is noted that engagement with CCfE by the client team in relation to their land holdings will continue to address possible risks to delivery.
- 9.5.7 Development in the West Gainsborough urban area is recognized as being challenging and unable to support developer contributions towards policy requirements. Development delivery in this area is being supported by range of financial and other intervention measures by West Lindsey District Council with the aim of transforming market delivery.
- 9.5.8 The appraisals indicate that the inclusion of 40% affordable housing as a policy is not viable based on the assumptions made.
- 9.5.9 Policy LP 11 includes a new requirement for affordable housing to be provided as part of specialist housing for older persons. The viability assessment has not appraised any specialist older person housing at this stage. If this element is to remain in the policy requirements, it is recommended that such provision be assessed as part of the overall viability appraisal.
- 9.5.10 Based on the policies and infrastructure assumptions assessed in this study, the planned growth is broadly considered to be viable and developable, based on the flexible approach to policy requirements to reflect any site specific variations.
- 9.5.11 The affordable housing and developer contributions policies should be reviewed regularly to reflect changes in the market which may affect viability.

9.6 CIL charge findings and recommendations

- 9.6.1 Based on a review of the available evidence, it is recommended that a geographical and use based differentiation should be introduced to the CIL charges.
- 9.6.2 The reasoning for geographical differentiation is supported by the evidence that areas within easy reach of Lincoln City generally command the highest sales values. This area is referenced in the Local Plan 2016 as the Lincoln Strategy Area and has informed the viability assessment for the area by the same name for this study.
- 9.6.3 The evidence indicates that urban areas of Sleaford and Gainsborough have similar general sales values as the remaining rural areas of North Kesteven and West Lindsey. Together they form the 'all other areas' charge zone.
- 9.6.4 Viability testing of the West Gainsborough Zone based on current values and assumptions demonstrates that development here cannot viably contribute to any policy requirements including CIL at least in the short term. A package of regeneration

measures aimed at creating a new housing market in this area could change this position in the future.

- 9.6.5 Residential developments consisting of flats/apartments are not considered viable based on the assumptions made, across all three CIL Charging authorities and the recommended CIL charge is zero.
- 9.6.6 With respect to a CIL charge for commercial use, based on the viability assumptions and available evidence relating to the type and scale of development expected, a single convenience retail charge of £40 p sq.m is recommended (which includes a sufficient overage to reflect normal site specific costs). All other uses are recommended to be charged at zero CIL charge rate.
- 9.6.7 This assessment has informed the plan level recommendations for the scale of Community Infrastructure Levy (CIL) charge options with a variety of affordable housing provision, as set out in Table 9.1 below.

Table 9.1 Policy and CIL charge options based on policy trade-offs for residential and commercial development

CIL Market Zones	25% affordable	20% affordable	15% affordable
	CIL up to	CIL up to	CIL up to
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
West Gainsborough CIL zone	£0 p sq.m	£0p sq.m	£0 p sq.m
Lincoln SUE	£5 p sq.m	£20 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
Convenience retail – all formats	CIL up to £40 p sq. m		
All other uses	CIL at £0 p sq. m		

Source: PBA 2016

- 9.6.8 In order to strike the balance between funding infrastructure required to support the Plan objectives and the potential effects of the levy on the economic viability of development across area, the final decision on the CIL charge is one for the charging authorities to determine based on their 'attitude to risk of the delivery of planned growth taking place and the need to fund infrastructure'. This decision will be informed by the viability evidence. The above CIL charge recommendations allow for a viability 'buffer' from the maximum CIL overage for each typology assessed by this study so that the levy rate is able to support development when economic circumstances adjust.
- 9.6.9 A charge zones map depicting the different CIL charge zones applicable to each Charging Authority is shown at Figure 9.2 overleaf and the West Gainsborough CIL charge zone is shown at Figure 9.3. Appendix E shows the general location of the SUEs. CIL charge zone maps will be developed by the Charging Authorities.
- 9.6.10 Viability evidence should be regularly reviewed to reflect changes in market circumstances and inform possible revisions to the CIL charge.

Figure 9.2 CIL charge zones map

To follow

Figure 9.3 West Gainsborough CIL Charge Zone



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Date 11 April 2016

Source: Lincolnshire County Council April 2016

Appendix A Developer workshop

Notes of Developer Workshop held in February 2015

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

This note provides a summary of the questions and comments made at the developer workshop.

Topic	Question / comment
Plan Preparation, infrastructure, viability and delivery context: <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 2 units 14 units 35 units 100 units Flats <ul style="list-style-type: none"> 10 units 20 units 	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> Transfer values blended affordable housing = 55% of OMV Social/ affordable rent – 45% OMV Affordable rent - 55% OMV Affordable housing unit size – 75 - 80 sq. m 	<ul style="list-style-type: none"> A blended rate of 55% of OMV agreed by RV reps. Reduce to 70 sq. m (2 bed) Welfare room tax resulting in need for more 1 bed units.
Build cost assumptions: <ul style="list-style-type: none"> Houses - BCIS 'generally' median rebased £898 p sq.m (£83 p sq.) Flats - BCIS 'generally' median rebased 	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

<p>£1,061 psm (£99 psf)</p> <ul style="list-style-type: none"> Plot externals 10 - 15% of build costs 	<p>swales, SUDs, raising the land up to 1m – can add anything from £2k per unit or £300k per ha.</p> <p>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 regulations) whilst brownfield sites get credits relatively easy in comparison through re-use of materials etc.</p>
<p>Other cost assumptions:</p> <ul style="list-style-type: none"> Professional fees 8% Contingency 5% Sale cost 3% OM GDV Finance 7% - cash flowed Profit 20% OM GDV & 6% Affordable GDV 	<p>Suggestion from developers that the developer's return should increase to 23% on GDV.</p> <p>Comment that it is staggeringly expensive to submit a planning application.</p> <p>No other comments on costs.</p>
<p>Density and unit size</p> <ul style="list-style-type: none"> 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 	<p>Market units size 900 sq.ft / 83 sq. m 1 – 2 bed affordable 71 sq. m</p> <p>Densities Large schemes between 35 – 45 dph</p> <p>Smaller schemes (less than 35 units) closer to 30 dph</p>
<p>Lead in times for delivery</p> <p>Time-scales (build to sale)</p> <ul style="list-style-type: none"> Small sites (up to 5) 9 months Medium (30 - 60) 18 months Large (100) 24 months 	<p>After planning consent, at least 4 months to first build. This is to be reflected in the appraisals.</p> <p>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).</p>
<p>Threshold land value</p> <ul style="list-style-type: none"> 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 – up to £450k per ha (£180k per acre) 	<p>General concern expressed from developers that the way these rates are expressed are too high and lead landowners to misunderstand / raise land value expectations.</p> <p>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).</p>
<p>General comments from the floor relating to residential development:</p> <ul style="list-style-type: none"> 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. 	
<p>Commercial viability assumptions</p>	
<p>Scenarios tested</p> <p>Retail</p> <ul style="list-style-type: none"> Convenience <i>Small</i> – 279 sq. m Convenience <i>Medium</i> – 930 sq. m Convenience <i>Large</i> – 4,600 sq. m Comparison <i>Out Town</i> – 930 sq. m Comparison <i>In Town</i> – 930 sq. m <p>Office – 465 sq. m</p> <p>Industrial – 930 sq. m</p>	<p>Retail scenarios about right assuming that convenience floor areas are net sales.</p> <p>Additional industrial scenario for 2000 sq. m recommended.</p>

Other cost assumptions <ul style="list-style-type: none"> Professional fees 8% Contingency 5% Sale cost 3% GDV Finance 7% - cash flowed Profit 20% on costs 	<p>About right</p>
Build costs Retail <ul style="list-style-type: none"> Convenience – <i>Small</i> – £1,143 psm (£106 psf) Convenience – <i>Medium</i> – £1,066 psm (£99 psf) Convenience – <i>Large</i> - £1,325 psm (£123 psf) Comparison - <i>Out of Town</i> – retail warehouse ‘generally’ median rebased - £594 psm (£55 psf) Comparison – <i>In Town</i> – 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	<p>Build costs on industrial and office accommodation £10psf too light.</p>
Commercial values Retail <ul style="list-style-type: none"> Convenience – <i>Small</i> – £194 psm (18 psf) & 5% yield Convenience – <i>Medium</i> – £230 psm (21 psf) & 5% yield Convenience – <i>Large</i> - £248 psm (23 psf) & 4.75% yield Comparison - <i>Out of Town</i> – retail warehouse - £172 psm (£16 psf) & yield of 7.5% Comparison – <i>In Town</i> – 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%	<p>Convenience small and medium retail – amend to 6% yield</p> <p>Office reduce to £13 psf</p>
Commercial threshold land value Assumed fully serviced sites: Retail <ul style="list-style-type: none"> Convenience – £4m per ha (£1.6m acre) Comparison – <i>Out of Town</i> – £2m per ha (£0.8m acre) Comparison – <i>In Town</i> – £3m per ha (£1.2m acre) Office - £620k per ha (£250k per acre) Industrial - £370k per ha (£150k per acre)	<p>Office and industrial about right</p> <p>Convenience retail too high, reduce to £1m per acre</p>

Appendix B Local plan policy review

Plan viability policy assessment of Central Lincolnshire Pre Submission Draft Local Plan April 2016

B1 Policy review to inform viability assessment has been based on version of the Pre Submission Draft Local Plan provided in February 2016

Policy in Pre Submission Draft April 2016	Policy 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.
LP3: Level and Distribution of Growth	No	Housing growth targets (currently 36,960 for 2012-2036) focused on the Lincoln Strategy Area (64%) and main towns (24% total) with an allowance (12%) for other areas.
LP4: Growth in Villages	No	Sets criteria to inform where growth in villages is appropriate depending on existing constraints and facilities.
LP5: Delivering Prosperity and Jobs	No	Sets jobs and employment land targets and criteria for new employment growth and loss of existing facilities. Including strategic allocations listed in policy.
LP6: Retail and Town Centres in Central Lincolnshire	Possibly	<p>The policy sets the retail hierarchy and retail impact assessment thresholds and clarifies when a retail impact assessment will be required.</p> <p>Any cost of undertaking a Retail Impact Assessment is assumed to be part of the professional fees assumption in the commercial viability assessment.</p>
LP7: A Sustainable Visitor Economy	No	Policy to promote the growth of the visitor economy.
Policy LP8: Lincolnshire Showground	No	Policy promotes a diverse range of uses at the Lincolnshire Showground associated with food and agricultural sector.
LP9: Health and Wellbeing	Possibly	<p>Policy aimed at improving health and wellbeing and health related infrastructure. The policy sets the following requirement:</p> <p>In the case of 25 dwellings or more or 0.5ha for other development, a Health Impact Assessment is required.</p> <p>For the viability assessment, an additional cost allowance of £5,500 per scheme for all typologies of ten units and above has been tested for HIA's cost impact, which includes the policy threshold of 25 dwellings or more. For the SUEs we have assumed the higher cost figure to £8,500 to reflect the greater complexity. The range of £5,500 - £8,500 is based on PBA's assessment of undertaking HIAs. Note the actual cost can vary</p>

Policy in Pre Submission Draft April 2016	Policy cost implication?	Viability testing implication?
		<p>depending on scope and complexity.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP10: Meeting Accommodation Need	Yes	<p>This policy encourages a range of accommodation types, tenures and sizes and sets out additional Part M Building Regulation requirements to ensure dwellings are accessible and adaptable.</p> <p>The policy includes a requirement for 30% of homes on sites of 6 or more dwellings (or 4 or more dwellings in small villages) to be built to M4 (2) targets for accessible and adaptable dwellings. The policy also encourages voluntary delivery of higher standards or higher percentage delivery.</p> <p>The viability assessment has appraised the implications of M4 (2) targets to support higher accessibility standards for all typologies of four units and above. The costs adopted for testing this policy has been provided by the client team and originate from the DCLG Housing Standards Review cost impacts report by E C Harris September 2012 (updated 2014).</p> <p>The following additional higher access standard policy cost has been tested for this viability assessment:</p> <ul style="list-style-type: none"> M4 (2) is standard 2 for accessible and adaptable dwellings based on a cost of £521 per house and £924 per flat. This cost has been applied on the basis of 30% of total units applied across 4 units or more. <p>The higher standards for wheelchair users M4 (3) which entailed an additional cost per unit of £22,791 had been included in the August 2015 viability study for the SUEs. This has been removed as a policy requirement and as such the cost has been removed from this viability assessment.</p>
LP11: Affordable Housing	Yes	<p>Policy sets out the following affordable housing requirement for schemes of four dwellings or more :</p> <ol style="list-style-type: none"> Lincoln Strategy Area (excluding SUEs) 25% Lincoln Strategy Area SUEs 20% Other SUEs 15% Elsewhere 20% <p>These percentages have been tested as part of this viability study.</p> <p>Policy 11 also includes a requirement for affordable housing from specialist housing for older person along the lines set out above. The viability assessment has not appraised any specialist older person housing.</p>
LP12: Infrastructure to Support Growth	Yes	<p>Policy confirming the need for infrastructure and provides the parent policy for the Developer Contributions SPD, IDP, CIL, charging schedule, etc. Other policies provide more infrastructure specific advice.</p> <p>The policy acts as an overarching policy making clear how it</p>

Policy in Pre Submission Draft April 2016	Policy cost implication?	Viability testing implication?
		<p>links to other infrastructure related policies, Infrastructure Delivery Plan, Community Infrastructure Levy, and the Developer Contributions SPD.</p> <p>The policy states that development proposals must consider all of the infrastructure implications of a scheme; not just those on the site or its immediate vicinity. It is difficult to see how this element of the policy can be enforced as a developer is unlikely to have regard to the needs of wider strategic infrastructure which is required due to the cumulative impact of growth and not attributable to any specific proposal. The following text is suggested instead:</p> <p>'The infrastructure delivery assessment takes account of infrastructure both development specific and that arising as a result of the cumulative impact of growth and adopts relevant developer funding mechanisms to support the delivery of these'.</p> <p>For this viability assessment, we have adopted the following cost assumptions based on client input from their assessment of infrastructure requirements and costs:</p> <ul style="list-style-type: none"> • S106 cost assumptions of £2000 per dwelling (houses and flats) to reflect site specific costs such as primary education and other site specific costs. A higher site specific cost estimate of £4300 per dwelling has been incorporated for the SUEs in the viability assessment to reflect costs such as primary education, health and community infrastructure. • Other strategic infrastructure which will be identified in the CIL Regs 123 list by the client team to avoid duplication with S106 contributions, these will in part be funded by CIL contributions. The scale of CIL overage will be informed by this viability assessment. • Whilst other site specific requirements such as site specific green infrastructure, open space, internal roads, drainage and utilities infrastructure is treated as part of the developer's site opening costs for the SUEs in the viability assessment, and reflected in the fully serviced land values for all other sites. • A site remediation cost allowance has been included to reflect the cost of brownfield site remediation – though it is noted that this is by nature an abnormal cost and can vary. <p>It has been assumed that all infrastructure requirements identified in various policies in the Pre Submission Draft Local Plan April 2016 have been included in the IDP assessment and costed accordingly to inform the above based on information known at this stage in the plan process.</p> <p>For the SUEs, the viability assessment has assumed a 70% net to gross land take in informing the land values. This has been informed by developer and agent consultations reflecting the</p>

Policy in Pre Submission Draft April 2016	Policy cost implication?	Viability testing implication?
		need to ensure sites remain viable and deliverable. As schemes move towards detailed masterplan stage, all parties will need to be mindful of the land take assumptions for infrastructure and density assumptions.
LP13: Transport	Yes	<p>Policy covering strategic as well as site specific transport matters. Most developments are likely to require some site specific transport infrastructure. Thresholds are set out as to when a transport statement/assessment and /or travel plan might be required as part of the planning application.</p> <p>Any site specific cost of undertaking a Transport Impact Assessment /Statement and or Travel Plan is assumed to be part of professional fees assumption in the viability assessment.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP14:Managing Water Resources and Flood Risk	Possibly	<p>Policy acknowledges importance of flood preventions and sets out the approach the Central Lincolnshire authorities expect in addressing flood prevention and drainage. Developers in Lincolnshire are aware of need to address flood / drainage measures and reflect this in their development proposals.</p> <p>We have been informed by the client, that the bulk of planned growth in this Plan has been allocated on the basis of avoiding sites susceptible to flood risk. Therefore, it has been assumed that any additional cost of undertaking any flood investigation and mitigation is treated as a development abnormal cost to be reflected in the land value.</p>
LP15: Community Facilities	Yes	<p>Policy seeks to set out a requirement for new community infrastructure linked to development and approach to funding and off site provision.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP16: Development on Land affected by Contamination	Possibly	<p>Policy sets out need for assessing the risk of contamination prior to any development taking place on land affected by contamination.</p> <p>Ground condition assessments are assumed as part of the professional fees assumption in the viability assessment.</p>
LP17: Landscape, Townscape and Views	No	Policy aimed at protecting and enhancing landscape assets.
LP18: Climate Change and Low Carbon Living	No	<p>Policy encourages development to take the opportunity to minimising resource consumption and combating climate change.</p> <p>No targets specified – positive approach to change adopted.</p>

Policy in Pre Submission Draft April 2016	Policy cost implication?	Viability testing implication?
LP19: Renewable Energy Proposals	No	Policy for assessing commercial energy generation infrastructure.
LP20: Green Infrastructure Network	Yes	<p>Policy encourages the enhancement of green infrastructure networks as part of development.</p> <p>The policy also includes that developers will be expected to make a contribution towards the on-going management of green infrastructure.</p> <p>Viability assessment treats the inclusion / enhancement of green infrastructure within a development as part of the site opening cost assumption for the SUEs and to be reflected in the land value for the fully serviced sites.</p> <p>The viability study assumes that any contribution sought towards the management cost of green infrastructure will form part of the S106 assumption included in policy 12.</p>
LP21: Biodiversity and Geodiversity	Possibly	<p>Policy setting out the approach to safe guarding, enhancing and militating against the loss of habitats, species and sites.</p> <p>Any biodiversity or geodiversity assessment is treated as part of the professional fees for undertaking the planning application.</p>
LP22: Green Wedges	No	Restricting development within important green spaces. Adjacent development also needs to demonstrate that there are no adverse impacts.
LP23: Local Green Space and Other Existing Valued Open Space	Possibly	<p>Policy setting out the approach to Local Green Spaces.</p> <p>Note this may impact on the overall land take for the SUEs and will need to be considered furthered at masterplanning stage.</p>
LP24: Open Space, Sports and Recreation Facilities	Possibly	<p>Policy introducing the requirement for some developments to provide accessible open space or improve existing.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP25: The Historic Environment	Possible	<p>Policy with criteria to protect preserve or enhance historic assets where such assets could be impacted upon by development.</p> <p>Any initial assessment is treated as part of the professional fees for undertaking the planning application any further detailed investigations will be treated as abnormal costs.</p>
LP26: Design and Amenity	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.
LP27: Town Centre Frontages and Advertisements	No	Policy setting out criteria for assessing the impact of shop fronts and advertisement proposals
LP28: Sustainable Urban Extensions	Yes	Overarching policy for all the SUEs setting out the requirements upon promoters to demonstrate the SUE is available, deliverable and masterplanning approach.

Policy in Pre Submission Draft April 2016	Policy cost implication?	Viability testing implication?
		<p>Policy 28 also sets out broad infrastructure requirements and other aspirations. The viability study treats any infrastructure costs as set out in policy 12.</p> <p>Policy 28 also includes requirement to set aside land for the provision of 5 – 10 gypsy and traveller pitches on SUEs. See response to policy LP 56 below which sets out approach to Gypsy & Traveller pitch provision in the viability assessment.</p>
LP29: Protecting Lincoln's setting and character	No	Policy setting out criteria for assessing the impact of proposals on Lincoln's setting and character.
LP30: Lincoln Sustainable Urban Extensions – Western Growth Corridor, South East Quadrant, North East Quadrant, South West Quadrant	Yes	<p>Policy sets out specific infrastructure requirements e.g. open space, green corridors, primary schools, health and community uses and contributions towards secondary education, design considerations and linkages with other areas.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP31: Lincoln's Economy	No	Policy sets out how development should, where appropriate, support specific aspects of Lincoln's economy.
LP32: Lincoln's universities and colleges	No	Policy supports University and College development and related economic benefits.
LP33: Lincoln City Centre – Primary Shopping Area and Central Mixed Use Area	No	The policy seeks to promote the vitality and viability of the City Centre.
LP34: District and Local Shopping Centres	No	Policy set approach for district and local centres to promote attractive, thriving and accessible centres.
LP35: Lincoln's Regeneration and Opportunity Areas	Possibly	<p>Promotes certain mixed use developments on regeneration sites and accompanying footway and cycleway infrastructure.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP36: Transport Priorities/ Movement Strategy	Yes	<p>Policy sets out transport measures to support growth of Lincoln area, but also includes details of sustainable travel initiatives.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP37: Sub-division and Multiple Occupation of dwellings within Lincoln	No	<p>Sets out criteria for conversion to houses in multiple occupations.</p> <p>Policy encourages purpose built accommodation, subject to criteria within the policy.</p>

Policy in Pre Submission Draft April 2016	Policy cost implication?	Viability testing implication?
LP 39 Gainsborough SUEs (southern neighbourhood and Northern neighbourhood)	Yes	<p>Policy sets out specific infrastructure requirements e.g. open space, green corridors, primary schools, health and community uses and contributions towards secondary education.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP40: Gainsborough Riverside	Yes	<p>Policy seeks to enhance role of River Trent as an attractive pedestrian and cycle corridor connecting to other areas.</p> <p>Development will require an easement strip to access the flood defences and development along the river will need to take account of the Water Framework Directive.</p> <p>The viability assessment treats any additional cost of requiring a flood defence easement to be reflected in the land value.</p>
LP 41 Regeneration of Gainsborough	Yes	<p>Policy to support wider regeneration and investment objectives of Gainsborough. Includes investment in transport investment and public realm.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP 42 Gainsborough town centre & primary shopping area	No	Supports role of town centre and primary shopping areas.
LP 43 Protecting Sleaford's setting and character	Possibly	<p>Policy aimed at ensuring development makes a positive contribution to the area. Policy also includes the delivery of public realm to improve Sleaford's attractiveness as a destination, and the East West Leisure Link as a key component of green infrastructure.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP 44 Sleaford SUEs (South Quadrant and west quadrant)	Yes	<p>Policy sets out specific infrastructure requirements e.g. open space, green corridors, primary schools, health and community uses and contributions towards secondary education and various other non-infrastructure requirements too.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP 45: Regeneration and Opportunity Areas	Possibly	<p>Supports proposals for new development in Opportunity Areas. Includes investment in transport investment and public realm.</p> <p>The viability study treats any infrastructure costs as set out in policy 12.</p>
LP 46: Sleaford Town Centre	No	Supports role of town centre and primary shopping areas.
LP 47: Access and Movement	Yes	<p>Supports delivery of Sleaford Transport Strategy and Sleaford Masterplan.</p> <p>Includes various important transportation measures to be</p>

Policy in Pre Submission Draft April 2016	Policy cost implication?	Viability testing implication?
		supported including East West Leisure Link, car parking, other elements of green infrastructure, highway infrastructure, etc. The viability study treats any infrastructure costs as set out in policy 12.
LP 48, 49, 50, 51, 52 53:	No	Policy identifies scale of growth proposed for the various locations – Residential allocations at the SUEs, Lincoln, Main Towns, Market Towns, Large Villages, Medium and Small Villages
LP 54: Remaining capacity on SUEs and Broad Locations for Future Growth	No	Policy clarifies that not all growth is likely to take place in the plan period at identified sites.
LP55: Development in Hamlets and the Countryside	No	Policy clarifies type of development acceptable in these locations.
LP56: Gypsy and traveller allocations And LP28: Sustainable Urban Extensions	Yes	<p>Relates to policy LP28 and LP56. Sets out criteria for the delivery of gypsy and traveller pitches on local authority owned sites and also sites coming forward at the SUEs.</p> <p>For the SUES there is a requirement to set aside an area of land which is suitable for the provision of gypsy and traveller pitches. The size of the site shall be agreed through negotiation, though is likely to be of a size sufficient to accommodate 5-10 pitches.</p> <p>Such set aside land (whether on the SUE site or off-site) should be provided to the local planning authority at nil cost and be secured through an appropriate legal agreement.</p> <p>Policy 56 clarifies the criteria for accompanying infrastructure including safe vehicular access, sufficient space for manoeuvring and parking within the site.</p> <p>Approach to viability assessment:</p> <p>The following assumptions have been adopted to inform a policy cost for the viability assessment:</p> <ol style="list-style-type: none"> 1. Average size of pitch is assumed to be 415 sq. m. This based on an average of 325 – 500sq.m (figures provided by client team based on CLG Guidance 2008 and GTAA 2013). 2. The quantum is yet to be decided, but indication is between 5 – 10 pitches per SUE. We have adopted 7.5 pitches as an average to inform this assessment. 3. This will require an approximate land take (415 sq. m x 7.5) of 3,113 sq. m or 0.3 ha (including parking etc.). 4. Our initial assumption on gross to net land area for the SUEs was 70%. 5. So the 0.3 ha requirement, changes this to 69% - see approach below to explain how this is arrived at: <ol style="list-style-type: none"> a. Net site area of 57.14ha to build 2000 homes. b. Gross site area for the 2000 homes was 81.62ha. c. Therefore the gross land take has now increased to build the same number of homes as some land has been factored in to allow for the G & T.

Policy in Pre Submission Draft April 2016	Policy cost implication?	Viability testing implication?
		<p>d. So this increase results in approximately gross site area of 81.92ha (to develop 2000 homes plus 7.5 G &T pitches).</p> <p>e. The net land take to provide the 2000 dwellings stays the same based on 35 dph (57.14ha).</p> <p>f. However, more land is needed to meet the policy infrastructure requirement for onsite provision of G&T.</p> <p>We note that the provision may be delivered as an off-site contribution. However, to inform this assessment we have made the above assumptions. Any offsite contribution is likely to incur some cost.</p> <p>The viability assessment has reflect the additional cost of land needed for the G &T through an increase in the threshold land value from £300,062 to £301,165 per net ha.</p> <p>We are informed that each Gypsy and Traveller pitch can be included in place of an affordable housing unit. The net deduction of this has not been assessed in the viability study.</p>
LP57: Ministry of Defence Establishments	Possibly	<p>Policy sets out criteria for development of MOD land for operational purposes and surplus to Defence requirements.</p> <p>Any redevelopment of MOD land could require additional infrastructure.</p> <p>Viability assessment has not tested any MOD site specific case studies as these do not form part of the planned growth.</p>

Source: PBA March 2016

Appendix C Residential viability assumptions

- C.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

- C.1.2 This revised developer's profit assumption of 17.5% of GDV is based on the following evidence shown in Table C1 below 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 C1 Average profits quoted 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	£2,125	17.3%	4.7%
	Median	£2,139	18.0%	5.0%
Northern	Ave	£2,109	16.8%	5.3%
	Median	£2,118	17.8%	5.0%
South East	Ave	£1,801	17.3%	4.7%
	Median	£1,759	18.0%	5.0%
South West	Ave	£1,744	17.6%	5.3%
	Median	£1,747	17.9%	5.0%
All	Ave	£1,945	17.2%	5.0%
	Median	£1,941	17.9%	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

Threshold land value assumptions for fully serviced 'oven ready' sites

- C.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, abnormal and securing planning permission from those which are clean or 'oven ready' residential sites .
- C.1.4 The threshold land value assumptions used in generic scenarios, assumed to be clean 'oven ready' sites ranges to between £500,000 and £680,000 per net hectare. These represent a plot value of £14,000 and £19,000 based on 35 dph. These values have been derived from market evidence adjusted for policy and existing value plus landowner premium.
- C.1.5 Land value data based on readily available data of sites marketed on the web have been reviewed in December 2015 and are shown in the table D2 below (this includes sites close to the study area). These have helped to inform our assessment in arriving at the threshold land value assumptions based on existing use value and uplift comparisons. The values have been assessed on a price per plot basis. This analysis shows that plot values generally range from £10,000 and £24,000, and per net ha values range from

£300,000 to £865,000, showing the variation in values depending on site specific location.

Table C 2 Land values data for sites on market in the vicinity of the study area

Address	Site area per net ha	Description	value per net ha	Price per plot	Policy achieved
Land Welton	12.23	350 units, serviced greenfield site	£292,000	£10,200	25% affordable with £6k per unit S.106
Moor Lane, Branston	2.5	73 units	£700,000	£24,000	35% affordable and £425 per unit S.106
Rear Stallingborough Road, Healing	2.0	42	£550,000	£13,095	20%
Kings Road, Trenchard Close, Immingham	0.56	18	£342,000	£19,000	20%
Brooklyn Drive, Humberston	1.2	43	£865,000	£20,116	20%

Source: web search December 2015

- C.1.6 The asking land values in the Table C3 overleaf, 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 providing any policy or affordable housing contributions. As can be seen from the table D3, landowner expectations vary considerably from £50,000 to £4,700,000 per ha.
- C.1.7 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 and policy thresholds.
- C.1.8 There is one site at Moor Lane, Branston, (highlighted in table D2 and D3 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.
- C.1.9 The assumed threshold land value for a generic typology representing a greenfield site for 100 dwellings in this sort of location is set at £680,000 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 and so would be expected to be lower than the market asking price.
- C.1.10 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 support sustainable development.

Table C 3 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 contribution
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 Lincoln	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, Lincoln	plots / 3 dwellings	Yes	3	£95,000	£950,000	

Source: PBA web search 2015

Threshold land value assumptions for strategic sites

C.1.11 The strategic sites are not assumed as being clean and oven ready, instead an allowance is included to bring them to a clean over ready state. So the values are worked upward from existing use value and some incentive. We compared agricultural land values to inform this.

C.1.12 As a 'rule of thumb' it is generally accepted in the development industry that landowners can anticipate a return of between 10 and 20 times the agricultural value of the land. This is supported by the HCA Viability toolkit assumptions (2010 Annex 1 'Transparent Viability Assumptions'4). Section 3.5 states that:

'Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas. For greenfield land benchmarks tend to be in a range of 10 to 20 times agricultural value'

C.1.13 As shown in the Table C4 below low grade agricultural land across the East Midlands (there is little recorded evidence in Lincolnshire specifically) has achieved between £20,600 and £25,700 per hectare (£8,300 and £10,400 per acre). Taking the below evidence into consideration, and feedback from agents, the minimum agricultural value for the SUEs is £21,000 per gross hectare (£8,500 per gross acre). If we apply the 10 times multiplier (the lower of the range) this provides a land value £210,000 per gross hectare (£85,000 per gross acre). This should be regarded minimum value we would expect the land to come forward given its grade and policy needs to enable sustainable development.

Table C 4 Asking agricultural land values for grade 3 sites in the East Midlands

Date	Address	Agricultural grade	Site area ha (acre)	Sold price	Sold price £ per hectare (per acre)
November 2015	Land to the rear of Stockley Farm, Stockley, Palterton, Chesterfield, S44 6UY	3	3.9 (9.65)	£80,000	£20,725 (£8,400)
April 2014	Land at Station Road, Sudbury, Derbyshire, DE6 5GY	3	12.5 (31)	£258,000	£20,640 (£8,300)
November 2014	Land between Hickling and Nether Broughton, Leicestershire	3	5.48 (13.54)	£141,000	£25,700 (£10,400)
May 2013	Land at Fen Lane, Burton, Lincoln, Lincolnshire, LN1 2RD	3	3.86 (9.55)	£80,000	£20,725 (£8,400)

Source: Aspinal Verdi Web search Dec 2015

C.1.14 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 C5 overleaf and 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 C 5 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	Additional allowance for Site opening costs Per net ha
All other generic SUEs	£85,000	£210,044	70%	£121,430	£300,000	£350,000

Source: PBA 2015

C.1.15 Note in addition the threshold land values; the assumptions include an allowance of £350,000 per net ha towards site opening costs. Thus taking an oven ready threshold land value up to £650,000 per net ha for a fully serviced site. This is because 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 C 6 Number and type of new properties currently on the market

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

Source: Right Move – March 2015

C.1.16 Table C6 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.

C.1.17 Table C7 overleaf summarises the information relating to these properties based on Right Move March 2015 data.

Table C 7 Average size and price of new properties on the market

Market area	Detached		Semi Detached		All averages	
	Average area sq.m	Average price per sq.m	Average area sq.m	Average price per 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 Lindsey	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

- C.1.18 Table C7 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.
- C.1.19 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.
- C.1.20 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). Tables C8 to C12 summarise sales values by location.

Selection of new build properties market areas

Table C 8 Properties 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,	Laughterterton	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 Willingham	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	£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 C 9 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 C10 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	Billingham	Semi-Detached	3	70	£130,000	£1,857
Rural North Kesteven	Fen Road	Billingham	Semi-Detached	3	70	£130,000	£1,857

Source: Right Move March 2015

Table C 11 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	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 C 12 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 D Case studies background information

- D.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

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

- D.1.8 City of Lincoln Council (C of LC) is 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, (approximately 1,300 on the City of Lincoln Council land) but is to now be 3,200), parkland, and commercial development (office and leisure uses) linked to the university will also be provided.

- D.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 was agreed August 2015 through the Lincoln WGC technical working group which included the Environmental Agency. Some parts of the site may require floor level increases ranging from 0.3m to 1m for cut and fill.
- D.1.10 Part of the site, north east towards the railway line has poor quality geo technical fill and has been subject to a land remediation assessment, which endorses the promotion of this part of the site for mixed commercial use and infrastructure development but is not expected to include any residential development.
- D.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.
- D.1.12 City of Lincoln Council (Cof LC) also owns 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.
- D.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.
- D.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.
- D.1.15 The C of LC have and will continue to make applications 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.
- D.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.
- D.1.17 The site has been split into two phases; the first phase of circa 750 -1000 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 grants funding and will form part of the six year plus supply considerations.

Spa Road, Lincoln

- D.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 has 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.

- D.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.
- D.1.20 There is an existing large substation on site which will need to 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.
- D.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.
- D.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.
- D.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.
- D.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.
- D.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.
- D.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.
- D.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.
- D.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

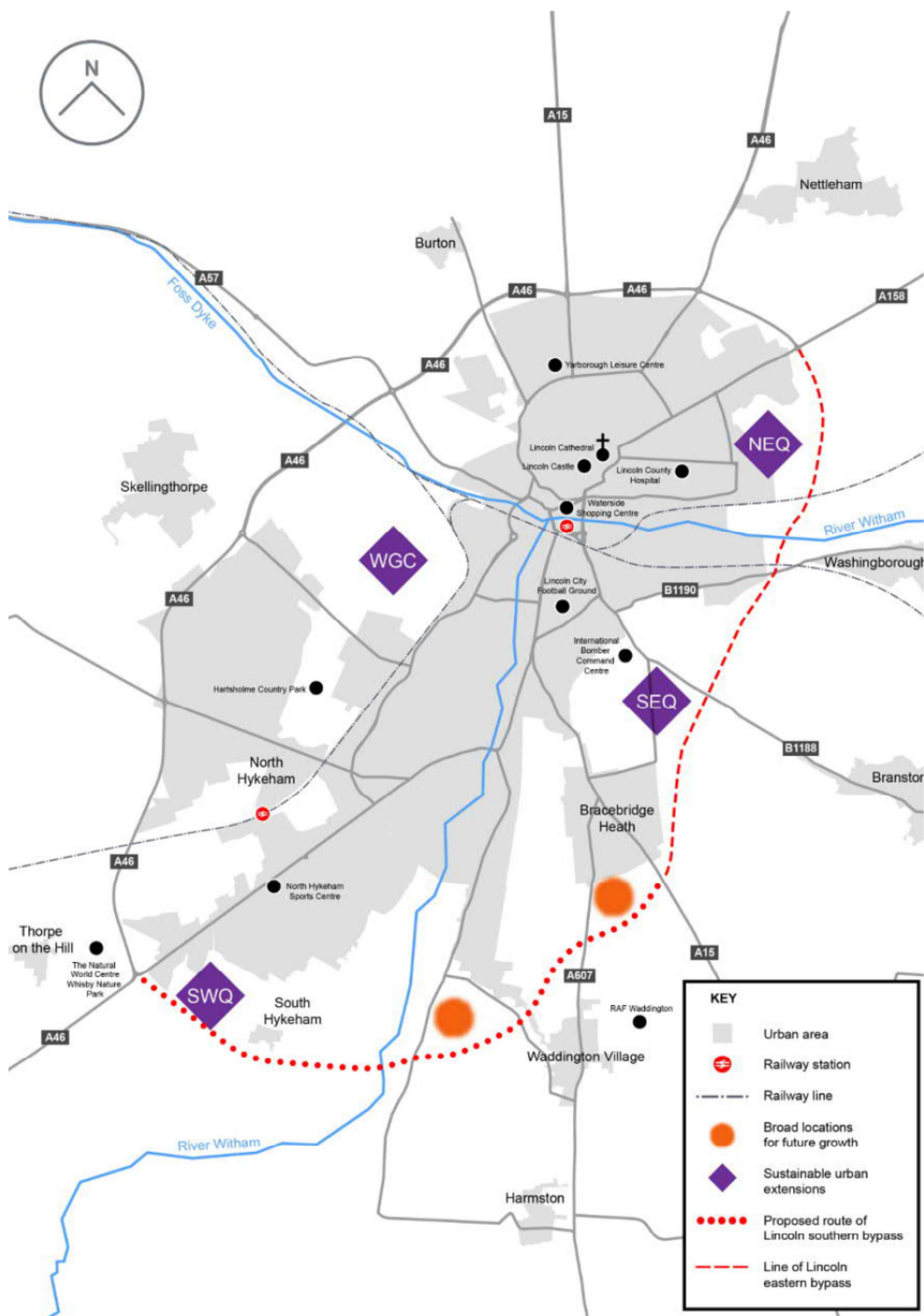
- D.1.29 This is a clean green field site situated on the edge of Market Rasen. It is currently in use for agricultural purposes by a tenant farmer. The proposal is to develop a gross site area of 6.25ha site for 150 residential units at a density of around 30 dph, including some bungalows. The site 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.
- D.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.
- D.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.
- D.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.
- D.1.33 The rate of development is expected to be around 15 dwellings per annum, so total build out could take up to 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

- D.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.
- D.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.
- D.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.

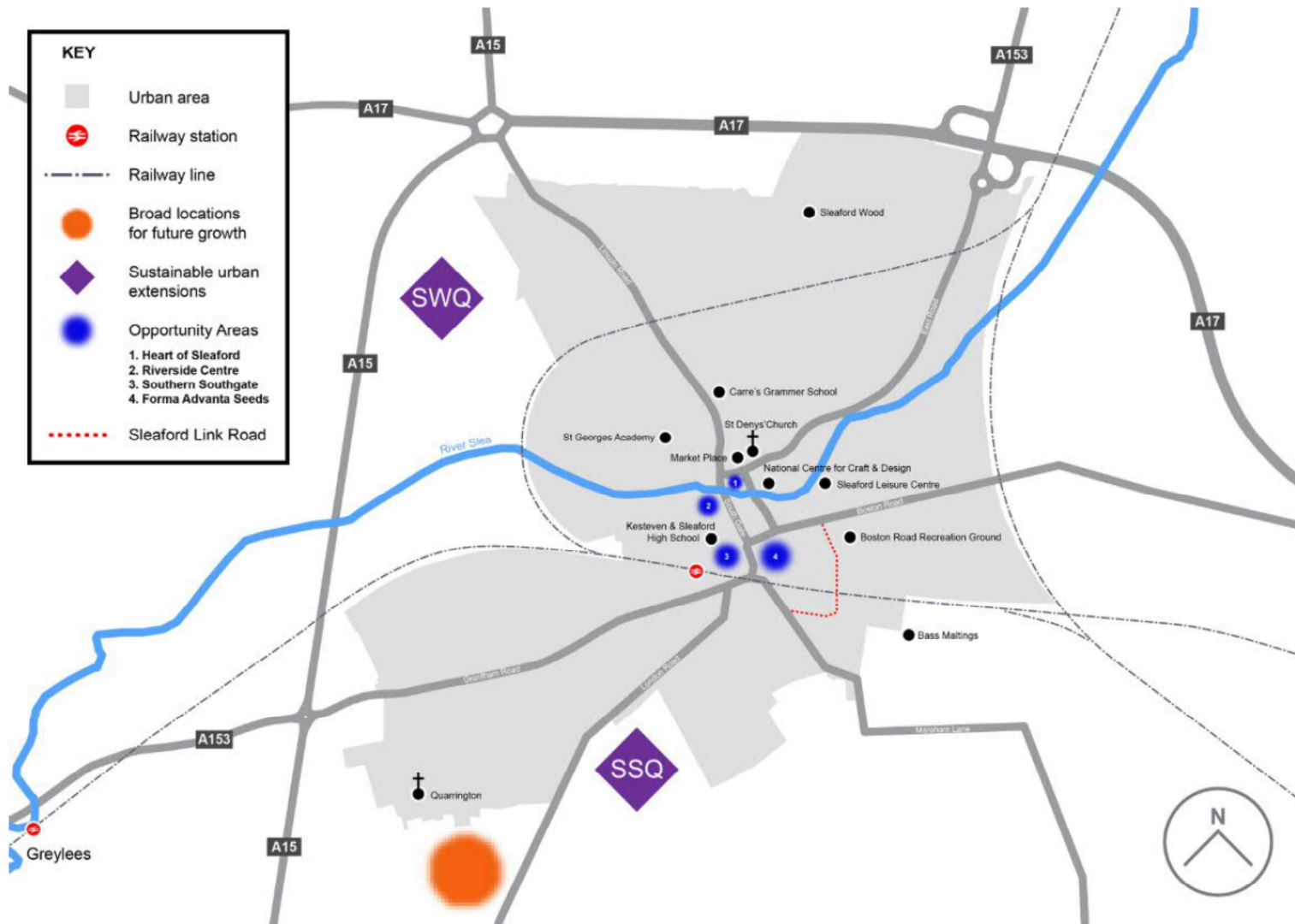
Appendix E Location of urban extensions

Lincoln SUEs



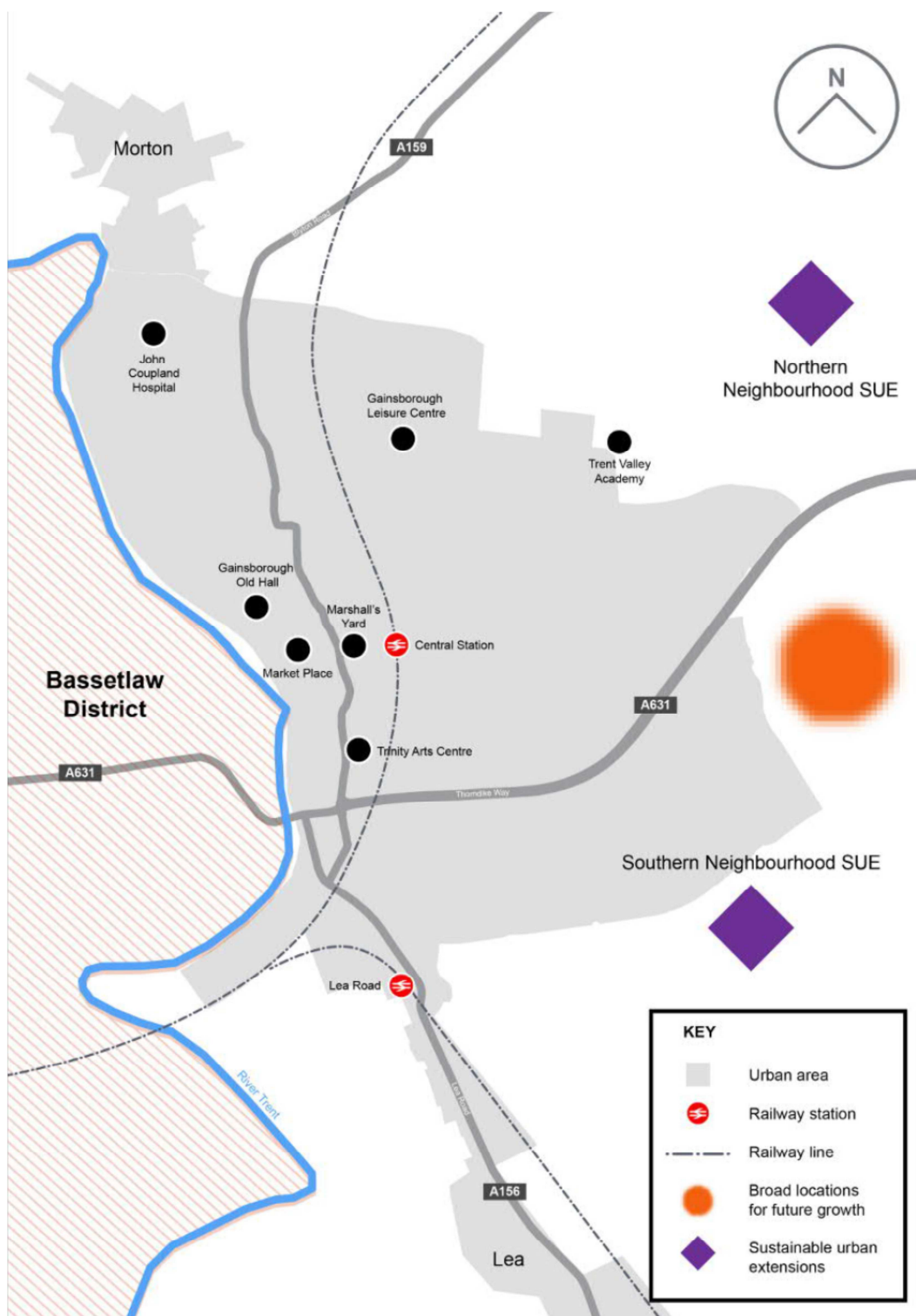
WGC approx. 3,200 dwellings, 11 ha employment, North East Quadrant approx. 1,400 dwellings
South West Quadrant approx. 1,600 dwellings, South East Quadrant approx. 6,000 dwellings (3,500 during plan period to 2036).

Sleaford SUES



South East Quadrant approx. 6,000 dwellings 3,500 anticipated in plan period to 2036.

Gainsborough SUEs



The two SUEs Southern and Northern will provide approx. 2,150 dwellings up to 2036 and 2,850 dwellings post 2036. A third Eastern SUE is identified for post 2036 delivery. Overall allocations including consented sites, amount to 4,500 dwellings slightly above the 12% policy LP3 target. Some 1,300 dwellings are to be provided in Gainsborough urban area including the Greater Gainsborough Housing Zone .

Appendix F Residential appraisal summaries

- F.1.1 The viability results are summaries in the tables F1 to F6 below ranging from 15%, 20%, 25% and 40%affordable housing policy LP11.
- F.1.2 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 F1 Affordable housing at 0%

	No of dwellings	Net site area ha		Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
			Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
0% affordable housing											
Lincoln Strategy Area											
Houses –	3	0.09	35	270	270	£1,296,471	£412	£680,000	£216	£616,471	£196
Houses –	4	0.11	35	360	360	£1,267,617	£402	£680,000	£216	£587,617	£187
Houses –	5	0.14	35	450	450	£1,239,986	£394	£680,000	£216	£559,986	£178
Houses –	10	0.29	35	900	900	£1,129,430	£359	£680,000	£216	£449,430	£143
Houses –	35	1.00	35	3,150	3,150	£1,129,112	£358	£680,000	£216	£449,112	£143
Houses –	100	2.86	35	9,000	9,000	£1,125,716	£357	£680,000	£216	£445,716	£141
Houses –	300	8.57	35	27,000	27,000	£1,113,683	£354	£680,000	£216	£433,683	£138
Gainsborough & Sleaford											
Houses –	3	0.09	35	270	270	£969,913	£308	£500,000	£159	£469,913	£149
Houses –	4	0.11	35	360	360	£954,843	£303	£500,000	£159	£454,843	£144
Houses –	5	0.14	35	450	450	£920,078	£292	£500,000	£159	£420,078	£133
Houses –	10	0.29	35	900	900	£841,145	£267	£500,000	£159	£341,145	£108
Houses –	35	1.00	35	3,150	3,150	£829,287	£263	£500,000	£159	£329,287	£105
Houses –	100	2.86	35	9,000	9,000	£827,577	£263	£500,000	£159	£327,577	£104
Houses –	300	8.57	35	27,000	27,000	£815,093	£259	£500,000	£159	£315,093	£100
All other rural areas											
Houses –	3	0.09	35	270	270	£969,913	£308	£500,000	£159	£469,913	£149
Houses –	4	0.11	35	360	360	£954,843	£303	£500,000	£159	£454,843	£144
Houses –	5	0.14	35	450	450	£920,078	£292	£500,000	£159	£420,078	£133
Houses –	10	0.29	35	900	900	£841,094	£267	£500,000	£159	£341,094	£108
Houses –	35	1.00	35	3,150	3,150	£829,287	£263	£500,000	£159	£329,287	£105
Houses –	100	2.86	35	9,000	9,000	£827,577	£263	£500,000	£159	£327,577	£104
Houses –	300	8.57	35	27,000	27,000	£815,093	£259	£500,000	£159	£315,093	£100
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,800	1,800	£928,493	£258	£400,000	£111	£528,493	£147
Houses –	50	1.25	40	4,500	4,500	£909,033	£253	£400,000	£111	£509,033	£141
Flats -	50	0.77	65	3,500	3,500	£518,622	£114	£400,000	£88	£118,622	£26
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	180,000	180,000	£587,641	£187	£301,165	£96	£286,476	£91
Sleaford urban extension	2,000	57.14	35	180,000	180,000	£587,641	£187	£301,165	£96	£286,476	£91
Lincoln urban extension	2,000	57.14	35	180,000	180,000	£737,933	£234	£301,165	£96	£436,768	£139

Table F 2 Affordable housing at 40%

	No of dwellings	Net site area ha		Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
			Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
40% affordable housing											
Lincoln Strategy Area											
Houses –	3	0.09	35	270	270	£1,296,471	£412	£680,000	£216	£616,471	£196
Houses –	4	0.11	35	328	216	£656,131	£347	£680,000	£237	-£23,869	-£13
Houses –	5	0.14	35	410	270	£634,532	£336	£680,000	£237	-£45,468	-£24
Houses –	10	0.29	35	820	540	£557,866	£194	£680,000	£237	-£122,134	-£65
Houses –	35	1.00	35	2,870	1,890	£555,196	£193	£680,000	£237	-£124,804	-£66
Houses –	100	2.86	35	8,200	5,400	£555,027	£193	£680,000	£237	-£124,973	-£66
Houses –	300	8.57	35	24,600	16,200	£547,092	£191	£680,000	£237	-£132,908	-£70
Gainsborough & Sleaford											
Houses –	3	0.09	35	270	270	£969,913	£308	£500,000	£159	£469,913	£149
Houses –	4	0.11	35	328	216	£394,751	£138	£500,000	£174	-£105,249	-£56
Houses –	5	0.14	35	410	270	£383,042	£133	£500,000	£174	-£116,958	-£62
Houses –	10	0.29	35	820	540	£310,910	£108	£500,000	£174	-£189,090	-£100
Houses –	35	1.00	35	2,870	1,890	£318,206	£111	£500,000	£174	-£181,794	-£96
Houses –	100	2.86	35	8,200	5,400	£316,047	£110	£500,000	£174	-£183,953	-£97
Houses –	300	8.57	35	24,600	16,200	£307,478	£107	£500,000	£174	-£192,522	-£102
All other rural areas											
Houses –	3	0.09	35	270	270	£969,913	£308	£500,000	£159	£469,913	£149
Houses –	4	0.11	35	328	216	£394,751	£138	£500,000	£174	-£105,249	-£56
Houses –	5	0.14	35	410	270	£383,042	£133	£500,000	£174	-£116,958	-£62
Houses –	10	0.29	35	820	540	£310,859	£108	£500,000	£174	-£189,141	-£100
Houses –	35	1.00	35	2,870	1,890	£318,206	£111	£500,000	£174	-£181,794	-£96
Houses –	100	2.86	35	8,200	5,400	£316,047	£110	£500,000	£174	-£183,953	-£97
Houses –	300	8.57	35	24,600	16,200	£307,478	£107	£500,000	£174	-£192,522	-£102
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,640	1,080	£294,526	£90	£400,000	£122	-£105,474	-£49
Houses –	50	1.25	40	4,100	2,700	£290,569	£89	£400,000	£122	-£109,431	-£51
Flats -	50	0.77	65	3,500	2,100	-£85,611	-£19	£400,000	£88	-£485,611	-£178
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	164,000	108,000	£33,884	£12	£301,165	£105	-£267,281	-£141
Sleaford urban extension	2,000	57.14	35	164,000	108,000	£33,884	£12	£301,165	£105	-£267,281	-£141
Lincoln urban extension	2,000	57.14	35	164,000	108,000	£162,727	£57	£301,165	£105	-£138,438	-£73

Table F 3 Affordable housing at 25% (2016)

	No of dwellings	Net site area ha		Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
			Density	Floor Space	Floor Space	Per Ha	Per £ sq.m	Per Ha	Per £ sq.m	Per Ha	Per £sq.m
25% affordable housing											
Lincoln Strategy Area											
Houses –	3	0.09	35	270	270	£1,296,471	£412	£680,000	£216	£616,471	£196
Houses –	4	0.11	35	340	270	£890,326	£377	£680,000	£229	£210,326	£89
Houses –	5	0.14	35	425	338	£857,541	£363	£680,000	£229	£177,541	£75
Houses –	10	0.29	35	850	675	£781,096	£263	£680,000	£229	£101,096	£43
Houses –	35	1.00	35	2,975	2,363	£770,415	£259	£680,000	£229	£90,415	£38
Houses –	100	2.86	35	8,500	6,750	£769,036	£258	£680,000	£229	£89,036	£38
Houses –	300	8.57	35	25,500	20,250	£759,563	£255	£680,000	£229	£79,563	£34
Gainsborough & Sleaford											
Houses –	3	0.09	35	270	270	£969,913	£308	£500,000	£159	£469,913	£149
Houses –	4	0.11	35	340	270	£604,785	£203	£500,000	£168	£104,785	£44
Houses –	5	0.14	35	425	338	£587,978	£198	£500,000	£168	£87,978	£37
Houses –	10	0.29	35	850	675	£507,770	£171	£500,000	£168	£7,770	£3
Houses –	35	1.00	35	2,975	2,363	£507,773	£171	£500,000	£168	£7,773	£3
Houses –	100	2.86	35	8,500	6,750	£507,871	£171	£500,000	£168	£7,871	£3
Houses –	300	8.57	35	25,500	20,250	£497,833	£167	£500,000	£168	£-2,167	£-1
All other rural areas											
Houses –	3	0.09	35	270	270	£969,913	£308	£500,000	£159	£469,913	£149
Houses –	4	0.11	35	340	270	£604,785	£203	£500,000	£168	£104,785	£44
Houses –	5	0.14	35	425	338	£587,978	£198	£500,000	£168	£87,978	£37
Houses –	10	0.29	35	850	675	£507,719	£171	£500,000	£168	£7,719	£3
Houses –	35	1.00	35	2,975	2,363	£507,773	£171	£500,000	£168	£7,773	£3
Houses –	100	2.86	35	8,500	6,750	£507,871	£171	£500,000	£168	£7,871	£3
Houses –	300	8.57	35	25,500	20,250	£497,833	£167	£500,000	£168	£-2,167	£-1
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,700	1,350	£528,547	£155	£400,000	£118	£128,547	£48
Houses –	50	1.25	40	4,250	3,375	£520,742	£153	£400,000	£118	£120,742	£45
Flats -	50	0.77	65	3,500	2,625	£148,009	£33	£400,000	£88	£-251,991	£-74
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	170,000	135,000	£242,674	£82	£301,165	£101	£-58,491	£-25
Sleaford urban extension	2,000	57.14	35	170,000	135,000	£242,674	£82	£301,165	£101	£-58,491	£-25
Lincoln urban extension	2,000	57.14	35	170,000	135,000	£378,429	£127	£301,165	£101	£77,264	£33

Table F 4 Affordable housing at 20% affordable housing (2016)

				Total Floor Space per sq.m	Chargeable Floor Space per sq.m			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
20% affordable housing											
Lincoln Strategy Area											
Houses –	3	0.09	35	270	270	£1,296,471	£412	£680,000	£216	£616,471	£196
Houses –	4	0.11	35	344	288	£968,391	£384	£680,000	£226	£288,391	£114
Houses –	5	0.14	35	430	360	£934,030	£371	£680,000	£226	£254,030	£101
Houses –	10	0.29	35	860	720	£837,912	£278	£680,000	£226	£157,912	£63
Houses –	35	1.00	35	3,010	2,520	£842,154	£280	£680,000	£226	£162,154	£64
Houses –	100	2.86	35	8,600	7,200	£840,372	£279	£680,000	£226	£160,372	£64
Houses –	300	8.57	35	25,800	21,600	£830,387	£276	£680,000	£226	£150,387	£60
Gainsborough & Sleaford											
Houses –	3	0.09	35	270	270	£969,913	£308	£500,000	£159	£469,913	£149
Houses –	4	0.11	35	344	288	£674,797	£224	£500,000	£166	£174,797	£69
Houses –	5	0.14	35	430	360	£656,290	£218	£500,000	£166	£156,290	£62
Houses –	10	0.29	35	860	720	£574,445	£191	£500,000	£166	£74,445	£30
Houses –	35	1.00	35	3,010	2,520	£572,076	£190	£500,000	£166	£72,076	£29
Houses –	100	2.86	35	8,600	7,200	£571,812	£190	£500,000	£166	£71,812	£28
Houses –	300	8.57	35	25,800	21,600	£561,285	£186	£500,000	£166	£61,285	£24
All other rural areas											
Houses –	3	0.09	35	270	270	£969,913	£308	£500,000	£159	£469,913	£149
Houses –	4	0.11	35	344	288	£674,797	£224	£500,000	£166	£174,797	£69
Houses –	5	0.14	35	430	360	£656,290	£218	£500,000	£166	£156,290	£62
Houses –	10	0.29	35	860	720	£574,394	£191	£500,000	£166	£74,394	£30
Houses –	35	1.00	35	3,010	2,520	£572,076	£190	£500,000	£166	£72,076	£29
Houses –	100	2.86	35	8,600	7,200	£571,812	£190	£500,000	£166	£71,812	£28
Houses –	300	8.57	35	25,800	21,600	£561,285	£186	£500,000	£166	£61,285	£24
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,720	1,440	£608,536	£177	£400,000	£116	£208,536	£72
Houses –	50	1.25	40	4,300	3,600	£598,400	£174	£400,000	£116	£198,400	£69
Flats -	50	0.77	65	3,500	2,800	£220,797	£49	£400,000	£88	-£179,203	-£49
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	172,000	144,000	£311,844	£104	£301,165	£100	£10,679	£4
Sleaford urban extension	2,000	57.14	35	172,000	144,000	£311,844	£104	£301,165	£100	£10,679	£4
Lincoln urban extension	2,000	57.14	35	172,000	144,000	£450,330	£150	£301,165	£100	£149,165	£59

Table F 5 Affordable housing at 15% (2016)

				Total Floor Space per sq.m	Chargeable Floor Space per sq.m			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
15% affordable housing											
Lincoln Strategy Area											
Houses –	3	0.09	35	270	270	£1,296,471	£412	£680,000	£216	£616,471	£196
Houses –	4	0.11	35	348	306	£1,046,456	£391	£680,000	£223	£366,456	£137
Houses –	5	0.14	35	435	383	£1,010,519	£377	£680,000	£223	£330,519	£123
Houses –	10	0.29	35	870	765	£910,791	£299	£680,000	£223	£230,791	£86
Houses –	35	1.00	35	3,045	2,678	£913,894	£300	£680,000	£223	£233,894	£87
Houses –	100	2.86	35	8,700	7,650	£911,708	£299	£680,000	£223	£231,708	£87
Houses –	300	8.57	35	26,100	22,950	£901,211	£296	£680,000	£223	£221,211	£83
Gainsborough & Sleaford											
Houses –	3	0.09	35	270	270	£969,913	£308	£500,000	£159	£469,913	£149
Houses –	4	0.11	35	348	306	£744,808	£245	£500,000	£164	£244,808	£91
Houses –	5	0.14	35	435	383	£724,603	£238	£500,000	£164	£224,603	£84
Houses –	10	0.29	35	870	765	£641,120	£211	£500,000	£164	£141,120	£53
Houses –	35	1.00	35	3,045	2,678	£636,379	£209	£500,000	£164	£136,379	£51
Houses –	100	2.86	35	8,700	7,650	£635,754	£209	£500,000	£164	£135,754	£51
Houses –	300	8.57	35	26,100	22,950	£624,737	£205	£500,000	£164	£124,737	£47
All other rural areas											
Houses –	3	0.09	35	270	270	£969,913	£308	£500,000	£159	£469,913	£149
Houses –	4	0.11	35	348	306	£744,808	£245	£500,000	£164	£244,808	£91
Houses –	5	0.14	35	435	383	£724,603	£238	£500,000	£164	£224,603	£84
Houses –	10	0.29	35	870	765	£641,069	£211	£500,000	£164	£141,069	£53
Houses –	35	1.00	35	3,045	2,678	£636,379	£209	£500,000	£164	£136,379	£51
Houses –	100	2.86	35	8,700	7,650	£635,754	£209	£500,000	£164	£135,754	£51
Houses –	300	8.57	35	26,100	22,950	£624,737	£205	£500,000	£164	£124,737	£47
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,740	1,530	£688,526	£198	£400,000	£115	£288,526	£94
Houses –	50	1.25	40	4,350	3,825	£676,058	£194	£400,000	£115	£276,058	£90
Flats -	50	0.77	65	3,500	2,975	£296,629	£65	£400,000	£88	-£103,371	-£27
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	174,000	153,000	£380,902	£125	£301,165	£99	£79,737	£30
Sleaford urban extension	2,000	57.14	35	174,000	153,000	£380,902	£125	£301,165	£99	£79,737	£30
Lincoln urban extension	2,000	57.14	35	174,000	153,000	£522,231	£172	£301,165	£99	£221,066	£83

Table F 6 Sensitivity testing - 5% decrease in cost and values, 20% affordable (2016)

5% decrease in cost and values, 20% affordable				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	270	270	£1,228,228	£390	£680,000	£216	£548,228	£174
Houses –	4	0.11	35	344	288	£916,294	£364	£680,000	£226	£236,294	£94
Houses –	5	0.14	35	430	360	£883,689	£351	£680,000	£226	£203,689	£81
Houses –	10	0.29	35	860	720	£808,163	£268	£680,000	£226	£128,163	£51
Houses –	35	1.00	35	3,010	2,520	£796,268	£265	£680,000	£226	£116,268	£46
Houses –	100	2.86	35	8,600	7,200	£794,744	£264	£680,000	£226	£114,744	£46
Houses –	300	8.57	35	25,800	21,600	£785,177	£261	£680,000	£226	£105,177	£42
Gainsborough & Sleaford											
Houses –	3	0.09	35	270	270	£917,998	£291	£500,000	£159	£417,998	£133
Houses –	4	0.11	35	344	288	£637,380	£212	£500,000	£166	£137,380	£55
Houses –	5	0.14	35	430	360	£619,800	£206	£500,000	£166	£119,800	£48
Houses –	10	0.29	35	860	720	£541,185	£180	£500,000	£166	£41,185	£16
Houses –	35	1.00	35	3,010	2,520	£539,694	£179	£500,000	£166	£39,694	£16
Houses –	100	2.86	35	8,600	7,200	£539,612	£179	£500,000	£166	£39,612	£16
Houses –	300	8.57	35	25,800	21,600	£529,531	£176	£500,000	£166	£29,531	£12
All other rural areas											
Houses –	3	0.09	35	270	270	£917,998	£291	£500,000	£159	£417,998	£133
Houses –	4	0.11	35	344	288	£637,380	£212	£500,000	£166	£137,380	£55
Houses –	5	0.14	35	430	360	£619,800	£206	£500,000	£166	£119,800	£48
Houses –	10	0.29	35	860	720	£541,134	£180	£500,000	£166	£41,134	£16
Houses –	35	1.00	35	3,010	2,520	£539,694	£179	£500,000	£166	£39,694	£16
Houses –	100	2.86	35	8,600	7,200	£539,612	£179	£500,000	£166	£39,612	£16
Houses –	300	8.57	35	25,800	21,600	£529,531	£176	£500,000	£166	£29,531	£12
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,720	1,440	£557,459	£162	£400,000	£116	£157,459	£55
Houses –	50	1.25	40	4,300	3,600	£548,364	£159	£400,000	£116	£148,364	£52
Flats -	50	0.77	65	3,500	2,800	£189,491	£42	£400,000	£88	£-210,509	£-58
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	172,000	144,000	£272,715	£91	£301,165	£100	£-28,450	£-11
Sleaford urban extension	2,000	57.14	35	172,000	144,000	£272,715	£91	£301,165	£100	£-28,450	£-11
Lincoln urban extension	2,000	57.14	35	172,000	144,000	£404,455	£134	£301,165	£100	£103,290	£41

Table F7 Sensitivity testing - 5% decrease in cost and values, 15% affordable (2016)

				Total Floor Space per sq.m	Chargeable Floor Space per sq.m	Residual land value		Threshold benchmark value		CIL Surplus	
5% decrease in cost and values, 15% affordable	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	270	270	£1,228,228	£390	£680,000	£216	£548,228	£174
Houses –	4	0.11	35	348	306	£990,456	£370	£680,000	£223	£310,456	£116
Houses –	5	0.14	35	435	383	£956,354	£357	£680,000	£223	£276,354	£103
Houses –	10	0.29	35	870	765	£860,779	£283	£680,000	£223	£180,779	£68
Houses –	35	1.00	35	3,045	2,678	£864,421	£284	£680,000	£223	£184,421	£69
Houses –	100	2.86	35	8,700	7,650	£862,513	£283	£680,000	£223	£182,513	£68
Houses –	300	8.57	35	26,100	22,950	£852,460	£280	£680,000	£223	£172,460	£64
Gainsborough & Sleaford											
Houses –	3	0.09	35	270	270	£917,998	£291	£500,000	£159	£417,998	£133
Houses –	4	0.11	35	348	306	£703,891	£231	£500,000	£164	£203,891	£76
Houses –	5	0.14	35	435	383	£684,696	£225	£500,000	£164	£184,696	£69
Houses –	10	0.29	35	870	765	£604,526	£199	£500,000	£164	£104,526	£39
Houses –	35	1.00	35	3,045	2,678	£600,782	£197	£500,000	£164	£100,782	£38
Houses –	100	2.86	35	8,700	7,650	£600,357	£197	£500,000	£164	£100,357	£37
Houses –	300	8.57	35	26,100	22,950	£589,810	£194	£500,000	£164	£89,810	£34
All other rural areas											
Houses –	3	0.09	35	270	270	£917,998	£291	£500,000	£159	£417,998	£133
Houses –	4	0.11	35	348	306	£703,891	£231	£500,000	£164	£203,891	£76
Houses –	5	0.14	35	435	383	£684,696	£225	£500,000	£164	£184,696	£69
Houses –	10	0.29	35	870	765	£604,475	£199	£500,000	£164	£104,475	£39
Houses –	35	1.00	35	3,045	2,678	£600,782	£197	£500,000	£164	£100,782	£38
Houses –	100	2.86	35	8,700	7,650	£600,357	£197	£500,000	£164	£100,357	£37
Houses –	300	8.57	35	26,100	22,950	£589,810	£194	£500,000	£164	£89,810	£34
Brownfield - Lincoln Strategy Area											
Houses –	20	0.50	40	1,740	1,530	£633,449	£182	£400,000	£115	£233,449	£76
Houses –	50	1.25	40	4,350	3,825	£622,140	£179	£400,000	£115	£222,140	£73
Flats -	50	0.77	65	3,500	2,975	£261,532	£57	£400,000	£88	£138,468	£36
Strategic sites											
Gainsborough urban extension	2,000	57.14	35	174,000	153,000	£338,353	£111	£301,165	£99	£37,188	£14
Sleaford urban extension	2,000	57.14	35	174,000	153,000	£338,353	£111	£301,165	£99	£37,188	£14
Lincoln urban extension	2,000	57.14	35	174,000	153,000	£472,761	£155	£301,165	£99	£171,596	£64

Greenfield scenario:		Houses –	100	Units	Lincoln Strategy Area	
ITEM						
Net Site Area	2.86			Residual value	£769,036	per ha
Total No. of units		No. of market units	No. of affordable units			
100		75.00	25.00			
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	75.00	90	6,750	£1,990	£13,432,500
		75.00		6750		
1.2	25% Affordable housing	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	25.00	70	1,750	£1,095	£1,915,375
		25.00		1750		
Gross Development Value		100.00	8500		£15,347,875	
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Gross residual land value					£2,331,294
					Less Purchaser Costs	5.75%
Net residual land value					£2,197,245	
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	75.00	90	6,750	£898	£6,061,500.00
		75.00		6750		
2.3.2	Affordable housing	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	25.00	70	1,750	£898	£1,571,500.00
		25.00		1750		
		100.00	8500		£7,633,000	
2.4 Externals						
2.4.1	Plot external	10%		£763,300		
2.4.2	HIA	£5,500 per scheme		£5,500		
2.4.3	Brownfield remediation	0.00 per unit		£0		
					£768,800	
2.5 Professional Fees						
2.5.1	as percentage of build costs	8%		£610,640		
					£610,640	
2.6 Contingency						
2.6.1	Based upon percentage of build costs	5%		£381,650		
					£381,650	
2.7 Developer contributions						
2.7.1	S.106	£2,000 per unit		£200,000		
2.7.2	SUE S.106	£0 per unit		£0		
2.7.3	Part M4(2) Building Regulation I Part M4(2) houses	£521 per unit		% of total units 30%	£15,630	
2.7.4	Part M4(2) Building Regulation I Part M4(3)	£0 per unit		% of total units 0%	£0	
					£215,630	
2.8 Sale cost						
2.8.1	Sales and marketing fees	3% open market units		£402,975.00		
					£402,975	
TOTAL DEVELOPMENT COSTS					12,343,989	
3.0 Developers' Profit						
3.1	Profit on market units	17.5% market GDV		£2,350,688		
3.2	Profit on affordable units	6% affordable GDV		£114,923		
					£2,465,610	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]					£14,809,599	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]					£538,276	
4.00	Finance Costs	APR 7.00%	PCM 0.565%	-£538,276		
TOTAL PROJECT COSTS [INCLUDING INTEREST]					£15,347,875	

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Greenfield scenario: Houses – 100 Units Gainsborough & Sleaford						
ITEM						
Net Site Area	2.06	Residual value		£571,812	per ha	
	Total No. of units	No. of market units	No. of affordable units			
	100	80.00	20.00			
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	80.00	90	7,200	£1,850	£13,320,000
		80.00		7200		
1.2	20% Affordable housing	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	20.00	70	1,400	£1,018	£1,424,500
		20.00		1400		
Gross Development Value		100.00		8600		£14,744,500
2.0 Development Cost						
2.1	Site Acquisition					
2.1.1	Gross residual land value					£1,733,422
	Less Purchaser Costs				5.75%	
Net residual land value						£1,633,750
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	80.00	90	7,200	£898	£6,465,600.00
		80.00		7200		
2.3.2	Affordable housing	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	20.00	70	1,400	£898	£1,257,200.00
		20.00		1400		
		100.00		8600		£7,722,800
2.4 Externals						
2.4.1	Plot external		10%			£772,280
2.4.2	HIA		£5,500	per scheme		£5,500
2.4.3	Brownfield remediation		0.00	per unit		£0
						£777,780
2.5 Professional Fees						
2.5.1	as percentage of build costs		8%			£617,824
						£617,824
2.6 Contingency						
2.6.1	Based upon percentage of build costs		5%			£386,140
						£386,140
2.7 Developer contributions						
2.7.1	S.106		£2,000	per unit		£200,000
2.7.2	SUE S.106		£0	per unit		£0
2.7.3	Part M4(2) Building Regulation I Part M4(2) houses		£521	per unit	% of total units 30%	£15,630
2.7.4	Part M4(2) Building Regulation I Part M4(3)		£0	per unit	% of total units 0%	£0
						£215,630
2.8 Sale cost						
2.8.1	Sales and marketing fees		3%	open market units		£399,600.00
						£399,600
TOTAL DEVELOPMENT COSTS						11,853,196
3.0 Developers' Profit						
3.1	Profit on market units		17.5%	market GDV		£2,331,000
3.2	Profit on affordable units		6%	affordable GDV		£85,470
						£2,416,470
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£14,269,666
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£474,834
4.00	Finance Costs		APR 7.00%	PCM 0.565%		-£474,834
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£14,744,500

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Greenfield scenario:		Houses –	100	Units	All other rural areas	
ITEM						
Net Site Area		2.86		Residual value	£635,754	per ha
		Total No. of units	No. of market units	No. of affordable units		
		100	85.00	15.00		
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	85.00	90	7,650	£1,850	£14,152,500
		85.00		7650		
1.2	15% Affordable housing	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	15.00	70	1,050	£1,018	£1,068,375
		15.00		1050		
Gross Development Value		100.00		8700		£15,220,875
2.0 Development Cost						
2.1	Site Acquisition					
2.1.1	Gross residual land value					£1,927,256
	Less Purchaser Costs					5.75%
Net residual land value						£1,816,439
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	85.00	90	7,650	£898	£6,869,700.00
		85.00		7650		
2.3.2	Affordable housing	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	15.00	70	1,050	£898	£942,900.00
		15.00		1050		
		100.00		8700		£7,812,600
2.4 Externals						
2.4.1	Plot external		10%			£781,260
2.4.2	HIA		£5,500	per scheme		£5,500
2.4.3	Brownfield remediation		0.00	per unit		£0
						£786,760
2.5 Professional Fees						
2.5.1	as percentage of build costs		8%			£625,008
						£625,008
2.6 Contingency						
2.6.1	Based upon percentage of build costs		5%			£390,630
						£390,630
2.7 Developer contributions						
2.7.1	S.106		£2,000	per unit		£200,000
2.7.2	SUE S.106		£0	per unit		£0
2.7.3	Part M4(2) Building Regulation I Part M4(2) houses		£521	per unit	% of total units 30%	£15,630
2.7.4	Part M4(2) Building Regulation I Part M4(3)		£0	per unit	% of total units 0%	£0
						£215,630
2.8 Sale cost						
2.8.1	Sales and marketing fees		3%	open market units		£424,575.00
						£424,575
TOTAL DEVELOPMENT COSTS						12,182,459
3.0 Developers' Profit						
3.1	Profit on market units		17.5%	market GDV		£2,476,688
3.2	Profit on affordable units		6%	affordable GDV		£64,103
						£2,540,790
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£14,723,249
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£497,626
4.00	Finance Costs		APR 7.00%	PCM 0.565%		-£497,626
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£15,220,875

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Greenfield scenario:		Houses –	10	Units	Gainsborough & Sleaford	
ITEM						
Net Site Area	<div>0.29</div>			Residual value	<div>£574,445</div>	per ha
		Total No. of units	No. of market units	No. of affordable units		
		<div>10</div>	<div>8.00</div>	<div>2.00</div>		
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	<div>8.00</div>	<div>90</div>	<div>720</div>	<div>£1,850</div>	<div>£1,332,000</div>
		<div>8.00</div>		<div>720</div>		
1.2	20% Affordable housing	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	<div>2.00</div>	<div>70</div>	<div>140</div>	<div>£1,018</div>	<div>£142,450</div>
		<div>2.00</div>		<div>140</div>		
	Gross Development Value	10.00		860		£1,474,450
2.0 Development Cost						
2.1	Site Acquisition					
2.1.1	Gross residual land value					<div>£168,768</div>
					Less Purchaser Costs	2.75%
	Net residual land value					£164,127
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	<div>8.00</div>	<div>90</div>	<div>720</div>	<div>£898</div>	<div>£646,560.00</div>
		<div>8.00</div>		<div>720</div>		
2.3.2	Affordable housing	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	<div>2.00</div>	<div>70</div>	<div>140</div>	<div>£898</div>	<div>£125,720.00</div>
		<div>2.00</div>		<div>140</div>		
		10.00		860		£772,280
2.4 Externals						
2.4.1	Plot external		<div>10%</div>			<div>£77,228</div>
2.4.2	HIA		<div>£5,500</div>	per scheme		<div>£5,500</div>
2.4.3	Brownfield remediation		<div>0.00</div>	per unit		<div>£0</div>
						£82,728
2.5 Professional Fees						
2.5.1	as percentage of build costs		<div>8%</div>			<div>£61,782</div>
						£61,782
2.6 Contingency						
2.6.1	Based upon percentage of build costs		<div>5%</div>			<div>£38,614</div>
						£38,614
2.7 Developer contributions						
2.7.1	S.106		<div>£2,000</div>	per unit		<div>£20,000</div>
2.7.2	SUE S.106		<div>£0</div>	per unit		<div>£0</div>
2.7.3	Part M4(2) Building Regulation I Part M4(2) houses		<div>£521</div>	per unit	% of total units <div>30%</div>	<div>£1,563</div>
2.7.4	Part M4(2) Building Regulation I Part M4(3)		<div>£0</div>	per unit	% of total units <div>0%</div>	<div>£0</div>
						£21,563
2.8 Sale cost						
2.8.1	Sales and marketing fees		<div>3%</div>	open market units		<div>£39,960.00</div>
						£39,960
	TOTAL DEVELOPMENT COSTS					1,185,696
3.0 Developers' Profit						
3.1	Profit on market units		<div>17.5%</div>	market GDV		<div>£233,100</div>
3.2	Profit on affordable units		<div>6%</div>	affordable GDV		<div>£8,547</div>
						£241,647
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]					£1,427,343
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]					£47,107
4.00	Finance Costs		APR <div>7.00%</div>	PCM <div>0.565%</div>		-£47,107
	TOTAL PROJECT COSTS (INCLUDING INTEREST)					£1,474,450



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Central Lincolnshire Local Plan 2016 and CIL Viability Study
Final Study April 2016

Greenfield scenario:		Houses –	10	Units	Lincoln Strategy Area	
ITEM						
Net Site Area	<div>0.29</div>		Residual value		<div>£781,096</div> per ha	
	Total No. of units	No. of market units	No. of affordable units			
	<div>10</div>	<div>7.50</div>	<div>2.50</div>			
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	<div>7.50</div>	<div>90</div>	<div>675</div>	<div>£1,990</div>	<div>£1,343,250</div>
		<div>7.50</div>		<div>675</div>		
1.2	25% Affordable housing	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	<div>2.50</div>	<div>70</div>	<div>175</div>	<div>£1,095</div>	<div>£191,538</div>
		<div>2.50</div>		<div>175</div>		
	Gross Development Value	10.00		850		£1,534,788
2.0 Development Cost						
2.1	Site Acquisition					
2.1.1	Gross residual land value					<div>£229,481</div>
		Less Purchaser Costs				2.75%
	Net residual land value					£223,170
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	<div>7.50</div>	<div>90</div>	<div>675</div>	<div>£898</div>	<div>£606,150.00</div>
		<div>7.50</div>		<div>675</div>		
2.3.2	Affordable housing	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	<div>2.50</div>	<div>70</div>	<div>175</div>	<div>£898</div>	<div>£157,150.00</div>
		<div>2.50</div>		<div>175</div>		
		10.00		850		£763,300
2.4 Externals						
2.4.1	Plot external	<div>10%</div>				<div>£76,330</div>
2.4.2	HIA	<div>£5,500</div> per scheme				<div>£5,500</div>
2.4.3	Brownfield remediation	<div>0.00</div> per unit				<div>£0</div>
						£81,830
2.5 Professional Fees						
2.5.1	as percentage of build costs	<div>8%</div>				<div>£61,064.00</div>
						£61,064
2.6 Contingency						
2.6.1	Based upon percentage of build costs	<div>5%</div>				<div>£38,165</div>
						£38,165
2.7 Developer contributions						
2.7.1	S.106	<div>£2,000</div> per unit				<div>£20,000</div>
2.7.2	SUE S.106	<div>£0</div> per unit				<div>£0</div>
2.7.3	Part M4(2) Building Regulation I Part M4(2) houses	<div>£521</div> per unit	% of total units		<div>30%</div>	<div>£1,563</div>
2.7.4	Part M4(2) Building Regulation I Part M4(3)	<div>£0</div> per unit	% of total units		<div>0%</div>	<div>£0</div>
						£21,563
2.8 Sale cost						
2.8.1	Sales and marketing fees	<div>3%</div> open market units				<div>£40,297.50</div>
						£40,298
	TOTAL DEVELOPMENT COSTS					1,235,700
3.0 Developers' Profit						
3.1	Profit on market units	<div>17.5%</div> market GDV				<div>£235,069</div>
3.2	Profit on affordable units	<div>6%</div> affordable GDV				<div>£11,492</div>
						£246,561
	TOTAL PROJECT COSTS [EXCLUDING INTEREST]					£1,482,261
	TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]					£52,526
4.00	Finance Costs	APR	PCM			
		<div>7.00%</div>	<div>0.565%</div>		<div>-£52,526</div>	
	TOTAL PROJECT COSTS (INCLUDING INTEREST)					£1,534,788



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Greenfield scenario:		Houses –	10	Units	All other rural areas	
ITEM						
Net Site Area	0.29		Residual value		£641,069 per ha	
Total No. of units		No. of market units	No. of affordable units			
10		8.50	1.50			
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	8.50	90	765	£1,850	£1,415,250
		8.50		765		
1.2	15% Affordable housing	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	1.50	70	105	£1,018	£106,838
		1.50		105		
Gross Development Value		10.00	870		£1,522,088	
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Gross residual land value					£188,342
					Less Purchaser Costs	2.75%
Net residual land value		£183,163				
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	8.50	90	765	£898	£686,970.00
		8.50		765		
2.3.2	Affordable housing	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	1.50	70	105	£898	£94,290.00
		1.50		105		
		10.00	870		£781,260	
2.4 Externals						
2.4.1	Plot external	10%		£78,126		
2.4.2	HIA	£5,500 per scheme		£5,500		
2.4.3	Brownfield remediation	0.00 per unit		£0		
		£83,626				
2.5 Professional Fees						
2.5.1	as percentage of build costs	8%		£62,501		
		£62,501				
2.6 Contingency						
2.6.1	Based upon percentage of build costs	5%		£39,063		
		£39,063				
2.7 Developer contributions						
2.7.1	S.106	£2,000 per unit		£20,000		
2.7.2	SUE S.106	£0 per unit		£0		
2.7.3	Part M4(2) Building Regulation housi Part M4(2) houses	£521 per unit		% of total units 30%	£1,563	
2.7.4	Part M4(2) Building Regulation housi Part M4(3)	£0 per unit		% of total units	£0	
		£21,563				
2.8 Sale cost						
2.8.1	Sales and marketing fees	3% open market units		£42,457.50		
		£42,458				
TOTAL DEVELOPMENT COSTS		1,218,812				
3.0 Developers' Profit						
3.1	Profit on market units	17.5% market GDV		£247,669		
3.2	Profit on affordable units	6% affordable GDV		£6,410		
		£254,079				
TOTAL PROJECT COSTS [EXCLUDING INTEREST]		£1,472,891				
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]		£49,196				
4.00	Finance Costs	APR 7.00%	PCM 0.565%	-£49,196		
TOTAL PROJECT COSTS [INCLUDING INTEREST]		£1,522,088				

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Brownfield scenario		Houses –	50	Units	Lincoln Strategy Area	
ITEM						
Net Site Area	1.25			Residual value	£676,058	per ha
Total No. of units		No. of market units	No. of affordable units			
50		42.50	7.50			
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	42.50	90	3,825	£1,990	£7,611,750
		42.50		3825		
1.2	15% Affordable housing	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	7.50	70	525	£1,095	£574,613
		7.50		525		
Gross Development Value		50.00	4350		£8,186,363	
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Gross residual land value					£896,629
					Less Purchaser Costs	5.75%
Net residual land value						£845,073
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	42.50	90	3,825	£898	£3,434,850
		42.50		3825		
2.3.2	Affordable housing	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	7.50	70	525	£898	£471,450.00
		7.50		525		
		50.00	4350		£3,906,300	
2.4 Externals						
2.4.1	Plot external	10%		£390,630		
2.4.2	HIA	£5,500 per scheme		£5,500		
2.4.3	Brownfield remediation	£350,000 per ha		£437,500		
						£833,630
2.5 Professional Fees						
2.5.1	as percentage of build costs	8%		£312,504		
						£312,504
2.6 Contingency						
2.6.1	Based upon percentage of build costs	5%		£195,315		
						£195,315
2.7 Developer contributions						
2.7.1	S.106	£2,000 per unit		£100,000		
2.7.2	SUE S.106	£0 per unit		£0		
2.7.3	Part M4(2) Building Regulation I Part M4(2) houses	£521 per unit		% of total units 30%	£7,815	
2.7.4	Part M4(2) Building Regulation I Part M4(3)	£0 per unit		% of total units 0%	£0	
						£107,815
2.8 Sale cost						
2.8.1	Sales and marketing fees	3% open market units		£228,352.50		
						£228,353
TOTAL DEVELOPMENT COSTS						6,480,546
3.0 Developers' Profit						
3.1	Profit on market units	17.5% market GDV		£1,332,056		
3.2	Profit on affordable units	6% affordable GDV		£34,477		
						£1,366,533
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£7,847,079
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£339,284
4.00	Finance Costs	APR 7.00%	PCM 0.565%	-£339,284		
TOTAL PROJECT COSTS (INCLUDING INTEREST)						£8,186,363

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peterbrett

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Brownfield scenario		Flats -	50	Units	Lincoln Strategy Area	
ITEM						
Net Site Area	1.43	Residual value		£296,629 per ha		
	Total No. of units	No. of market units	No. of affordable units			
	50	42.50	7.50			
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Flats -	42.50	60	2,529	£2,400	£6,069,000
		42.50		2529		
1.2	16% Affordable housing	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Flats -	7.50	60	446	£1,095	£488,421
		7.50		446		
Gross Development Value		50.00	2975		£6,557,421	
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Gross residual land value					£444,888
					Less Purchaser Costs	4.75%
Net residual land value						£423,766
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Flats -	42.50	70	2,975	£898	£2,671,550
		42.50		2975		
2.3.2	Affordable housing	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Flats -	7.50	70	525	£898	£471,450.00
		7.50		525		
		50.00	3500		£3,143,000	
2.4 Externals						
2.4.1	Plot external	10%				£314,300
2.4.2	HIA	£5,500 per scheme				£5,500
2.4.3	Brownfield remediation	£350,000 per ha				£500,000
						£819,800
2.5 Professional Fees						
2.5.1	as percentage of build costs	8%				£251,440
						£251,440
2.6 Contingency						
2.6.1	Based upon percentage of build costs	5%				£157,150
						£157,150
2.7 Developer contributions						
2.7.1	S.106	£2,000 per unit				£100,000
2.7.2	SUE S.106	£0 per unit				£0
2.7.3	Part M4(2) Building Regulation + Part M4(2) flats	£924 per unit				£13,860
2.7.4	Part M4(2) Building Regulation + Part M4(3)	£0 per unit				£0
						£113,860
2.8 Sale cost						
2.8.1	Sales and marketing fees	3% open market units				£182,070.00
						£182,070
TOTAL DEVELOPMENT COSTS						5,112,208
3.0 Developers' Profit						
3.1	Profit on market units	17.5% market GDV				£1,062,075
3.2	Profit on affordable units	6% affordable GDV				£29,305
						£1,091,380
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£6,203,588
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£353,832
4.00	Finance Costs	APR	PCM			
		7.00%	0.565%		-£353,832	
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£6,557,421

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Sleaford urban extension		Houses –	2000	Units		
ITEM						
Net Site Area	57.14			Residual value	£360,902	per ha
	Total No. of units	No. of market units	No. of affordable units			
	2,000	1,700	300			
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	1,700	90	153,000	£1,850	£283,050,000
		1,700		153000		
1.2	15% Affordable housing	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	300	70	21,000	£1,018	£21,367,500
		300		21000		
Gross Development Value		2,000		174000		£304,417,500
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Gross residual land value			20		£23,093,724
	No. of phased payments			£1,154,686		
	Gross RLV per Phase				Less Purchaser Costs	5.75%
Net residual land value				£21,765,835		
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	1700	90	153,000	£898	£137,394,000
		1700		153000		
2.3.2	Affordable housing	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	300	70	21,000	£898	£18,858,000
		300		21000		
		2000		174000		£156,252,000
2.4 Externals						
2.4.1	Plot external	10%		£15,625,200		
2.4.2	HIA	£8,500 per scheme		£8,500		
2.4.3	Costs - site opening / remediation	£350,000 per ha		£20,000,000		
				£35,633,700		
2.5 Professional Fees						
2.5.1	as percentage of build costs	8%		£12,500,160		
				£12,500,160		
2.6 Contingency						
2.6.1	Based upon percentage of build costs	5%		£7,812,600		
				£7,812,600		
2.7 Developer contributions						
2.7.1	S.106	£0 per unit		£0		
2.7.2	SUE S.106	£4,300 per unit		£8,600,000		
2.7.3	Part M4(2) Building Regulation I Part M4(2) houses	£521 per unit		% of total units	30%	£312,600
2.7.4	Part M4(2) Building Regulation I Part M4(3)	£0 per unit		% of total units	0%	£0
				£8,912,600		
2.8 Sale cost						
2.8.1	Sales and marketing fees	3% open market units		£8,491,500		
				£8,491,500		
TOTAL DEVELOPMENT COSTS				252,696,284		
3.0 Developers' Profit						
3.1	Profit on market units	17.5% market GDV		£49,533,750		
3.2	Profit on affordable units	6% affordable GDV		£1,282,050		
Profit drawn down at end of each phase		No. of phases	20	profit per phase	£2,540,790	
				£50,815,800		
TOTAL PROJECT COSTS [EXCLUDING INTEREST]				£303,512,084		
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]				£905,416		
4.00	Finance Costs	APR	PCM			
		7.00%	0.565%	-£905,416		
TOTAL PROJECT COSTS (INCLUDING INTEREST)				£304,417,500		

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peterbrett

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Lincoln urban extension		Houses –	2000	Units	Lincoln Strategy Area	
ITEM						
Net Site Area	57.14	Residual value		£450,330	per ha	
Total No. of units		No. of market units	No. of affordable units			
2,000		1,600	400			
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	1600	90	144,000	£1,990	£286,560,000
		1600		144000		
1.2	20% Affordable housing	No. of units	Size sq.m	Total sq.m	£ sq.m	Total Value
	Houses –	400	70	28,000	£1,095	£30,646,000
		400		28000		
Gross Development Value		2000	172000		£317,206,000	
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Gross residual land value	No. of phased payments	20		£27,303,066	
		Gross RLV per Phase	£1,365,153			
			Less Purchaser Costs		5.75%	
Net residual land value		£25,733,139				
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	1600.00	90	144,000	£898	£129,312,000
		1600.00		144000		
2.3.2	Affordable housing	No. of units	Size sq.m	Total sq.m	Cost £ sq.m	Total Costs
	Houses –	400.00	70	28,000	£898	£25,144,000
		400.00		28000		
		2000.00	172000		£154,456,000	
2.4 Externals						
2.4.1	Plot external	10%		£15,445,600		
2.4.2	HIA	£8,500		per scheme		
				£8,500		
2.4.3	Costs - site opening / remediation	£350,000		per ha		
				£20,000,000		
		£35,454,100				
2.5 Professional Fees						
2.5.1	as percentage of build costs	8%		£12,356,480		
		£12,356,480				
2.6 Contingency						
2.6.1	Based upon percentage of build costs	5%		£7,722,800		
		£7,722,800				
2.7 Developer contributions						
2.7.1	S.106	£0		per unit		
				£0		
2.7.2	SUE S.106	£4,300		per unit		
				£8,600,000		
2.7.3	Part M4(2) Building Regulation hous	£521		per unit		
	Part M4(2) houses			30% of total units		
				£312,600		
2.7.4	Part M4(2) Building Regulation hous	£0		per unit		
	Part M4(3)			0% of total units		
				£0		
		£8,912,600				
2.8 Sale cost						
2.8.1	Sales and marketing fees	3%		open market units		
				£8,596,800.00		
		£8,596,800				
TOTAL DEVELOPMENT COSTS		254,801,846				
3.0 Developers' Profit						
3.1	Profit on market units	17.5%		market GDV		
				£50,148,000		
3.2	Profit on affordable units	6%		affordable GDV		
				£1,838,760		
Profit drawn down at end of each phase		No. of phases	20	profit per phase		£2,599,338
		£51,986,760				
TOTAL PROJECT COSTS [EXCLUDING INTEREST]		£306,788,606				
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]		£10,417,394				
4.00	Finance Costs	APR		PCM		
		7.00%		0.565%		£10,417,394
TOTAL PROJECT COSTS [INCLUDING INTEREST]		£317,206,000				

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Appendix G Commercial market data

Research on office and industrial units

Table G1 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 G2 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 H 3 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 G 4 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 G 5 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: Focus June 2015

Appendix H West Gainsborough residential evidence

West Gainsborough CIL charge zone residential market evidence

- H.1.1 It is important to recognise that as a result of there being very little new build development in the Gainsborough urban areas west of the railway line, there is limited new build data on which to base an appraisal of how the housing market functions (and may function in future) in this part of the town.
- H.1.2 The most recent development has been delivered by Register Providers such as Waterloo Homes. As shown in Table H.1, average house prices are £1,500 per sq.m at the Northolme area to the west of the town centre.

Table H.1 Quoting new build prices Gainsborough Urban area

Market Area	Address	Location	Type	Bedrooms	Est Area (sq.m)	Price	Price per sq.m
Gainsborough	Northolme	Gainsborough	Terraced	2	80.8	£139,950	£1,732
Gainsborough	Northolme	Gainsborough	Terraced	4	111	£149,950	£1,351
Gainsborough	Northolme	Gainsborough	Terraced	2	69.69	£109,950	£1,578
Average							£1,554

Source: Rightmove.co.uk March 2016

- H.1.3 This assessment has considered the values achieved in the resale market. Evidence on rightmove.co.uk indicates that many of the resale properties on the market are being offered at a discount from their original quoting prices. Table H.2 shows that the average sales prices of second hand houses are around one third lower than new build. We would expect some difference between new build and second-hand, typically 10% to 20%, but this is considerable.

Table H.2 Quoting second-hand prices Gainsborough Urban area

Market Area	Address	Location	Type	Bedrooms	Est Area (sq.m)	Price	Price per sq.m
Gainsborough	Torr Street	Gainsborough	semi-detached	3	98	£92,500	£944
Gainsborough	Torr Street	Gainsborough	semi-detached	3	107	£95,500	£893
Gainsborough	Riverside Approach	Gainsborough	semi-detached	2	N/a	£105,000	N/a
Gainsborough	Riverside Approach	Gainsborough	semi-detached	4	95	£149,950	£1,578
Average							£1,138

Source: Rightmove.co.uk accessed 01 March 2016

- H.1.4 There was a boom in flatted development in Gainsborough town centre prior to the financial crises. But prices have fallen since then and not really recovered. Table H.3 shows that new build quoting prices for apartments at the Wharf in Morton (on the edge of the urban area) are around £2,000 per sq.m.

Table H.3 Quoting new apartment prices Gainsborough Urban area

Market Area	Address	Location	Type	Bedrooms	Est Area (sq.m)	Price	Price per sq.m
Gainsborough	Trinity View, Gainsborough DN21	Gainsborough	Flat	1	50	£59,950	£1,199
Gainsborough	The Wharf, Morton, Gainsborough, DN21 3BL	Gainsborough	Flat	1	51	£104,950	£2,058
Gainsborough	The Wharf, Morton, Gainsborough, DN21 3BL	Gainsborough	Flat	2	61	£122,950	£2,016
Gainsborough	The Wharf, Morton, Gainsborough, DN21 3BL	Gainsborough	Flat	2	61	£124,950	£2,048
Average							£1,803

Source: Rightmove.co.uk accessed 18 February 2016

- H.1.5 The price for the urban area to the west adopted for this assessment reflects second-hand quoting prices as shown in Table H.4.

Table H.4 Quoting second-hand flat prices Gainsborough Urban area

Market Area	Address	Location	Type	Bedrooms	Est Area (sq.m)	Price	Price per sq.m .m
Gainsborough	The Quays, Gainsborough	Gainsborough	Flat	2	60	£99,500	£1,658
Gainsborough	Marshall's Court	Gainsborough	Flat	2	60	£64,950	£1,083

Source: Rightmove.co.uk accessed 03 March 2016

- H.1.6 Table H.5 and H.6 presents the viability appraisal findings for different levels of affordable housing rates including 25% and 15%.

Table H.5 Results of Viability Testing – Gainsborough Lower Value Area – 25% affordable housing

West Gainsborough				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
25% affordable housing											
Brownfield houses											
Riverside Gateway	183	4.58	40	15,555	12,353	-£422,760	-£157	£300,000	£88	-£722,760	-£268
Town centre riverside - site 1	40	1.00	40	3,400	2,700	-£432,495	-£127	£300,000	£88	-£732,495	-£271
North Marsh Road	11	0.28	40	935	743	-£542,728	-£160	£300,000	£88	-£842,728	-£312
Brownfield flats											
Gleadells Wharf	11	0.17	65	770	578	-£2,024,267	-£445	£300,000	£66	-£2,324,267	-£681
North Street	16	0.25	65	1,120	840	-£2,038,546	-£448	£300,000	£66	-£2,338,546	-£685
Marshall's Rise	45	0.69	65	3,150	2,363	-£1,931,434	-£424	£300,000	£66	-£2,231,434	-£654
Town centre riverside - site 2	66	1.02	65	4,620	3,465	-£2,130,838	-£468	£300,000	£66	-£2,430,838	-£712
Greenfield houses											
Riverside north	113	3.23	35	9,605	7,628	-£112,194	-£38	£500,000	£168	-£612,194	-£259
Vanessa drive	27	0.77	35	2,295	1,823	-£149,825	-£50	£500,000	£168	-£649,825	-£275

Source Aspinall Verdi March 2016

Table H.6 Results of Viability Testing – Gainsborough Lower Value Area – 15% affordable housing

West Gainsborough				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
15% affordable housing											
Brownfield houses											
Riverside Gateway	183	4.58	40	15,921	14,000	-£307,143	-£100	£300,000	£86	-£607,143	-£198
Town centre riverside - site 1	40	1.00	40	3,480	3,060	-£321,960	-£93	£300,000	£86	-£621,960	-£203
North Marsh Road	11	0.28	40	957	842	-£428,169	-£123	£300,000	£86	-£728,169	-£238
Brownfield flats											
Gleadells Wharf	11	0.17	65	770	655	-£1,861,651	-£409	£300,000	£66	-£2,161,651	-£559
North Street	16	0.25	65	1,120	952	-£1,876,340	-£412	£300,000	£66	-£2,176,340	-£563
Marshalls Rise	45	0.69	65	3,150	2,678	-£1,766,570	-£388	£300,000	£66	-£2,066,570	-£534
Town centre riverside - site 2	66	1.02	65	4,620	3,927	-£1,973,739	-£434	£300,000	£66	-£2,273,739	-£588
Greenfield houses											
Riverside north	113	3.23	35	9,831	8,645	-£20,058	-£7	£500,000	£164	-£520,058	-£194
Vanessa drive	27	0.77	35	2,349	2,066	-£50,667	-£17	£500,000	£164	-£550,667	-£206

Source Aspinal Verdi March 2016