AVISON YOUNG

Princes Risborough Expansion Area (PREA) - Viability Update

November 2020

Contents

Appendices

Prepared By: Dale Robinson
Status: Final Report
Date: November 2020

For and on behalf of Avison Young (UK) Limited

1. Introduction

1.1 The New Wycombe District Local Plan allocates around 2,500 homes in Princes Risborough, mostly through a major expansion west of the town.

1.2 The Council has prepared further detailed guidance for the expansion area and recently consulted on a draft of this guidance which is in the form of a Supplementary Planning Document (SPD).

1.3 The draft Princes Risborough Expansion Supplementary Planning Document (referred to in the Local Plan as "Capacity and Delivery Plan") is based on the policies from the new Local Plan and sets out more detail about how these should be delivered.

1.4 In doing so it provides a framework to help guide the preparation and assessment of future planning applications within the expansion area.

1.5 This document will form a material consideration that should inform any planning applications that come forward relating to the expansion area and will be considered by the Local Planning Authority when determining these.

1.6 Significant infrastructure will be needed to support the delivery of the expansion and ensure its integration with Princes Risborough town and existing local communities. The delivery of infrastructure will need to be coordinated to enable the creation of new sustainable neighbourhoods and a pace of delivery that is consistent with the housing growth requirements set out in the new Local Plan.

1.7 Because the PREA will be built in phases and by different landowners / developers it is vital that:

a) The necessary on-site and off-site infrastructure is provided in a timely way to avoid causing unacceptable strain on existing infrastructure and services, and to ensure continuity of housing delivery; and
b) Where infrastructure is not provided in a self-contained way as part of development phases, sections are provided to consistent standards and physically join up and are designed to work together.

1.8 The Council's Delivery Plan, which forms part two of the draft SPD, sets out a realistic phasing plan for housing and infrastructure delivery that aims to provide an equitable approach to the funding of that infrastructure including cost apportionment between the different landowners/developers.

1.9 Avison Young[1] were originally commissioned in June 2019 to advise the Council on how the approach to funding the strategic infrastructure impacts on the viability of the PREA comprehensive development. The results of our work were published in the PREA Delivery Plan - Viability Report (June 2019) and this document formed part of the technical evidence supporting the Delivery Plan.

[1] Previously trading as GVA

1.10 Following comments on the SPD (including the Delivery Plan and supporting technical evidence) Avison Young was commissioned to undertake a further sensitivity analysis to understand the impact on viability of changing some of the key appraisal assumptions.

1.11 The Council has recently commissioned Avison Young to update the viability assessment to take into consideration increased infrastructure costs associated with the delivery of the PREA. This report sets out the findings of this piece of work.

1.12 Our report has been prepared in accordance with the RICS Professional Statement Financial Viability in Planning: Conduct, and Reporting, 1st edition, May 2019 and the latest Planning Policy guidance (PPG) and National Planning Policy Framework (NPPF) guidance relating to Viability.

1.13 The advice contained within this report does not constitute a valuation of the site in accordance with RICS Valuation – Global Standards 2020 and should not be relied upon as such.

1.14 The Royal Institution of Chartered Surveyors (RICS) also recommends that suitably qualified professionals are consulted in undertaking viability assessments to inform the planning process. Avison Young is a company regulated by the RICS and this viability appraisal has been undertaken by Dale Robinson, MRICS, a Chartered Planning and Development Surveyor and Registered Valuer. He was the author of the Princess Risborough Expansion - Viability Report (March 2017), which was prepared whilst on secondment to the Homes and Communities Agency (now trading as Homes England) and gave evidence on the viability of the PREA at the Local Plan examination. He was also the author of the PREA Delivery Plan Viability Report (June 2019) and subsequent sensitivity analysis so is familiar with the site and its surroundings.

2. Methodology

2.1 There is no standard answer to questions of viability, nor is there a single approach for assessing viability.

2.2 For the purpose of this assessment we have referred to guidance issued by the Royal Institution of Chartered Surveyors (RICS) and the latest Planning Policy Guidance (PPG) and National Planning Policy Framework (NPPF) guidance relating to Viability. In the first instance we have referred to the 'RICS Professional Statement Financial Viability in Planning: Conduct, and Reporting, 1st edition, May 2019. The Guidance provides recommended good practice when assessing financial viability for planning purposes and is grounded in the statutory and regulatory planning regime that currently operates in England.

2.3 Financial viability for planning purposes is defined as:

'An objective financial viability test of the ability of a development project to meet its costs, including the cost of planning obligations, while ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering that project'.

2.4 An accepted method of valuation of development land is the 'residual method'. This is explained further in the RICS Guidance Note (Valuation of Development Property – 1st Edition, October 2019)[2]. In summary this valuation approach recognises that the value of a development scheme is a function of several elements. These include:

- The value of the completed development (GDV);
- The direct costs of developing the scheme (TCC[3])
- The return (profit) to the developer for taking the development risk and delivering the scheme;
- The cost of any planning obligations; and
- The cost or value of the land.

2.5 Normally the residual method of valuation is used in two basic ways. In the first instance it can be used to assess the level of return (profit) generated from the proposed project where the cost of the land is an input into the appraisal. In the second option it can be used to establish a 'residual site value' by inputting a predetermined level of profit. The consequential outputs of both options can then be compared to a benchmark to assess the viability of the scheme.

2.6 However, we have adopted a slightly different approach which combines these options to establish the 'viability headroom' having included within our appraisal both a land value and predetermined level of profit. This can be expressed through the following simple calculation.

Gross Development Value (GDV) (minus) Total Costs (including Developers Profit and Benchmark Land Value) = Project Headroom

[2] This replaces the former Valuation Information Paper (VIP) 12, Valuation of Development Land.
[3] Total Construction Costs

- *Gross Development Value*, includes all sales income generated by the development, including income from affordable housing.
- *Total Development Costs,* include construction costs, professional fees, planning, finance / interest charges etc.
- *Developer's Profit,* is expressed by reference to a percentage of the Total Development Costs or Gross Development Value.
- *Benchmark Land Value,* is expressed by reference to what is considered a competitive return to the landowner (see later).

2.7 In simple terms; only when the development value exceeds the total project costs and required returns (profit) can a scheme be considered viable. A scheme will not proceed where development costs exceed revenue (i.e. where there is a 'viability gap').

Benchmark Land Value.

2.8 Para 013 (Reference ID: 10-013-20190509][4], of the PPG provides guidance on the issue of benchmark land values and states that a benchmark land value should be established on the basis of the Existing Use Value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'Existing Use Value plus (EUV+).

2.9 In determining the benchmark land value the PPG states at Para 014 (Ref ID: 10-014-20190509] what factors should be considered when establishing the benchmark land value. It states that the benchmark land value should:

- Be based upon Existing Use Value (EUV);
- Allow for a premium to landowners (including equity resulting from those building their own homes);
- Reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees; and
- Be informed by market evidence of current uses, costs and values. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including for affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

2.10 Para 014 of PPG is also clear that under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan

[4] Revision date 09/05/2019

2.11 PPG defines Existing Use Value at Para 015 [Reference ID: 10 – 015-20190509]. It states that Existing Use Value (EUV) is the first component of calculating benchmark land value. It goes on to state that EUV is the value of the land in its existing use, which will vary depending on the type of site and development types.

2.12 The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. Para 016 of PPG (Ref: 10-016-20190509) states that the premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a contribution to fully comply with policy requirements. Para 016 states that [the process for establishing the premium] will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. PPG states that policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. PPG also confirms that a decision maker can give appropriate weight to emerging policies.

2.13 The sites that make up PREA predominantly comprise Greenfield / agricultural land and being a mixture of arable and pasture. The Council commissioned Carter Jonas to prepare a report for establishing the benchmark land value. A copy of this report is provided at Appendix 1.

2.14 Within their report Carter Jonas conclude that the Existing Use Value is £22,240 per hectare (£9,000 per acre).

2.15 In establishing the premium to reach a benchmark land value Carter Jonas have researched land transactions, including land sales in the PREA market area, and reviewed other viability assessments. Based on this evidence[5] Carter Jonas have confirmed that the benchmark land value for the purpose of this assessment should be at £247,110 per gross hectare (100,000 per gross acre).

[5] Refer to Section 7 of the Carter Jonas report

3. Scheme Details / Development Parameters

3.1 The Princes Risborough Expansion Area (PREA) comprises an urban extension that will deliver nearly 2500 homes, two primary schools, a new linear park, other community infrastructure, and a relief road that is required to unlock the development and enable town centre improvements. Pedestrian and road connections across the railway will also be improved complementing new employment land allocations.

3.2 Development will be brought forward by several developers / landowners across the PREA. Table 3.1 summarises the various developer and landowners interests / parcels and their associated development capacity, within the PREA comprehensive development, as set out within Policy PR3 of the Local Plan.

Table 3.1 – Developer / Landowner Interests

Developer	Gross Dev Ha	Net Dev Ha	# Dwgs
*Ashill**	-	-	-
Station Site	2	0.91	45
Poppy Road	3.7	2	58
Bloor	49.5	26	853
Halsbury	24.5	10.4	428
Persimmon	18	9.6	363
Wates	9.1	3.9	147
Taylor Wimpey	8.5	7.1	254
Eyre	5.9	1.7	64
Screech	0.8	0.7	27
Skeet/Broadway/Luck/	1.8	1.0	25
Quilter (now with medical centre land)	3	2.5	93
Totals	**128.80**	**65.81**	**2,357**

** already permitted (not included in this assessment)*

Dwelling Mix

3.3 Our assessment is based on 48% affordable housing split 80% affordable rent and 20% intermediate tenures[6].

3.4 In terms of dwelling mix we have referred to the Buckinghamshire HEDNA (December 2016). Based on figure 123 on page 161 of this document the housing mix set out in Table 3.2 has been incorporated within this assessment for the private dwellings.

[6] This assessment assumes affordable home ownership -i.e. shared ownership

Table 3.2 – Private Sales Mix

Dwelling Size	%
1 bedroom - 2 person Flat	3%
2 bedroom - 4 person flat	3.64%
2 bedroom - 4 person house	7.55%
3 bedroom - 5 person house	57%
4 bedroom - 7 person house	23%
5 bed - 8 person house	5.81%

3.5 Policy DM24 of the Wycombe District Local Plan (adopted August 2019) requires the affordable housing mix and tenure to be provided in accordance with current evidence. The supporting text to the policy[7] states that it is important that new residential development meets the identified needs of the District. The current evidence is set out in Table 123 of the HEDNA Addendum and delivering this mix is therefore integral to the identified affordable housing needs. The Council's required affordable housing mix is set out in Table 3.3.

Table 3.3 - Affordable Housing Mix

Tenure	Type	Dwelling Size	Required proportion of Each tenure
Affordable Rent	Flats of Houses	1 bedroom / 2 person	At least 12%
	Flats or Houses	2 bedroom / 4 person	At least 35%
	Houses only	3 bedroom / 5 or 6 person	At least 35%
	Houses only	4 bedroom or larger 7 or 8 person	No more than 15%
Intermediate	Flats or houses	1 bedroom 2 person	At least 12%
	Flats or houses	2-bedroom 4 person	At least 45%
	Houses only	3 bedroom 5 or 6 person	No more than 35%
	Houses only	4 bedroom or larger 6 or 7 person	No more than 5%

Source: Wycombe District Local Plan (adopted August 2019) - Table 25[8]

3.6 Within this context the following mix has been incorporated for the affordable housing tenures:

Table 3.4 - Affordable Rent Mix

House Type	%
1 bedroom - 2 person flat	13%
2 bedroom - 4 person flat	16%
2 bedroom - 4 person house	20%
3 bedroom - 5 person house	37%
4 bedroom - 7 person house	14%

[7] Para 6.36 page 250 of the Wycombe District Local Plan - Adopted August 2019.
[8] Refer to Table 25 on page 25. It should be noted there is a possible mistake with the table in the Local Plan. We have assumed that the last two rows under affordable rented are presumably to be included within the intermediate need.

Table 3.5 - Affordable Home Ownership Mix

House Type	%
1 bedroom - 2 person flat	12%
2 bedroom - 4 person flat	22%
2 bedroom - 4 person house	26%
3 bedroom - 5 person house	35%
4 bedroom - 7 person house	5%

3.7 The size of dwellings applied within this assessment for both private and affordable dwellings are set out in Table 3.6.

Table 3.6 - Dwelling Sizes

House Type	Gross Area	Net Area
1 bed - 2 person flat	59sq.m (635sq.ft)	50sq.m (540sq.ft)
2 bed 4 person flat	82sq.m (883sq.ft)	70sq.m (750sq.ft)
2 bed 4 person house	79sq.m (850sq.ft)	79sq.m (850sq.ft)
3 bed 5 person house	93sq.m (1,001sq.ft)	93sq.m (1,001sq.ft)
4 bed 7 person house	115sq.m (1,238sq.ft)	115sq.m (1,238sq.ft)
5 bed – 8 person house	128sq.m (1,378sq.ft)	128sq.m (1,378sq.ft)

Self Build Plots

3.8 In accordance with Policy DM22 of the Wycombe District Local Plan this assessment includes 5% of the proposed dwelling numbers as self build plots on all land parcels that deliver more than 100 units. We have included the following mix for the self-build plots.

Table 3.7 – Self Build Plots Mix

House Type	%
2 bed 4 person house	14%
3 bed 5 person house	57%
4 bed 7 person house	23%
5 bed 8 person house	6%

4. Appraisal Assumptions

4.1 Assessing viability requires judgements which are informed by relevant and available information /evidence. It requires a realistic understanding of the costs and the value of development in the local area and an understanding of the operation of the market.

4.2 This assessment has relied on a range of data / appropriate available evidence to inform the assumptions. However, even at this stage, it must also be recognised that whilst the assumptions will generally align with normal or usual figures expected in the majority of developments they may differ, in some cases, from the figures that may be used in the actual development of the scheme.

4.3 Within this section of the report we outline the appraisal assumptions applied within this assessment.

Construction Costs

4.4 Our assessment of new build construction costs is based on lower quartile cost data obtained from BCIS (Building Cost Information Service) rebased to the 4th Quarter 2020 and adjusted to reflect local sensitivities in Wycombe. For clarity the base construction costs that have been included in this assessment are summarised in Table 4.1

Table 4.1 – Base Construction Costs

Description	BCIS Rates £psm (£psf)
Estate Housing Generally	£1,217psm (£113psf)
General Apartments	£1,390psm (£129psf)

4.5 These costs reflect compliance with Part L 2010 Building Regulations and are inclusive of preliminaries but exclude external works. Because the data from BCIS excludes costs associated with external works[9] an additional allowance has been included for these items at 10% of the construction costs.

4.6 The following assumptions have been made regarding the cost of garages.

Table 4.2 - Cost of Garages

House Type	Garage Type	Cost (£)
1 bed - 2 person flat	No garage	-
2 bed - 4 person flat	No garage	-
2 bed - 4 person house	No garage	-
3 bed - 5 or 6 person house	Single garage	£7,500
4 bed - 7 person house	Double garage	£10,000
5 bed – 8 person house	Double garage	£10,000

[9] Whilst these works are likely to vary from site to site they would typically include all works associated with the exterior works of a project, ranging from ducts and drainage to general landscaping, parking, paving and perimeter boundaries etc. within the development parcels/plot boundary. They exclude any structural landscaping for which we have included a separate allowance.

4.7 The costs of garages have been excluded from the affordable housing.

4.8 Policy DM41 of the Wycombe District Local Plan requires all new dwellings to achieve the dwelling standards in Building Regulations Approved Document M4 (2). M4 (2) accessible and adaptable dwellings replaces and is the nearest technical housing standard to the previously recognised 'Lifetime Homes' standard.

4.9 A study undertaken by EC Harris (on behalf of Department for Communities and Local Government) in September 2014 examined the cost impacts of the Accessible and Adaptable Standards. The study concluded that the cost of providing Category 2 – accessible and adaptable dwellings would cost an additional (extra over industry practice) £907 to £940 per property for apartments and between £520 and £523 per property for housing. For the purpose of this assessment an average cost of £924 per apartment and £521.5 per property for traditional housing has been included.

4.10 It should be noted that these costs exclude the additional space related costs associated with the M4 (2) standard. The same report by EC Harris estimates that these costs range between £1,444 (cost for an additional 2sq.m) and £2,166 (cost for an additional 3sq.m) per property for housing and £722 (cost for additional 1sq.m) per apartment.

4.11 However, for private dwellings the changes / increase in space standards can also have an impact on sales value which may offset some or all of the additional build cost. This fact was recognised within the EC Harris report which concluded that for relatively small areas (i.e. and additional 1sq.m to 2sq.m of floor space) 90% of the additional cost is recovered via sales values. However, the ability to recover the additional costs by increased sales revenue reduces as the amount of additional space increases.

4.12 Given that the extra space standards associated with M4 (2) are expected to range between 2sq.m and 3sq.m we have assumed that approximately 80% of the extra space related costs can be recovered.

4.13 Within this context and for the purpose of clarity the following costs have been incorporated into this assessment for M4 (2) – Accessible and Adaptable Dwellings.

Table 4.3 - M4 (2) Accessible and Adaptable Standards - Average Cost per Property

Category	Apartments	Housing
Category 2 - access	£924	£521.5
Category 2 – access related space costs	£144	£361
Total Category 2 Accessible Cost	**£1,068**	**£882.5**

4.14 It should be noted that for shared ownership and affordable rented housing there will be limited opportunity to offset the access related space costs through additional revenue. Therefore the costs have been included in full meaning the overall costs for affordable rent and shared ownership properties are £1,646 per property for apartments and £2,326.5 per property for housing.

4.15 Policy DM41 also requires that all proposals which are required to provide on-site affordable housing in accordance with DM24 will also be required to provide 30% of any affordable homes and 20% of any market homes to approved standards within Building Regulations Approved Document M4 (3).

4.16 M4 (3) is also an optional Building Regulation which can be applied to a development if it is switched on by a planning condition. This optional requirement states that reasonable provision must be made for people to gain access to and use the dwelling and its facilities and that this provision must be sufficient to allow simple adaption of the dwelling to meet the needs of occupants who use wheelchairs; or meeting the needs of occupants who use wheelchairs.

4.17 M4 (3) homes are, therefore, designed to be either:

- Wheelchair adaptable (M4 (3) (2)(a)). Wheelchair adaptable homes are designed to incorporate the space, electrical and plumbing requirements to allow a property to become wheelchair accessible for a particular user at a later date, easily and cheaply; or
- Wheelchair accessible (M4(3) (2)(b)); Wheelchair accessible homes are designed to be usable for a wheelchair user from the outset (i.e. at the point of completion a wheelchair user could live in the home and it its fitted out with all the services and equipment required).

4.18 A local authority should, therefore, only require wheelchair accessible homes (as opposed to wheelchair adaptable homes), where they are responsible for allocating or nominating the end user of the dwelling. Generally, M4 (3) homes are likely to be wheelchair adaptable as opposed to accessible.

4.19 The EC Harris Report concluded that the extra over costs cost for wheelchair adaptable housing ((M4 (3) (2) (a)) range between £7,607 and £7,891 for apartments and £9,754 to £10,566 per property for houses. The costs associated with the additional space requirements for wheelchair adaptable standards is estimated to range between £15,162 (additional 21sq.m) and £17,328 (addition 24 sq.m) per property for housing and between £5,776 (additional 8sq.m) and £10,108 (additional 14sq.m) per property for apartments. For the purposes of this assessment, based on the findings within the EC Harris cost report, we have assumed that 60% of these costs would be recovered through increased sales revenue.

4.20 To be clear the following costs have been included within this assessment.

Table 4.4 – M4 (3) 2 (a)) Wheelchair Adaptable Homes - Average Cost per Property

Category	Apartments	Housing
Category 3 - Adaptable	£7,749	£10,160
Category 3 – access related space costs	£3,177	£6,498
Total Category 3 Adaptable	**£10,926**	**£16,658**

4.21 Once again there will be limited opportunity to offset the access related space costs through additional revenue for the affordable dwellings. Therefore, the costs have been included in full meaning the overall costs for achieving M43 adaptable standards on the affordable dwellings are again higher. The costs for shared ownership and affordable rented properties are £15,691per apartment and £26,405 per property for housing.

Sustainable Drainage

4.22 The Princes Risborough Expansion Area Delivery Strategy (PREADS) provides estimates of the capital costs in relation to the attenuation ponds and related pipes for each development parcel and for the relief road catchments across the expansion area. There are two alternative scenarios for draining the development parcels. The best case scenario assumes that the land north of the Crowbrook stream can drain via infiltration. The worst case scenario assumes that the land north of the Crowbrook stream cannot drain via infiltration. Both scenarios assume that the land south of Crowbrook stream cannot drain via infiltration due to ground water flood risk.

4.23 The costs for sustainable drainage relative to each land parcel are summarised in Table 4.5.

Table 4.5 - Cost of Sustainable Drainage

	Best (£)	Worst (£)
Station Site (1)	£143,443.5	£143,443.5
Poppy Road (1)	£143,443.5	£143,443.5
Bloor	£2,427,769	£2,855,158
Halsbury	£1,466,676	£1,466,676
Persimmon	£1,064,951	£1,064,951
Wates	£399,427	£496,860
Taylor Wimpey	£703,125	£941,915
Eyre	£232,742	£350,731
Screech	£88,060	£88,260
Skeet / Broadway/Luck/Pettigrove	£193,631	£242,440
Quilter	£110,044	£110,044
Totals	**£6,973,310**	**£7,903,720**

(1) The PREADS does not provide estimates for these sites but there is £286,887 of costs which are not assigned to a specific site. We have therefore split the unassigned costs over these sites.

4.24 For the purpose of this assessment we have assumed the worst-case scenario.

On Site Portion of the Relief Road

4.25 The PREA is dependent on the delivery of extra highway capacity in the form of a new relief road. It is expected that the 'on site' portion of the road will be delivered by the developers as the expansion is developed out[10]. This cost has been estimated at £22,902,713

4.26 We have spread this cost over the land parcels identified in Table 4.6.

[10] Requirements for safeguarding the route are set out in detail under Policy PRTP6.

Table 4.6 - Additional Cost of the Relief Road

Site/Developer	%	Total Contribution (£)
Bloor	50%	£11,451,357
Halsbury	25%	£5,725,678.
Persimmon/Wates/Taylor Wimpey	25%	£5,725,678[11]
Totals	**100%**	**£22,902,713**

Strategic Green Infrastructure and Biodiversity Enhancement

4.27 A separate allowance has been included for strategic green infrastructure and biodiversity enhancement (including tree planning) at £8,000 per dwelling[12]. This cost has been benchmarked against costs from another scheme in the Wycombe District.

Contingency

4.28 A contingency has been included at 3%. This has been applied to the total construction costs (inclusive of basic build, garages, external works and accessibility standards).

Project Fees

4.29 Many viability assessments incorporate an assessment of fees based upon a percentage of house building costs. Expenditure on fees will vary with the complexity of the site. They will also vary depending on the type of developer, with volume builders often able to realise some savings from in house provision.

4.30 Figures for fees relating to design, planning and other professional fees can range between 6 and 8% for straight forward sites but can be a lot higher for complex multi phased sites, such as the PREA. Within this context the assessment has included project fees at the rate of 10%.

Agency and Disposal Costs

4.31 The following agency and disposal costs have been included within our appraisals.

- An allowance for sale agent's fees at the rate of 1% on the private / open market sales income;
- A further allowance has been for direct sale legal fees. This is based on £1,000 per dwelling and applies to all tenures.
- Marketing costs are included at the rate of 2% of the private / open market sales income.

Infrastructure and S106 Planning Obligations

4.32 The PREA is subject to £130,115,579 of infrastructure and S106 Planning Obligations, as summarised in Table 4.7. However, the Council has been awarded £12,000,000 of HIF which will be used towards the Phase 1 Relief Road Costs (SRL) meaning the net costs are £19,316,951 and thereby reducing the overall costs to £118,115,579.

[11] £1,908,559 per land interest
[12] This allowance would be inclusive of the requirements associated with Policy DM34 of the Wycombe District Local Plan

Table 4.7 - PREA Infrastructure and S106 Planning Obligations

Item	£ Costs
Relief Road Phase 1 (SRL)	£19,316,951[13]
Relief Road Phase 3 – Grove Lane	£17,949,578
Relief Road Phase 3 – Lower Icknield Way	£18,891,158
Relief Road Phase 3 – Culverton Link	£7,032,210
Mill Lane Improvements	£2,040,000
Sportsman' Roundabout	£998,020
A4010 Traffic calming	£5,100,000
Underpass	£3,916,826
Stepped footbridge	£1,530,000
3.3 * 2FE primary schools	£24,560,194
SOS1 Allotments	£267,750
SOS2 3 Sports Pitches	£1,096,500
SOS1 1 Rugby Pitch	£520,200
SOS2 1 MUGA	£248,880
SOS2 3G Multi-sports	£1,106,700
SOS2 3G Hockey	£1,025,100
SOS2 4 tennis courts	£430,440
SOS2 Hub Mill Lane	£988,380
SOS1 Hub - Lower Icknield Way	£835,380
2 NEAPS	£892,500
5 LEAPS	£892,500
Footpaths and cycling networks improvements (offsite)	£2,040,000
Bus Provision	£1,143,237
3rd Party Land (Phase 3)	£1,926,502
Part 1 Compensation	£342,583
Council costs associated with land acquisition	£800,000
Bradbury Equalisation Payment	£494,220
Gladman Equalisation Payment	£1,334,394
Meech Equalisation Payment	£3,395,376
Totals Costs	£118,115,579[14]

4.33 For the purpose of this assessment we have apportioned the total costs based on net development area which is a fair and equitable approach to cost distribution in line with Policy PR17 of the Wycombe District Local Plan. On this basis the costs set out in Table 4.8 would be expected from each site/land parcel.

[13] £31,316,951 less £12,000,000 of HIF
[14] £130,115,579 less £12,000,000 of HIF

Table 4.8 - Apportioned Infrastructure and S106 Planning Obligations

Site/Developer	Gross Area (Ha)	Net Developable Area (Ha)	Total Contribution (£) Net HIF
Station Site	2	0.91	£1,633,265
Poppy Road	3.7	2	£3,589,594
Bloor	49.5	26	£46,664,717
Halsbury	24.5	10.4	£18,665,887
Persimmon	18	9.6	£17,230,049
Wates	9.1	3.9	£6,999,708
Taylor Wimpey	8.5	7.1	£12,743,057
Eyre	5.9	1.7	£3,051,155
Screech	0.8	0.7	£1,256,358
Skeet / Broadway/Luck	1.8	1.0	£1,794,797
Quilter	3	2.5	£4,486,992
Totals	**128.80**	**65.81**	**£118,115,579**

HIF Recovery

4.34 There is an expectation from Homes England that the Council recover the HIF investment and re-invest this elsewhere in the District. For the purpose of this exercise we have derived the HIF repayment by apportioning the total HIF (i.e. £12,000,000) based on the net development area which replicates the approach we have taken to the infrastructure and S106 Planning Obligations. On this basis the HIF repayments that would be expected from each site/land parcel are set out in Table 4.9.

Table 4.9 – HIF Repayments

Site/Developer	Gross Area (Ha)	Net Developable Area (Ha)	HIF Repayments
Station Site	2	0.91	£165,932
Poppy Road	3.7	2	£364,686
Bloor	49.5	26	£4,740,921
Halsbury	24.5	10.4	£1,896,368
Persimmon	18	9.6	£1,750,494
Wates	9.1	3.9	£711,138
Taylor Wimpey	8.5	7.1	£1,294,636
Eyre	5.9	1.7	£309,983
Screech	0.8	0.7	£127,640
Skeet / Broadway/Luck	1.8	1.0	£182,343
Quilter	3	2.5	£455,858
Totals	**128.80**	**65.81**	**£12,000,000**

4.35 In terms of the timing of the HIF recovery the Council has advised that they would seek payments on completion of 75% of the numbers of units within each land parcel.

Community Infrastructure Levy

4.36 The PREA is located within Zone B for the purposes of the Community Infrastructure Levy (CIL). We have included a CIL charge at £223.6psm as per the current index linked charges. In accordance with the Regulations we have only charged CIL on the open market / private units. On this basis the CIL liabilities associated with each site/land parcel are set out in Table 4.10.

Table 4.10 – CIL Liabilities

Site/Developer	CIL Liability
Station Site	£510,751
Poppy Road	£658,301
Bloor	£9,681,566
Halsbury	£4,390,711
Persimmon	£3,723,898
Wates	£1,508,025
Taylor Wimpey	£2,605,702
Eyre	£726,401
Screech	£306,451
Skeet / Broadway/Luck	£283,750
Quilter	£1,055,552
Totals	**£25,451,108**

4.37 We have also phased the CIL payment in line with the Councils phasing policy, as summarised below:

- 15% payable within 60 days of commencement
- 50% payable within 360 days of commencement
- 100% payable within 540 days of commencement

Developers Profit

4.38 A key element of viability is to allow a risk adjusted market return to the developer. Without this there is no commercial justification to a developer investing money into a site.

4.39 The Planning Practice Guidance (PPG) states that a profit of between 15% and 20% of gross development value (GDV) may be considered a suitable return to developers. It also states that a lower figure may also be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk

4.40 Within this context we have applied a profit of 20% on GDV for the market sale units and 6% on construction costs for the affordable housing.

4.41 In addition developers will also view their Return on Capital Employed (ROCE) as a key performance indicator. For large capital extensive schemes such as the PREA most developers will target a ROCE of 25%.

Stamp Duty and Purchasers Costs on Benchmark Land Value

4.42 We have assumed Stamp duty at the prevailing rate prior to the short-term concessions granted in response to the Covid 19 pandemic. These are set out in Table 4.11.

Table 4.11 - Stamp Duty Thresholds for Non-Residential Land or Property[15]

Purchase Price	SDLT Rate
Up to £150,000	0%
The next £100,000 (the portion from £150,001 to £250,000)	2%
The remaining amount (the portion over £250,000)	5%

Source: HM Customs and Revenue

4.43 In addition to the stamp duty rates an extra allowance of 1.5% has been applied to cover the agents', legal fees and VAT associated with the transaction.

Private Sales Revenue

4.44 To understand values locally we have analysed the transactions of new build sales within a 2-mile radius of Princes Risborough over the past three years (please refer to Appendix 3). Whilst the sample of evidence is limited over the past year it shows an average sales value of circa £5,123psm (£475psf)) and a median value of circa £4,747psm (£441psf). The average value achieved over the past two years is circa £4,772psm (£443psf) with a median value of circa £4,721psm (£439psf). Based on this data we have applied a sales value of £4,736psm (£440psf) [16].. There was a dearth of evidence for apartments but for the purpose of our assessment we have adopted a sales value of £4,305psm (£400psf).

4.45 On this basis the following property prices are generated.

Table 4.12- Open Market Sales Prices

Property Type	Size sq.m (sq.ft)	Value of Property
1 bed 2 person flat	50sq.m (538sq.ft)	£215,896
2 bed 4 person flat	70sq.m (753sq.ft)	£300,059
2 bed 4 person house	79sq.m (850sq.ft)	£374,144
3 bed 5 person house	93sq.m (1,000sq.ft)	£440,448

[15] The HMRC Guidance states that non – residential properties include commercial property such as shops or offices, agricultural land, forests, and any other land or property transaction which is not used as a dwelling and six or more residential properties bought in a single transaction.

[16] Within their benchmark land value report Carter Jonas note that the Land Registry House Price Index as at September 2020 shows average house price growth of 5.2% over the last 12 months. They highlight that Rightmove reports the average house price in Princes Risborough as at 7 August 2020 as £457,688 a 7% increase on the previous year with price activity aligned with the national picture. From their own on-line research, they acknowledge an increase in the market and comment that the average GDV relative to the scheme should reflect a similar increase which would suggest a sales rate in the region of £445 - £450psf.

4 bed 7 person house	115sq.m (1,238sq.ft)	£544,640
5 bed 8 person house	128sq.m (1,377sq. ft)	£606,208

Affordable / Social Rent Revenue

4.46 Affordable rent provides affordable dwellings at up to 80% of market rent but no higher than the local housing allowance rates. Our assessment is based on the current local housing allowance rates as the discounted market rates are higher than the local housing allowance rates shown in Table 4.13.

Table 4.13 – Affordable Rent Rental Values

Property Type	Monthly rental value[17]	Weekly rental value
1 bed 2 person flat	£673.14	155.34
2 bed 4 person flat	£797.81	184.11
2 bed 4 person house	£797.81	184.11[18]
3 bed 5 person house	£1047.11	241.64
4 bed 8 person house	£1,396.16	322.19

Source: lha - direct.voa.gov.uk

4.47 Capital values for the affordable rent/ social units have been determined by applying, management costs at 5%, voids and bad debt at 2.5% and repair and maintenance (including sinking) fund) at 5%. The net rental income has then been capitalised at 4.5%. On this basis the following capital values are generated for the affordable / social rent typologies:

Table 4.14 – Affordable/Social Rent Capital Values/ Prices

Property Type	Capital Value / Price
1 bed 2 person flat	£157,066
2 bed 4 person flat	£186,156
2 bed 4 person house	£186,156
3 bed 5 person house	£244,326
4 bed 8 person house	£325,771

Source: Avison Young

Affordable Home Ownership Revenue

4.48 The assessment is based on shared ownership and we have assumed an initial 50% equity stake. A rental charge of 2.75% is applied to the retained equity. Deductions are made for management charges (5%) and an allowance for voids and bad debt (2.5%) from the gross rental income. The net rental income is then capitalise using a yield of 4.5% and added to the initial 50% equity stake. On this basis the following capital values are generated for the shared ownership typologies.

[17] Calculated by multiplying the weekly rental value by 52 weeks and dividing by 12 months.
[18] This is an assumed rent as the rent was just for a 2 bed dwelling it did not distinguish between flats and houses.

Table 4.15– Affordable Home Ownership Capital Values /Prices

Property Type	Capital Value / Price
1 bed 2 person flat	£168,968
2 bed 4 person flat	£234,837
2 bed 4 person house	£292,820
3 bed 5 person house	£344,712
4 bed 8 person house	£426,256

Source: Avison Young

Self-Build Plot Values

4.49 A simple way to calculate the value of self-build plots is to base this on a percentage of the property value. The UK Land Directory advises that the value of plots for sale should equate to approximately 45% of the market value of the equivalent property. On this basis the plot values set out within Table 4.14 have been applied within our assessment.

Table 4.16 - Self Build Plot Values

Dwelling Type	Open Market Sales Prices[19]	Plot Value at 45% of Property Value
2 bed 4 person house	£374,144	£168,365
3 bed 5 person house	£440,448	£198,202
4 bed 7 person house	£544,640	£245,088
5 bed 8 person house	£606,208	£272,794

Finance and Timings

4.50 It is often difficult to establish what an appropriate rate of interest would be. Current margins are substantial despite the exceptionally low base rate. It is not uncommon within viability assessments for interest rates to be included at a rate of between 6 – 6.5%, particularly for schemes which are to be delivered by local or sub-regional developers who do not typically benefit from the same advantageous funding facilities / terms as the volume house builders. The large PLC house builders may, for example, be able to access debt finance from a revolving corporate structure. On the other hand, smaller developers may be required to access debt finance on a site by site basis and their covenant strength is inherently weaker than the PLCs. A finance rate of 6.5% has been included within our appraisals assessment.

4.51 The appraisals are based on the delivery and infrastructure profiles included at Appendix 3.

.

[19] Refer to Table 4.12

5. Base Case Results

5.1 The results of our assessment are presented in Table 5.1.

5.2 Our analysis has demonstrated that the Infrastructure / S106 Obligations and HIF repayments can be viably accommodated albeit the Skeet/Broadway/Luck land parcel generates a viability gap of -£105,055 meaning it is unable to pay its full HIF repayment; only being able to afford circa £77,000 instead of its full repayment of £182,343. However, it can afford its full equitable infrastructure contribution.

5.3 All the developer's / land parcels generate a Return on Capital Employed (ROCE) greater than 25%.

5.4 Except for the Skeet /Broadway/Luck land parcel all the developers / land parcels generate headroom /additional profit which cumulatively amounts to £57,619,713.

Table 5. 1 – Results **Base Case**

	Station Site	Poppy Road	Bloor	Halsbury	Persimmon	Wates	Taylor Wimpey	Eyre	Screech	SLB	Quilter
Total GDV	**15,812,297**	**20,380,294**	**308,875,587**	**145,083,076**	**123,049,431**	**49,829,935**	**86,100,704**	**22,488,601**	**9,487,378**	**8,784,610**	**32,678,748**
Base Construction Costs	5,320,621	6,857,690	100,844,853	47,891,986	40,618,670	16,448,883	28,421,880	7,567,106	3,192,373	2,955,901	10,995,951
Enhanced Construction Costs (Accessibility Costs)	275,296	354,825	5,217,750	2,533,380	2,148,637	870,109	1,503,454	391,531	165,177	152,942	568,944
External Works	532,062	685,769	10,084,485	4,789,199	4,061,867	1,644,888	2,842,188	756,711	319,237	295,590	1,099,595
Cost of Enhance Esate Road	-	-	11,451,357	5,725,678	1,908,559	1,908,559	1,908,559	-	-	-	-
Sustainable Drainage	143,444	143,444	2,855,158	1,466,676	1,064,951	496,860	941,915	350,731	88,060	242,440	110,044
Site Wide Infrastructure	360,000	464,000	6,824,000	3,424,000	2,904,000	1,176,000	2,032,000	512,000	216,000	200,000	744,000
Project Fees	663,142	850,573	13,727,760	6,583,092	5,270,668	2,254,530	3,765,000	957,808	398,085	384,687	1,351,853
Contingency	198,943	255,172	4,118,328	1,974,928	1,581,201	676,359	1,129,500	287,342	119,425	115,406	405,556
Sales agents, legal fees and marketing	365,947	471,666	6,936,737	3,187,051	2,703,036	1,094,618	1,891,381	520,459	219,568	203,304	756,291
CIL	510,751	658,301	9,681,566	4,390,711	3,723,898	1,508,025	2,605,702	726,401	306,451	283,750	1,055,552
Profit	2,446,493	3,153,257	48,171,759	22,206,975	18,834,421	7,627,162	13,178,906	3,479,456	1,467,896	1,359,163	5,056,085
Standard Development Costs	**10,816,699**	**13,894,696**	**219,913,754**	**104,173,675**	**84,819,908**	**35,705,993**	**60,220,484**	**15,549,545**	**6,492,272**	**6,193,184**	**22,143,872**
Infrastructure and S106 Planning Obligations	**1,633,266**	**3,589,593**	**46,664,717**	**18,665,887**	**17,230,050**	**6,999,708**	**12,743,058**	**3,051,154**	**1,256,357**	**1,794,797**	**4,486,992**
HIFRepayment	**165,932**	**364,686**	**4,740,921**	**1,896,368**	**1,750,494**	**711,138**	**1,294,636**	**309,983**	**127,640**	**182,343**	**455,858**
Land Value	494,220	914,307	12,231,945	6,054,195	4,447,980	2,248,701	2,100,435	1,457,949	197,688	444,798	741,330
Stamp Duty	14,211	35,215	601,097	292,210	211,899	101,935	94,522	62,397	954	11,740	26,567
Purchasers Costs	7,413	13,715	183,479	90,813	66,720	33,731	31,507	21,869	2,965	6,672	11,120
Finance Costs	**173,003**	**417,919**	**8,800,658**	**4,320,099**	**2,949,896**	**1,300,179**	**2,009,917**	**482,682**	**178,828**	**256,132**	**870,732**
Total Costs	13,304,744	19,230,131	293,136,571	135,493,247	111,476,947	47,101,384	78,494,558	20,935,580	8,256,705	8,889,665	28,736,470
Project Headroom	**2,507,553**	**1,150,163**	**15,739,015**	**9,589,829**	**11,572,484**	**2,728,551**	**7,606,146**	**1,553,020**	**1,230,673**	**- 105,055**	**3,942,278**
ROCE	186%	67%	47%	48%	67%	52%	67%	68%	98%	31%	67%

6. Sensitivity Analysis

6.1 Within this section of the report we have considered the impact on viability of the base case by applying the following sensitivities.

- **Sensitivity 1. Increasing the build costs by 5%.** This would mean the construction costs increase to £1,278psm (£119psf) for the housing and £1,460psm (£136psf) for the apartments. Note under this scenario the cost of external works, professional fees and contingency will also increase as these costs are all based on a percentage of the build costs. The results of this sensitivity are presented in Table 6.1 and demonstrate that the Infrastructure / S106 obligations and HIF repayments are viable with all but one developer / land parcel being able to pay their contributions in full. The exception is the Skeet / Broadway/Luck land parcel, which generates an increased viability gap of -£290,418. Under this scenario the Skeet/Broadway/Luck land parcel is unable to affordable its HIF repayment (£182,343) and is also unable to pay its full equitable infrastructure contribution. To ensure a viable scheme Skeet/Broadway/Luck would only be able to afford an infrastructure contribution of £1,686,722 which is -£108,075 short of their full equitable contribution (£1,794,797). All the developer's / land parcels generate a Return on Capital Employed (ROCE) of 25% or higher. In addition, all the developers / land parcels (except Skeet/Broadway/Luck) generate headroom / additional profit but the cumulative headroom falls to £39,622,813.

- **Sensitivity 2. Decreasing the build costs by 5%.** This would mean the construction costs fall to £1,156psm (£107psf) for the housing and £1,321psm (£123psf) for the apartments. Note under this scenario the cost of external works, professional fees and contingency will also decrease as these costs are all based on a percentage of the build costs. The results of this sensitivity are presented in Table 6.2 and demonstrate that the Infrastructure / S106 obligations and HIF repayments are viable for all developers / land parcels. In addition, all the developer's / land parcels generate a ROCE greater than the target of 25% as well as 'headroom' /additional profit which cumulatively amounts to £75,393,300.

- **Sensitivity 3. Increase the sales values by 5%.** This would mean the sales values for the housing typologies increases to £4,973psm (£462psf) and for apartments the sales value increases to £4,520psm (£420psf). Note under this scenario the value of the self-build plots will increase as they are based on 45% of the market value of the equivalent property value. The shared ownership values will also increase as we have assumed a 50% equity stake when calculating the value of this affordable housing tenure. In addition, the costs of sale agents, legal and marketing fees and developers profit will also increase as these are all based on a percentage allowance of the Gross Development Value. The results of this sensitivity are presented in Table 6.3 and demonstrate that the Infrastructure / S106 obligations and HIF repayments are viable for all developers / land parcels. In addition, all the developer's / land parcels generate a ROCE greater than the target of 25% and 'headroom' /additional profit which cumulatively amounts to £82,815,507.

- **Sensitivity 4. Decrease in sales value by 5%.** This would mean the sales values for the housing typologies falls to £4,499psm (£418psf) and for apartments the sales value fall to £4,090psm (£380psf). Note under this scenario the value of the self-build plots will also decrease as they are based on 45% of the market value of the equivalent property value. The shared ownership values will also fall as we have assumed a 50% equity stake when calculating the value of this affordable housing tenure. In addition, the costs of sale agents, legal and marketing fees and developers profit will also reduce as these are all based on a percentage allowance of the Gross Development Value. The results of this sensitivity are presented in Table 6.4 and demonstrate that the Infrastructure / S106 obligations including HIF repayments can be viably accommodated albeit the Skeet / Broadway/Luck land parcel generates a viability gap of -

£372,475. Under this scenario the Skeet/Broadway/Luck land parcel is unable to affordable its HIF repayment (£182,343) and is also unable to pay its full equitable infrastructure contribution. To ensure a viable scheme Skeet/Broadway/Luck would only be able to afford an infrastructure contribution of £1,604,666 which is -£190,131 short of their equitable contribution (£1,794,797). All of the developers / land parcels (except Skeet/Broadway/Luck) generate a ROCE of 25% or more and headroom' / additional profit which cumulatively amounts to £31,821,469.

- **Sensitivity 5. Decrease in sales value by 10%.** This would mean the sales values for the housing typologies falls to £4,262psm (£396psf) and for apartments the sales value fall to £3,875psm (£360psf). Note as with the previous sensitivity the values of the self-build plots, shared ownership dwellings and the costs of sale agents, legal and marketing fees and developers profit will also be impacted under this scenario. The results of this sensitivity are presented in Table 6.5 and demonstrate that Poppy Road, Bloor, Wates and Skeet/Broadway/Luck all generate viability gaps.

  - Under this scenario Poppy Road generates a viability gap of -£88,580 meaning it can pay its full equitable infrastructure contribution (£3,589,594) but is only able to pay £276,106 of its HIF repayment which is -£88,500 short of their equitable repayment (£364,686).
  - Under this scenario Bloor generates a viability gap of -£5,350,699 meaning they are unable to afford their HIF repayment (£4,740,921). In addition, they are unable to pay their full infrastructure contribution. To ensure a viable scheme Bloor would only be able to afford an infrastructure contribution of £46,091,717 which is circa -£573,000 short of their full equitable contribution (£46,664,717).
  - Under this scenario Wates generates a viability gap of -£335,658 meaning they are unable to repay all their HIF contribution. Whilst they can pay their full infrastructure contribution of £6,999,708, they can only afford to pay £375,480 of their HIF repayment which is -£335,658 short of their full payment (£711,138).
  - Under this scenario the Skeet/Broadway/Luck land parcel generates a viability gap of -£639,894. As a result, they are unable to affordable their HIF repayment (£182,343) and are also unable to pay their full equitable infrastructure contribution. To ensure a viable scheme Skeet/Broadway/Luck would only be able to afford an infrtrasucture contribution of £1,337,246 which is -£457,551 short of their equitable contribution (£1,794,797).

  Except for Bloor, Halsbury and Skest/Broadway/Luck all the land parcels generate a Return on Capital Employed (ROCE) of 25% or higher. From those sites that are viable the cumulative headroom generated is £10,824,233.

- **Sensitivity 6. The benchmark land value is reduced to £185,333per gross hectare (£75,000 per gross acre).** Note under this scenario there will also be reduction in stamp duty and purchasers' costs. The results of this sensitivity are presented in Table 6.6 and demonstrate that the Infrastructure / S106 obligations and HIF repayments are viable with all land parcels / developers being able to pay their contributions in full. In addition, all the developer's / land parcels generate a ROCE greater than the target of 25% as well as 'headroom' /additional profit which cumulatively amounts to £68,218,178.

- **Sensitivity 7. The benchmark land value is increased to £308,887per gross hectare (£125,000 per gross acre)**. Note under this scenario there will also be an increase in stamp duty and purchasers' costs. The results of this sensitivity are presented in Table 6.7 and demonstrate that the Infrastructure / S106 obligations and HIF repayments can be viably accommodated with all but one developer / land parcel being able to pay their contributions in full. The exception is the Skeet / Broadway/Luck land parcel, which generates a viability gap of -£231,180. As a result, they are unable to affordable their HIF repayment (£182,343) and are also unable to pay their full equitable infrastructure contribution. To ensure a viable scheme Skeet/Broadway/Luck would only be able to afford an infrastructure contribution of £1,495,069 which is -£48,837 short of the equitable contribution (£1,794,797). All the developer's / land parcels generate a

ROCE greater than the target of 25% and except for Skeet/Broadway/Luck all generate headroom/additional profit which cumulatively amounts to £46,708,703.

- **Sensitivity 8 Considers the early delivery of the Culverton Link.** In this scenario the Culverton Link costs (£7,032,210) are brought forward three years starting in 2021/22 with completion in 2025/26. In addition, this sensitivity also accelerates the delivery of the Poppy Road site to 2026/27 and 2027/2028. The results of this sensitivity are presented in Table 6.8 and demonstrate that the Infrastructure / S106 obligations and HIF repayments are viable with all but one developer / land parcel being able to pay their contributions in full. The exception is the Skeet / Broadway/Luck land parcel, which generates a viability gap of -£112,227. As a result, the Skeet/Broadway/Luck land parcel is unable to make its full HIF repayment; being only able to afford circa £70,117 which is £112,227 short of their full equitable repayment (£182,343) However, they can afford their full equitable infrastructure contribution. All the developer's / land parcels generate a ROCE greater than the target of 25% as well as 'headroom' /additional profit which cumulatively amounts to £56,438,804.

- **Sensitivity 9 Considers a worst-case scenario with sales values reducing by 10%[20] in association with build costs increasing by 5%[21] and the benchmark land value increasing to £125,000.** The results are presented in Table 6.9 and demonstrate that the Infrastructure / S106 obligations are largely unviable with only the Station, Screech and Quilter land parcels able to afford their equitable contributions. The remaining land parcels are all unviable generating a cumulative viability gap of circa -£28m.

[20] The values of the self-build plots, shared ownership dwellings and the costs of sale agents, legal and marketing fees and developers profit will also be impacted by this change.
[21] The cost of external works, professional fees and contingency will also be impacted by this change.

Table 6. 1 – **Sensitivity 1** Results

	Station Site	Poppy Road	Bloor	Halsbury	Persimmon	Wates	Taylor Wimpey	Eyre	Screech	SLB	Quilter
Total GDV	**15,812,297**	**20,380,294**	**308,875,587**	**145,083,076**	**123,049,431**	**49,829,935**	**86,100,704**	**22,488,601**	**9,487,378**	**8,784,610**	**32,678,748**
Base Construction Costs	5,578,280	7,189,783	105,728,390	50,214,610	42,588,560	17,246,607	29,800,259	7,933,554	3,346,968	3,099,044	11,528,445
Enhanced Construction Costs (Accessibility Costs)	275,296	354,825	5,217,750	2,533,380	2,148,637	870,109	1,503,454	391,531	165,177	152,942	568,944
External Works	557,828	718,978	10,572,839	5,021,461	4,258,856	1,724,661	2,980,026	793,355	334,697	309,904	1,152,845
Cost of Enhance Esate Road	-	-	11,451,357	5,725,678	1,908,559	1,908,559	1,908,559	-	-	-	-
Sustainable Drainage	143,444	143,444	2,855,158	1,466,676	1,064,951	496,860	941,915	350,731	88,060	242,440	110,044
Site Wide Infrastructure	360,000	464,000	6,824,000	3,424,000	2,904,000	1,176,000	2,032,000	512,000	216,000	200,000	744,000
Project Fees	691,485	887,103	14,264,949	6,838,580	5,487,356	2,342,280	3,916,621	998,117	415,090	400,433	1,410,428
Contingency	207,445	266,131	4,279,485	2,051,574	1,646,207	702,684	1,174,986	299,435	124,527	120,130	423,128
Sales agents, legal fees and marketing	365,947	471,666	6,936,737	3,187,051	2,703,036	1,094,618	1,891,381	520,459	219,568	203,304	756,291
CIL	510,751	658,301	9,681,566	4,390,711	3,723,898	1,508,025	2,605,702	726,401	306,451	283,750	1,055,552
Profit	2,446,493	3,153,257	48,171,759	22,206,975	18,834,421	7,627,162	13,178,906	3,479,456	1,467,896	1,359,163	5,056,085
Standard Development Costs	**11,136,968**	**14,307,488**	**225,983,990**	**107,060,697**	**87,268,481**	**36,697,564**	**61,933,810**	**16,005,040**	**6,684,434**	**6,371,111**	**22,805,762**
Infrastructure and S106 Planning Obligations	**1,633,266**	**3,589,593**	**46,664,717**	**18,665,887**	**17,230,050**	**6,999,708**	**12,743,058**	**3,051,154**	**1,256,357**	**1,794,797**	**4,486,992**
HIFRepayment	**165,932**	**364,686**	**4,740,921**	**1,896,368**	**1,750,494**	**711,138**	**1,294,636**	**309,983**	**127,640**	**182,343**	**455,858**
Land Value	494,220	914,307	12,231,945	6,054,195	4,447,980	2,248,701	2,100,435	1,457,949	197,688	444,798	741,330
Stamp Duty	14,211	35,215	601,097	292,210	211,899	101,935	94,522	62,397	954	11,740	26,567
Purchasers Costs	7,413	13,715	183,479	90,813	66,720	33,731	31,507	21,869	2,965	6,672	11,120
Finance Costs	**184,995**	**434,694**	**9,669,969**	**4,698,950**	**3,186,107**	**1,403,919**	**2,150,053**	**528,708**	**186,433**	**263,567**	**903,648**
Total Costs	**13,637,006**	**19,659,699**	**300,076,118**	**138,759,121**	**114,161,730**	**48,196,695**	**80,348,021**	**21,437,101**	**8,456,472**	**9,075,028**	**29,431,276**
Project Headroom	**2,175,292**	**720,595**	**8,799,468**	**6,323,955**	**8,887,701**	**1,633,240**	**5,752,683**	**1,051,500**	**1,030,907**	**- 290,418**	**3,247,471**
ROCE	162%	58%	38%	39%	57%	43%	57%	56%	87%	25%	60%

Table 6. 2 – **Sensitivity 2** Results

	Station Site	Poppy Road	Bloor	Halsbury	Persimmon	Wates	Taylor Wimpey	Eyre	Screech	SLB	Quilter
Total GDV	**15,812,297**	**20,380,294**	**308,875,587**	**145,083,076**	**123,049,431**	**49,829,935**	**86,100,704**	**22,488,601**	**9,487,378**	**8,784,610**	**32,678,748**
Base Construction Costs	5,062,963	6,525,597	95,961,316	45,569,362	38,648,781	15,651,159	27,043,500	7,200,658	3,037,778	2,812,757	10,463,457
Enhanced Construction Costs (Accessibility Costs)	275,296	354,825	5,217,750	2,533,380	2,148,637	870,109	1,503,454	391,531	165,177	152,942	568,944
External Works	506,296	652,560	9,596,132	4,556,936	3,864,878	1,565,116	2,704,350	720,066	303,778	281,276	1,046,346
Cost of Enhance Esate Road	-	-	11,451,357	5,725,678	1,908,559	1,908,559	1,908,559	-	-	-	-
Sustainable Drainage	143,444	143,444	2,855,158	1,466,676	1,064,951	496,860	941,915	350,731	88,060	242,440	110,044
Site Wide Infrastructure	360,000	464,000	6,824,000	3,424,000	2,904,000	1,176,000	2,032,000	512,000	216,000	200,000	744,000
Project Fees	634,800	814,043	13,190,571	6,327,603	5,053,981	2,166,780	3,613,378	917,499	381,079	368,941	1,293,279
Contingency	190,440	244,213	3,957,171	1,898,281	1,516,194	650,034	1,084,013	275,250	114,324	110,682	387,984
Sales agents, legal fees and marketing	365,947	471,666	6,936,737	3,187,051	2,703,036	1,094,618	1,891,381	520,459	219,568	203,304	756,291
CIL	510,751	658,301	9,681,566	4,390,711	3,723,898	1,508,025	2,605,702	726,401	306,451	283,750	1,055,552
Profit	2,446,493	3,153,257	48,171,759	22,206,975	18,834,421	7,627,162	13,178,906	3,479,456	1,467,896	1,359,163	5,056,085
Standard Development Costs	**10,496,429**	**13,481,904**	**213,843,517**	**101,286,653**	**82,371,336**	**34,714,423**	**58,507,158**	**15,094,051**	**6,300,110**	**6,015,256**	**21,481,981**
Infrastructure and S106 Planning Obligations	**1,633,266**	**3,589,593**	**46,664,717**	**18,665,887**	**17,230,050**	**6,999,708**	**12,743,058**	**3,051,154**	**1,256,357**	**1,794,797**	**4,486,992**
HIFRepayment	**165,932**	**364,686**	**4,740,921**	**1,896,368**	**1,750,494**	**711,138**	**1,294,636**	**309,983**	**127,640**	**182,343**	**455,858**
Land Value	494,220	914,307	12,231,945	6,054,195	4,447,980	2,248,701	2,100,435	1,457,949	197,688	444,798	741,330
Stamp Duty	14,211	35,215	601,097	292,210	211,899	101,935	94,522	62,397	954	11,740	26,567
Purchasers Costs	7,413	13,715	183,479	90,813	66,720	33,731	31,507	21,869	2,965	6,672	11,120
Finance Costs	**161,011**	**401,143**	**8,044,286**	**4,018,516**	**2,778,707**	**1,243,354**	**1,871,255**	**436,656**	**171,224**	**248,696**	**837,816**
Total Costs	**12,972,482**	**18,800,564**	**286,309,963**	**132,304,642**	**108,857,185**	**46,052,989**	**76,642,571**	**20,434,060**	**8,056,939**	**8,704,302**	**28,041,663**
Project Headroom	**2,839,815**	**1,579,730**	**22,565,624**	**12,778,434**	**14,192,246**	**3,776,946**	**9,458,133**	**2,054,540**	**1,430,439**	**80,308**	**4,637,085**
ROCE	213%	77%	57%	57%	77%	60%	79%	82%	110%	38%	75%

Table 6. 3 – **Sensitivity 3** Results

	Station Site	Poppy Road	Bloor	Halsbury	Persimmon	Wates	Taylor Wimpey	Eyre	Screech	SLB	Quilter
Total GDV	**16,409,857**	**21,150,483**	**320,252,150**	**150,277,343**	**127,454,849**	**51,613,947**	**89,183,283**	**23,338,464**	**9,845,914**	**9,116,587**	**33,913,705**
Base Construction Costs	5,320,621	6,857,690	100,844,853	47,891,986	40,618,670	16,448,883	28,421,880	7,567,106	3,192,373	2,955,901	10,995,951
Enhanced Construction Costs (Accessibility Costs)	275,296	354,825	5,217,750	2,533,380	2,148,637	870,109	1,503,454	391,531	165,177	152,942	568,944
External Works	532,062	685,769	10,084,485	4,789,199	4,061,867	1,644,888	2,842,188	756,711	319,237	295,590	1,099,595
Cost of Enhance Esate Road	-	-	11,451,357	5,725,678	1,908,559	1,908,559	1,908,559	-	-	-	-
Sustainable Drainage	143,444	143,444	2,855,158	1,466,676	1,064,951	496,860	941,915	350,731	88,060	242,440	110,044
Site Wide Infrastructure	360,000	464,000	6,824,000	3,424,000	2,904,000	1,176,000	2,032,000	512,000	216,000	200,000	744,000
Project Fees	663,142	850,573	13,727,760	6,583,092	5,270,668	2,254,530	3,765,000	957,808	398,085	384,687	1,351,853
Contingency	198,943	255,172	4,118,328	1,974,928	1,581,201	676,359	1,129,500	287,342	119,425	115,406	405,556
Sales agents, legal fees and marketing	381,995	492,349	7,240,924	3,325,003	2,820,038	1,141,999	1,973,250	543,282	229,197	212,219	789,456
CIL	510,751	658,301	9,681,566	4,390,711	3,723,898	1,508,025	2,605,702	726,401	306,451	283,750	1,055,552
Profit	2,557,234	3,295,991	50,273,892	23,162,410	19,644,754	7,955,314	13,745,916	3,636,955	1,534,340	1,420,686	5,284,950
Standard Development Costs	**10,943,487**	**14,058,113**	**222,320,073**	**105,267,062**	**85,747,244**	**36,081,526**	**60,869,364**	**15,729,867**	**6,568,345**	**6,263,622**	**22,405,902**
Infrastructure and S106 Planning Obligations	**1,633,266**	**3,589,593**	**46,664,717**	**18,665,887**	**17,230,050**	**6,999,708**	**12,743,058**	**3,051,154**	**1,256,357**	**1,794,797**	**4,486,992**
HIFRepayment	**165,932**	**364,686**	**4,740,921**	**1,896,368**	**1,750,494**	**711,138**	**1,294,636**	**309,983**	**127,640**	**182,343**	**455,858**
Land Value	494,220	914,307	12,231,945	6,054,195	4,447,980	2,248,701	2,100,435	1,457,949	197,688	444,798	741,330
Stamp Duty	14,211	35,215	601,097	292,210	211,899	101,935	94,522	62,397	954	11,740	26,567
Purchasers Costs	7,413	13,715	183,479	90,813	66,720	33,731	31,507	21,869	2,965	6,672	11,120
Finance Costs	**164,604**	**405,319**	**7,941,844**	**3,994,978**	**2,783,082**	**1,247,408**	**1,884,042**	**433,259**	**172,949**	**250,252**	**836,861**
Total Costs	13,423,133	19,380,949	294,684,076	136,261,513	112,237,468	47,424,147	79,017,563	21,066,479	8,326,899	8,954,223	28,964,628
Project Headroom	**2,986,724**	**1,769,534**	**25,568,075**	**14,015,830**	**15,217,381**	**4,189,801**	**10,165,720**	**2,271,985**	**1,519,016**	**162,364**	**4,949,077**
ROCE	219%	81%	62%	60%	81%	63%	82%	89%	115%	41%	79%

Table 6. 4 – **Sensitivity 4** Results

	Station Site	Poppy Road	Bloor	Halsbury	Persimmon	Wates	Taylor Wimpey	Eyre	Screech	SLB	Quilter
Total GDV	**15,214,737**	**19,610,106**	**297,499,023**	**139,888,809**	**118,644,013**	**48,045,923**	**83,018,125**	**21,638,737**	**9,128,842**	**8,452,632**	**31,443,790**
Base Construction Costs	5,320,621	6,857,690	100,844,853	47,891,986	40,618,670	16,448,883	28,421,880	7,567,106	3,192,373	2,955,901	10,995,951
Enhanced Construction Costs (Accessibility Costs)	275,296	354,825	5,217,750	2,533,380	2,148,637	870,109	1,503,454	391,531	165,177	152,942	568,944
External Works	532,062	685,769	10,084,485	4,789,199	4,061,867	1,644,888	2,842,188	756,711	319,237	295,590	1,099,595
Cost of Enhance Esate Road	-	-	11,451,357	5,725,678	1,908,559	1,908,559	1,908,559	-	-	-	-
Sustainable Drainage	143,444	143,444	2,855,158	1,466,676	1,064,951	496,860	941,915	350,731	88,060	242,440	110,044
Site Wide Infrastructure	360,000	464,000	6,824,000	3,424,000	2,904,000	1,176,000	2,032,000	512,000	216,000	200,000	744,000
Project Fees	663,142	850,573	13,727,760	6,583,092	5,270,668	2,254,530	3,765,000	957,808	398,085	384,687	1,351,853
Contingency	198,943	255,172	4,118,328	1,974,928	1,581,201	676,359	1,129,500	287,342	119,425	115,406	405,556
Sales agents, legal fees and marketing	349,900	450,982	6,632,551	3,049,098	2,586,034	1,047,237	1,809,512	497,636	209,940	194,389	723,127
CIL	510,751	658,301	9,681,566	4,390,711	3,723,898	1,508,025	2,605,702	726,401	306,451	283,750	1,055,552
Profit	2,335,751	3,010,524	46,069,627	21,251,541	18,024,087	7,299,011	12,611,896	3,321,957	1,401,451	1,297,640	4,827,219
Standard Development Costs	**10,689,910**	**13,731,280**	**217,507,434**	**103,080,288**	**83,892,573**	**35,330,461**	**59,571,605**	**15,369,224**	**6,416,199**	**6,122,745**	**21,881,842**
Infrastructure and S106 Planning Obligations	**1,633,266**	**3,589,593**	**46,664,717**	**18,665,887**	**17,230,050**	**6,999,708**	**12,743,058**	**3,051,154**	**1,256,357**	**1,794,797**	**4,486,992**
HIFRepayment	**165,932**	**364,686**	**4,740,921**	**1,896,368**	**1,750,494**	**711,138**	**1,294,636**	**309,983**	**127,640**	**182,343**	**455,858**
Land Value	494,220	914,307	12,231,945	6,054,195	4,447,980	2,248,701	2,100,435	1,457,949	197,688	444,798	741,330
Stamp Duty	14,211	35,215	601,097	292,210	211,899	101,935	94,522	62,397	954	11,740	26,567
Purchasers Costs	7,413	13,715	183,479	90,813	66,720	33,731	31,507	21,869	2,965	6,672	11,120
Finance Costs	**181,403**	**430,518**	**10,077,542**	**4,783,187**	**3,224,184**	**1,423,803**	**2,164,447**	**533,899**	**184,708**	**262,011**	**904,604**
Total Costs	**13,186,355**	**19,079,314**	**292,007,135**	**134,862,948**	**110,823,899**	**46,849,476**	**78,000,209**	**20,806,475**	**8,186,512**	**8,825,106**	**28,508,311**
Project Headroom	**2,028,382**	**530,791**	**5,491,888**	**5,025,861**	**7,820,114**	**1,196,446**	**5,017,915**	**832,262**	**942,331**	**- 372,475**	**2,935,479**
ROCE	156%	53%	33%	36%	52%	39%	53%	51%	82%	21%	56%

Table 6. 5 – **Sensitivity 5** Results

	Station Site	Poppy Road	Bloor	Halsbury	Persimmon	Wates	Taylor Wimpey	Eyre	Screech	SLB	Quilter
Total GDV	**14,617,177**	**18,839,917**	**286,122,459**	**134,694,542**	**114,238,595**	**46,261,910**	**79,935,546**	**20,788,874**	**8,770,306**	**8,120,654**	**30,208,833**
Base Construction Costs	5,320,621	6,857,690	100,844,853	47,891,986	40,618,670	16,448,883	28,421,880	7,567,106	3,192,373	2,955,901	10,995,951
Enhanced Construction Costs (Accessibility Costs)	275,296	354,825	5,217,750	2,533,380	2,148,637	870,109	1,503,454	391,531	165,177	152,942	568,944
External Works	532,062	685,769	10,084,485	4,789,199	4,061,867	1,644,888	2,842,188	756,711	319,237	295,590	1,099,595
Cost of Enhance Esate Road	-	-	11,451,357	5,725,678	1,908,559	1,908,559	1,908,559	-	-	-	-
Sustainable Drainage	143,444	143,444	2,855,158	1,466,676	1,064,951	496,860	941,915	350,731	88,060	242,440	110,044
Site Wide Infrastructure	360,000	464,000	6,824,000	3,424,000	2,904,000	1,176,000	2,032,000	512,000	216,000	200,000	744,000
Project Fees	663,142	850,573	13,727,760	6,583,092	5,270,668	2,254,530	3,765,000	957,808	398,085	384,687	1,351,853
Contingency	198,943	255,172	4,118,328	1,974,928	1,581,201	676,359	1,129,500	287,342	119,425	115,406	405,556
Sales agents, legal fees and marketing	333,853	430,299	6,328,364	2,911,146	2,469,033	999,856	1,727,643	474,813	200,312	185,474	689,962
CIL	510,751	658,301	9,681,566	4,390,711	3,723,898	1,508,025	2,605,702	726,401	306,451	283,750	1,055,552
Profit	2,225,010	2,867,791	43,967,494	20,296,106	17,213,754	6,970,859	12,044,886	3,164,459	1,335,006	1,236,117	4,598,354
Standard Development Costs	**10,563,121**	**13,567,863**	**215,101,115**	**101,986,901**	**82,965,238**	**34,954,928**	**58,922,726**	**15,188,902**	**6,340,126**	**6,052,307**	**21,619,812**
Infrastructure and S106 Planning Obligations	**1,633,266**	**3,589,593**	**46,664,717**	**18,665,887**	**17,230,050**	**6,999,708**	**12,743,058**	**3,051,154**	**1,256,357**	**1,794,797**	**4,486,992**
HIF Repayment	**165,932**	**364,686**	**4,740,921**	**1,896,368**	**1,750,494**	**711,138**	**1,294,636**	**309,983**	**127,640**	**182,343**	**455,858**
Land Value	494,220	914,307	12,231,945	6,054,195	4,447,980	2,248,701	2,100,435	1,457,949	197,688	444,798	741,330
Stamp Duty	14,211	35,215	601,097	292,210	211,899	101,935	94,522	62,397	954	11,740	26,567
Purchasers Costs	7,413	13,715	183,479	90,813	66,720	33,731	31,507	21,869	2,965	6,672	11,120
Finance Costs	**189,803**	**443,118**	**11,949,884**	**5,487,363**	**3,635,855**	**1,547,428**	**2,318,978**	**585,115**	**190,588**	**267,891**	**938,475**
Total Costs	**13,067,966**	**18,928,497**	**291,473,158**	**134,473,736**	**110,308,235**	**46,597,568**	**77,505,861**	**20,677,370**	**8,116,318**	**8,760,548**	**28,280,153**
Project Headroom	**1,549,211**	**- 88,580**	**- 5,350,699**	**220,805**	**3,930,360**	**- 335,658**	**2,429,685**	**111,504**	**653,988**	**- 639,894**	**1,928,680**
ROCE	129%	40%	20%	24%	38%	27%	41%	36%	68%	13%	45%

Table 6. 6 – **Sensitivity 6** Results

	Station Site	Poppy Road	Bloor	Halsbury	Persimmon	Wates	Taylor Wimpey	Eyre	Screech	SLB	Quilter
Total GDV	**15,812,297**	**20,380,294**	**308,875,587**	**145,083,076**	**123,049,431**	**49,829,935**	**86,100,704**	**22,488,601**	**9,487,378**	**8,784,610**	**32,678,748**
Base Construction Costs	5,320,621	6,857,690	100,844,853	47,891,986	40,618,670	16,448,883	28,421,880	7,567,106	3,192,373	2,955,901	10,995,951
Enhanced Construction Costs (Accessibility Costs)	275,296	354,825	5,217,750	2,533,380	2,148,637	870,109	1,503,454	391,531	165,177	152,942	568,944
External Works	532,062	685,769	10,084,485	4,789,199	4,061,867	1,644,888	2,842,188	756,711	319,237	295,590	1,099,595
Cost of Enhance Esate Road	-	-	11,451,357	5,725,678	1,908,559	1,908,559	1,908,559	-	-	-	-
Sustainable Drainage	143,444	143,444	2,855,158	1,466,676	1,064,951	496,860	941,915	350,731	88,060	242,440	110,044
Site Wide Infrastructure	360,000	464,000	6,824,000	3,424,000	2,904,000	1,176,000	2,032,000	512,000	216,000	200,000	744,000
Project Fees	663,142	850,573	13,727,760	6,583,092	5,270,668	2,254,530	3,765,000	957,808	398,085	384,687	1,351,853
Contingency	198,943	255,172	4,118,328	1,974,928	1,581,201	676,359	1,129,500	287,342	119,425	115,406	405,556
Sales agents, legal fees and marketing	365,947	471,666	6,936,737	3,187,051	2,703,036	1,094,618	1,891,381	520,459	219,568	203,304	756,291
CIL	510,751	658,301	9,681,566	4,390,711	3,723,898	1,508,025	2,605,702	726,401	306,451	283,750	1,055,552
Profit	2,446,493	3,153,257	48,171,759	22,206,975	18,834,421	7,627,162	13,178,906	3,479,456	1,467,896	1,359,163	5,056,085
Standard Development Costs	**10,816,699**	**13,894,696**	**219,913,754**	**104,173,675**	**84,819,908**	**35,705,993**	**60,220,484**	**15,549,545**	**6,492,272**	**6,193,184**	**22,143,872**
Infrastructure and S106 Planning Obligations	**1,633,266**	**3,589,593**	**46,664,717**	**18,665,887**	**17,230,050**	**6,999,708**	**12,743,058**	**3,051,154**	**1,256,357**	**1,794,797**	**4,486,992**
HIF Repayment	**165,932**	**364,686**	**4,740,921**	**1,896,368**	**1,750,494**	**711,138**	**1,294,636**	**309,983**	**127,640**	**182,343**	**455,858**
Land Value	370,665	685,730	9,173,959	4,540,646	3,335,985	1,686,526	1,575,326	1,093,462	148,266	333,599	555,998
Stamp Duty	8,033	23,787	448,198	216,532	156,299	73,826	68,266	44,173	-	6,180	17,300
Purchasers Costs	5,560	10,286	137,609	68,110	50,040	25,298	23,630	16,402	2,224	5,004	8,340
Finance Costs	**164,450**	**402,095**	**7,459,887**	**3,858,335**	**2,703,627**	**1,216,790**	**1,893,623**	**430,579**	**175,506**	**248,434**	**844,239**
Total Costs	**13,164,605**	**18,970,874**	**288,539,044**	**133,419,554**	**110,046,403**	**46,419,279**	**77,819,023**	**20,495,298**	**8,202,266**	**8,763,539**	**28,512,597**
Project Headroom	**2,647,693**	**1,409,420**	**20,336,542**	**11,663,522**	**13,003,028**	**3,410,656**	**8,281,681**	**1,993,302**	**1,285,113**	**21,070**	**4,166,150**
ROCE	201%	74%	60%	57%	77%	59%	74%	83%	102%	36%	71%

Table 6. 7 – **Sensitivity 7** Results

	Station Site	Poppy Road	Bloor	Halsbury	Persimmon	Wates	Taylor Wimpey	Eyre	Screech	SLB	Quilter
Total GDV	**15,812,297**	**20,380,294**	**308,875,587**	**145,083,076**	**123,049,431**	**49,829,935**	**86,100,704**	**22,488,601**	**9,487,378**	**8,784,610**	**32,678,748**
Base Construction Costs	5,320,621	6,857,690	100,844,853	47,891,986	40,618,670	16,448,883	28,421,880	7,567,106	3,192,373	2,955,901	10,995,951
Enhanced Construction Costs (Accessibility Costs)	275,296	354,825	5,217,750	2,533,380	2,148,637	870,109	1,503,454	391,531	165,177	152,942	568,944
External Works	532,062	685,769	10,084,485	4,789,199	4,061,867	1,644,888	2,842,188	756,711	319,237	295,590	1,099,595
Cost of Enhance Esate Road	-	-	11,451,357	5,725,678	1,908,559	1,908,559	1,908,559	-	-	-	-
Sustainable Drainage	143,444	143,444	2,855,158	1,466,676	1,064,951	496,860	941,915	350,731	88,060	242,440	110,044
Site Wide Infrastructure	360,000	464,000	6,824,000	3,424,000	2,904,000	1,176,000	2,032,000	512,000	216,000	200,000	744,000
Project Fees	663,142	850,573	13,727,760	6,583,092	5,270,668	2,254,530	3,765,000	957,808	398,085	384,687	1,351,853
Contingency	198,943	255,172	4,118,328	1,974,928	1,581,201	676,359	1,129,500	287,342	119,425	115,406	405,556
Sales agents, legal fees and marketing	365,947	471,666	6,936,737	3,187,051	2,703,036	1,094,618	1,891,381	520,459	219,568	203,304	756,291
CIL	510,751	658,301	9,681,566	4,390,711	3,723,898	1,508,025	2,605,702	726,401	306,451	283,750	1,055,552
Profit	2,446,493	3,153,257	48,171,759	22,206,975	18,834,421	7,627,162	13,178,906	3,479,456	1,467,896	1,359,163	5,056,085
Standard Development Costs	**10,816,699**	**13,894,696**	**219,913,754**	**104,173,675**	**84,819,908**	**35,705,993**	**60,220,484**	**15,549,545**	**6,492,272**	**6,193,184**	**22,143,872**
Infrastructure and S106 Planning Obligations	**1,633,266**	**3,589,593**	**46,664,717**	**18,665,887**	**17,230,050**	**6,999,708**	**12,743,058**	**3,051,154**	**1,256,357**	**1,794,797**	**4,486,992**
HIF Repayment	**165,932**	**364,686**	**4,740,921**	**1,896,368**	**1,750,494**	**711,138**	**1,294,636**	**309,983**	**127,640**	**182,343**	**455,858**
Land Value	617,775	1,142,884	15,289,931	7,567,744	5,559,975	2,810,876	2,625,544	1,822,436	247,110	555,998	926,663
Stamp Duty	20,389	46,644	753,997	367,887	267,499	130,044	120,777	80,622	1,942	17,300	35,833
Purchasers Costs	9,267	17,143	229,349	113,516	83,400	42,163	39,383	27,337	3,707	8,340	13,900
Finance Costs	**181,556**	**433,742**	**10,295,973**	**4,860,710**	**3,255,239**	**1,424,682**	**2,126,210**	**534,785**	**182,153**	**263,829**	**897,225**
Total Costs	**13,444,883**	**19,489,389**	**297,888,641**	**137,645,787**	**112,966,564**	**47,824,604**	**79,170,093**	**21,375,863**	**8,311,182**	**9,015,790**	**28,960,342**
Project Headroom	**2,367,414**	**890,905**	**10,986,946**	**7,437,289**	**10,082,867**	**2,005,331**	**6,930,611**	**1,112,738**	**1,176,196**	**- 231,180**	**3,718,406**
ROCE	172%	61%	37%	40%	58%	44%	61%	56%	94%	26%	64%

Table 6. 8 – **Sensitivity 8** Results

	Station Site	Poppy Road	Bloor	Halsbury	Persimmon	Wates	Taylor Wimpey	Eyre	Screech	SLB	Quilter
Total GDV	**15,812,297**	**20,380,294**	**308,875,587**	**145,083,076**	**123,049,431**	**49,829,935**	**86,100,704**	**22,488,601**	**9,487,378**	**8,784,610**	**32,678,748**
Base Construction Costs	5,320,621	6,857,690	100,844,853	47,891,986	40,618,670	16,448,883	28,421,880	7,567,106	3,192,373	2,955,901	10,995,951
Enhanced Construction Costs (Accessibility Costs)	275,296	354,825	5,217,750	2,533,380	2,148,637	870,109	1,503,454	391,531	165,177	152,942	568,944
External Works	532,062	685,769	10,084,485	4,789,199	4,061,867	1,644,888	2,842,188	756,711	319,237	295,590	1,099,595
Cost of Enhance Esate Road	-	-	11,451,357	5,725,678	1,908,559	1,908,559	1,908,559	-	-	-	-
Sustainable Drainage	143,444	143,444	2,855,158	1,466,676	1,064,951	496,860	941,915	350,731	88,060	242,440	110,044
Site Wide Infrastructure	360,000	464,000	6,824,000	3,424,000	2,904,000	1,176,000	2,032,000	512,000	216,000	200,000	744,000
Project Fees	663,142	850,573	13,727,760	6,583,092	5,270,668	2,254,530	3,765,000	957,808	398,085	384,687	1,351,853
Contingency	198,943	255,172	4,118,328	1,974,928	1,581,201	676,359	1,129,500	287,342	119,425	115,406	405,556
Sales agents, legal fees and marketing	365,947	471,666	6,936,737	3,187,051	2,703,036	1,094,618	1,891,381	520,459	219,568	203,304	756,291
CIL	510,751	658,301	9,681,566	4,390,711	3,723,898	1,508,025	2,605,702	726,401	306,451	283,750	1,055,552
Profit	2,446,493	3,153,257	48,171,759	22,206,975	18,834,421	7,627,162	13,178,906	3,479,456	1,467,896	1,359,163	5,056,085
Standard Development Costs	**10,816,699**	**13,894,696**	**219,913,754**	**104,173,675**	**84,819,908**	**35,705,993**	**60,220,484**	**15,549,545**	**6,492,272**	**6,193,184**	**22,143,872**
Infrastructure and S106 Planning Obligations	**1,633,265**	**3,589,594**	**46,664,717**	**18,665,887**	**17,230,050**	**6,999,708**	**12,743,057**	**3,051,154**	**1,256,358**	**1,794,796**	**4,486,992**
HIFRepayment	**165,932**	**364,686**	**4,740,921**	**1,896,368**	**1,750,494**	**711,138**	**1,294,636**	**309,983**	**127,640**	**182,343**	**455,858**
Land Value	494,220	914,307	12,231,945	6,054,195	4,447,980	2,248,701	2,100,435	1,457,949	197,688	444,798	741,330
Stamp Duty	14,211	35,215	601,097	292,210	211,899	101,935	94,522	62,397	954	11,740	26,567
Purchasers Costs	7,413	13,715	183,479	90,813	66,720	33,731	31,507	21,869	2,965	6,672	11,120
Finance Costs	**175,455**	**532,087**	**9,263,299**	**4,668,117**	**3,039,078**	**1,315,575**	**2,013,192**	**492,115**	**183,849**	**263,303**	**889,827**
Total Costs	**13,307,195**	**19,344,301**	**293,599,212**	**135,841,265**	**111,566,129**	**47,116,781**	**78,497,833**	**20,945,013**	**8,261,726**	**8,896,836**	**28,755,565**
Project Headroom	**2,505,102**	**1,035,994**	**15,276,375**	**9,241,810**	**11,483,303**	**2,713,154**	**7,602,871**	**1,543,587**	**1,225,653**	-112,227	**3,923,182**
ROCE	183%	51%	45%	44%	65%	51%	67%	66%	95%	30%	66%

Table 6. 9 – **Sensitivity 9** Results

	Station Site	Poppy Road	Bloor	Halsbury	Persimmon	Wates	Taylor Wimpey	Eyre	Screech	SLB	Quilter
Total GDV	**14,616,312**	**18,838,802**	**286,106,021**	**134,687,063**	**114,232,252**	**46,259,342**	**79,931,107**	**20,787,643**	**8,769,787**	**8,120,173**	**30,207,044**
Base Construction Costs	5,579,105	7,190,847	105,744,040	50,222,112	42,594,922	17,249,183	29,804,712	7,934,728	3,347,463	3,099,503	11,530,151
Enhanced Construction Costs (Accessibility Costs)	275,296	354,825	5,217,750	2,533,380	2,148,637	870,109	1,503,454	391,531	165,177	152,942	568,944
External Works	557,911	719,085	10,574,404	5,022,211	4,259,492	1,724,918	2,980,471	793,473	334,746	309,950	1,153,015
Cost of Enhance Esate Road	-	-	11,451,357	5,725,678	1,908,559	1,908,559	1,908,559	-	-	-	-
Sustainable Drainage	143,444	143,444	2,855,158	1,466,676	1,064,951	496,860	941,915	350,731	88,060	242,440	110,044
Site Wide Infrastructure	360,000	464,000	6,824,000	3,424,000	2,904,000	1,176,000	2,032,000	512,000	216,000	200,000	744,000
Project Fees	691,576	887,220	14,266,671	6,839,406	5,488,056	2,342,563	3,917,111	998,246	415,145	400,484	1,410,615
Contingency	207,473	266,166	4,280,001	2,051,822	1,646,417	702,769	1,175,133	299,474	124,543	120,145	423,185
Sales agents, legal fees and marketing	333,828	430,267	6,327,896	2,910,934	2,468,853	999,783	1,727,517	474,778	200,297	185,460	689,911
CIL	510,751	658,301	9,681,566	4,390,711	3,723,898	1,508,025	2,605,702	726,401	306,451	283,750	1,055,552
Profit	2,224,843	2,867,575	43,964,327	20,294,668	17,212,534	6,970,365	12,044,032	3,164,221	1,334,906	1,236,024	4,598,009
Standard Development Costs	**10,884,225**	**13,981,730**	**221,187,170**	**104,881,598**	**85,420,320**	**35,949,135**	**60,640,607**	**15,645,583**	**6,532,788**	**6,230,698**	**22,283,426**
Infrastructure and S106 Planning Obligations	**1,633,266**	**3,589,593**	**46,664,717**	**18,665,887**	**17,230,050**	**6,999,708**	**12,743,058**	**3,051,154**	**1,256,357**	**1,794,797**	**4,486,992**
HIFRepayment	**165,932**	**364,686**	**4,740,921**	**1,896,368**	**1,750,494**	**711,138**	**1,294,636**	**309,983**	**127,640**	**182,343**	**455,858**
Land Value	617,775	1,142,884	15,289,931	7,567,744	5,559,975	2,810,876	2,625,544	1,822,436	247,110	555,998	926,663
Stamp Duty	20,389	46,644	753,997	367,887	267,499	130,044	120,777	80,622	1,942	17,300	35,833
Purchasers Costs	9,267	17,143	229,349	113,516	83,400	42,163	39,383	27,337	3,707	8,340	13,900
Finance Costs	**210,398**	**475,788**	**16,337,457**	**6,991,276**	**4,471,017**	**1,776,184**	**2,576,083**	**683,466**	**201,550**	**283,057**	**998,039**
Total Costs	**13,541,252**	**19,618,470**	**305,203,542**	**140,484,276**	**114,782,753**	**48,419,248**	**80,040,088**	**21,620,581**	**8,371,095**	**9,072,532**	**29,200,711**
Project Headroom	**1,075,060**	**- 779,668**	**- 19,097,521**	**- 5,797,213**	**- 550,501**	**- 2,159,906**	**- 108,981**	**- 832,938**	**398,692**	**- 952,359**	**1,006,334**
ROCE	102%	26%	9%	13%	24%	16%	30%	21%	56%	5%	36%

7. Conclusions

7.1 The PREA is subject to extensive infrastructure requirements and S106 obligations and whilst the Council has secured £12,000,0000 of HIF investment which will be used towards the Phase 1 Relief Road costs (SRL) there is an expectation that this investment will be recovered as the scheme is brought forward for development. Further to the infrastructure and S106 obligations the delivery of the scheme will also be subject to a CIL charge. Cumulatively these financial obligations amount to £155,566,687. A breakdown of these costs relative to each land parcel is summarised in 7.1.

7.2 Through this assessment we have demonstrated that most of the developers / land parcels will be able to make these payments in full, allowing for multiple sensitivities / scenarios, without impacting on viability.

7.3 The notable exception to this is the Skeet / Broadway / Luck land parcel which is unable to afford its cumulative contributions under several scenarios.

- Under the Base Case the Skeet/Broadway/Luck land parcel generates a viability gap of -£105,055 meaning it is unable to pay its full HIF repayment; only being able to afford circa £77,000 instead of its full repayment of £182,343. However, it can afford its full equitable infrastructure and CIL contributions.
- Under Sensitivity 1 (build costs increasing by 5%) the Skeet / Broadway/Luck land parcel, generates a viability gap of -£290,418. Under this scenario the land parcel is unable to affordable its HIF repayment (£182,343) and is also unable to pay its full equitable infrastructure contribution. It can, however, afford its CIL contribution. To ensure a viable scheme Skeet/Broadway/Luck would only be able to afford an infrastructure contribution of £1,686,722 which is -£108,075 short of their full equitable contribution (£1,794,797).
- Under Sensitivity 4 (sales values decreasing by 5%) a viability gap of -£372,475 is generated. Under this scenario the Skeet/Broadway/Luck land parcel is unable to affordable its HIF repayment (£182,343) and is also unable to pay its full equitable infrastructure contribution. However, once again it can afford its CIL contribution. To ensure a viable scheme Skeet/Broadway/Luck would only be able to afford an infrastructure contribution of £1,604,666 which is -£190,131 short of their full equitable contribution (£1,794,797).
- Under Sensitivity 5 (sales values decreasing by 10%) a viability gap of -£639,894 is generated. As a result, they are unable to affordable their HIF repayment (£182,343) and are also unable to pay their full equitable infrastructure contribution. But they can afford their CIL contribution. To ensure a viable scheme Skeet/Broadway/Luck would only be able to afford an infrastructure contribution of £1,337,246 which is -£457,551 short of their equitable contribution (£1,794,797).
- Under Sensitivity 7 (benchmark land value increased to £125,000 per gross acre) the Skeet / Broadway/Luck land parcel generates a viability gap of -£231,180. As a result, they are unable to affordable their HIF repayment (£182,343) and are also unable to pay their full equitable infrastructure contribution. They can afford their full CIL contribution. To ensure a viable scheme Skeet/Broadway/Luck would only be able to afford an infrastructure contribution of £1,495,069 which is -£48,837 short of the equitable contribution (£1,794,797).
- Under Sensitivity 8 (early delivery of Culverton Link) a viability gap of -£112,227 is generated. As a result, the Skeet/Broadway/Luck land parcel is unable to make its full HIF repayment; being only able

to afford circa £70,117 which is -£112,227 short of their full equitable repayment (£182,343). However, they can afford their full equitable infrastructure and CIL contributions.

7.4 Whilst the Skeet/Broadway and Luck land parcel exhibits viability challenges these are largely driven by the low densities being achieved on this site, at circa 25 per net developable acre, relative to the other land parcels within the PREA.

7.5 The only scenarios/sensitivities which impact on land parcels other than Skeet/Broadway/Luck are sensitivity 5 and Sensitivity 9.

7.6 Sensitivity 5 considers the impact of a 10% reduction in sales values. Under this sensitivity the cumulative contributions for Poppy Road, Bloor and Wates generate viability gaps.

- Under this scenario Poppy Road generates a viability gap of -£88,580 meaning it can pay its full equitable infrastructure and CIL contributions but is only able to pay £276,106 of its HIF repayment which is -£88,500 short of their equitable repayment (£364,686).
- Under this scenario Bloor generates a viability gap of -£5,350,699 meaning they are unable to afford their HIF repayment (£4,740,921). In addition, they are unable to pay their full infrastructure contribution. To ensure a viable scheme (assuming Bloor pay their full CIL contribution) they would only be able to afford an infrastructure contribution of £46,091,717 which is circa -£573,000 short of their full equitable contribution (£46,664,717).
- Under this scenario Wates generates a viability gap of -£335,658 meaning they are unable to repay all their HIF contribution. Whilst they can pay their full infrastructure and CIL contributions, they can only afford to pay £375,480 of their HIF repayment which is -£335,658 short of their full payment (£711,138).

7.7 Sensitivity 9 considers a worst-case scenario with sales values reducing by 10% in association with build costs increasing by 5% and the benchmark land value increasing to £125,000. Under this sensitivity all but the Station, Screech and Quilter land parcels generate viability gaps. The remaining land parcels are all unviable generating a cumulative viability gap of circa -£28m.

Table 7.1 – HIF Repayments

Site/Developer	CIL	Infrastructure and S106 Planning Obligations	HIF Repayments	Cumulative	Base Case	1	2	3	4	5	6	7	8	9
Station Site	£510,751	£1,633,265	£165,932	**£2,309,948**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Poppy Road	£658,301	£3,589,594	£364,686	**£4,612,581**	✓	✓	✓	✓	✓	×	✓	✓	✓	×
Bloor	£9,681,566	£46,664,717	£4,740,921	**£61,087,204**	✓	✓	✓	✓	✓	×	✓	✓	✓	×
Halsbury	£4,390,711	£18,665,887	£1,896,368	**£24,952,966**	✓	✓	✓	✓	✓	✓	✓	✓	✓	×
Persimmon	£3,723,898	£17,230,049	£1,750,494	**£22,704,441**	✓	✓	✓	✓	✓	✓	✓	✓	✓	×
Wates	£1,508,025	£6,999,708	£711,138	**£9,218,871**	✓	✓	✓	✓	✓	×	✓	✓	✓	×
Taylor Wimpey	£2,605,702	£12,743,057	£1,294,636	**£16,643,395**	✓	✓	✓	✓	✓	✓	✓	✓	✓	×
Eyre	£726,401	£3,051,155	£309,983	**£4,087,539**	✓	✓	✓	✓	✓	✓	✓	✓	✓	×
Screech	£306,451	£1,256,358	£127,640	**£1,690,449**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SBL	£283,750	£1,794,797	£182,343	**£2,260,890**	×	×	✓	✓	×	×	✓	×	×	×
Quilter	£1,055,552	£4,486,992	£455,858	**£5,998,402**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Totals	**£25,451,108**	**£118,115,579**	**£12,000,000**	**£155,566,687**										

123	Sensitivity
✓	Cumulative contributions viable with affordable housing at 48%
×	Cumulative contributions not viable with affordable housing at 48%

Appendix 1

Carter Jonas Benchmark Land Value Report

Appendix 2

Comparable Sales Evidence

Appendix 3

Delivery and Infrastructure Profiles

Contact Details

Enquiries
Dale Robinson
0113 280 8074
dale.robinson@avisonyoung.com

Visit us online
Avisonyoung.co.uk

Avison Young
City Point, 29 King Street, Leeds LS1 2HL