Wycombe District Council

Viability Assessment

DRAFT

February 2014
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Executive Summary

1. This viability assessment considers the viability of a number of development scenarios, using both notional and proposed strategic sites.

2. We have tested a wide range of housing numbers and mixes against different affordable housing assumptions, within different geographical locations.

3. We have considered the 2011 viability report into Community Infrastructure Levy (CIL) when forming the assumptions for this study.

4. We have undertaken our own sales research, from which we believe that three geographical locations can be justified. These would be:
   a. High Wycombe/Stokenchurch
   b. Princes Risborough/Bourne End
   c. Marlow and remaining areas.

5. We have developed the methodology for the study from published guidance. In essence, we are undertaking a series of residual land valuations for both specific strategic sites and notional sites, based upon development assumptions that have been agreed with the Council. The assumptions and inputs for the valuations are all set out and explained in the report and appendices.

6. The outcomes of the land valuations are assessed for viability against different existing use values, or threshold values. In accordance with the Council’s brief, the existing uses are Greenfield/agricultural, employment and residential. We believe that the most relevant of these will be the Greenfield use, applicable to most of the strategic sites, and the employment uses.

7. We have applied a premium of 25% to the employment thresholds, over and above our own researched values. The reason for this is twofold. First, it provides a buffer against the adverse impact of site-specific abnormal circumstances that would not be covered by a study of this nature. Second, it provides an incentive for a landowner to release land for development. We do not believe that it is necessary to apply this premium to the agricultural land. With regard to residential uses, it is difficult to generalise as to land values, since different circumstances might apply to the development of residential sites. These might include the development of a house and garden or just part of the garden. We have, therefore, suggested a range of residential threshold values and would assume that these would include any premium.
8. The report assumes inputs into the valuations that result from our own research and our experience from other similar reports. Whilst we contacted a number of housebuilders and sent them questionnaires, the response was poor. We believe, however, that the valuation inputs are appropriate to Wycombe District.

9. In addition to the land valuations, we have carried out a sensitivity exercise to assess the impact of increased build costs and CIL levels on viability.

10. With regard to the strategic sites, we undertook a series of valuations that excluded wider infrastructure items. The reason for this was to provide the Council with an idea of the “pot” of money that might be available for infrastructure, deducting the existing use value from the land value of the proposed development.

11. Whilst the strategic sites all show positive surpluses, we highlight in the report the fact that the existing use values are based upon assumptions of the site areas, from which a landowner would expect to see a return. A range of site and development areas was provided by the Council and we applied an existing use value to the area, as agreed with the Council.

12. In order to develop further conclusions as to the viability of the strategic sites, we would need to understand more about the costs of providing necessary infrastructure, over and above the allowances that we have made. We have, however, included allowances for CIL, s106 costs and road infrastructure to service the sites.

13. The notional sites include allowances for CIL and S106 costs, but do not include any allowances for further roads and services infrastructure. To this extent, they are assumed to be serviced sites.

14. With regard to the notional sites, we are looking for viability in locations such as High Wycombe and Stokenchurch, when assessed against existing employment and Greenfield uses; we believe that these uses will provide most of the future housing supply. The outcome of the study would appear to show that these locations are viable at the Council’s current levels of both CIL and affordable housing requirements.

15. It is evident, however, that there are viability difficulties when assessed against residential uses, in most scenarios, particularly in lower value locations. This need not necessarily be a problem, if the Council is not relying upon existing residential land for future housing supply.

16. We have concluded, therefore, that the Council can afford to maintain its current policy levels of affordable housing.
17. The sensitivity analysis at Appendix 11 shows that viability would not be significantly affected if build costs were 10% higher than those assumed as base figures for the report. There would, however, be an adverse impact in lower value locations if CIL were to be increased beyond its current level of £125 per square metre.

18. We do believe, however, that the higher value locations could bear both a 10% increase in base build costs and a 10% increase in CIL to £165 per square metre.

19. With regard to rural exceptions sites, we conclude that viability occurs in the context of affordable rent and of social rent, particularly if the land values expressed by the Council’s Rural Enabler and rural specialist Registered Provider are able to keep to a maximum of £10,000 per plot. If higher land values or abnormal costs occur, viability can be maintained if there is an element of either market housing or grant.
1. **Introduction**

1.1 Adams Integra have been asked by Wycombe District Council to produce a Viability Assessment, to support the Council in developing and bringing to adoption a new Local Plan.

1.2 Wycombe District Council is in the process of producing a new Local Plan that will cover the period to 2031. Once adopted the new Local Plan will replace the current Core Strategy (adopted July 2008) and all remaining saved policies of the Local Plan (2004) and will sit along the Delivery and Site Allocations Plan for Town Centres and Managing Development (Adopted July 2013).

1.3 The Council produced a brief for the assessment, dated October 2013, the objective of which was to assist the Council in satisfying the viability and deliverability tests as set out in the National Planning Policy Framework, particularly that the Council’s policy and infrastructure requirements will remain financially viable over the plan period. Specifically, the study should:

- Undertake research of current and projected new housing values and build costs in Wycombe district.

- Test a range of different affordable housing targets and site size thresholds across the district and in relation to specific sites using appropriate modelling techniques. This is to include:
  - To assess the effects on a range of potential affordable housing requirements of other national and local policy requirements such as open space standards, building standards and CIL.
  - To assess the viability of applying affordable housing requirements on a range of site and development sizes and different previous land uses.

- Assess the viability of a number of potential strategic sites, taking account of affordable housing requirements, indicative infrastructure requirements, CIL and other relevant policy requirements/standards.

- To assess whether a change to the current CIL levels may be necessary across the district or on specific sites.

1.4 In producing this report we have, therefore, had regard to viability guidance that has been produced by such organisations as Department of Communities and Local Government and RICS, in addition to the National Planning Policy Framework. More recent guidance, however, comes from
the Local Housing Delivery Group, whose report “Viability Testing Local Plans” was published in June 2012. We have noted the key principles that are set out in that report and which are relevant to a study such as this.

1.5 We have also had regard to an earlier study, carried out for the Council, and titled Community Infrastructure Levy Viability Assessment and dated November 2011. The methodologies for the two reports are similar and it is, therefore, relevant to consider the inputs and conclusions that might be relevant. These might include valuation inputs such as build costs and sales values, although these have also been the subject of our own independent, current research.

1.6 **The structure of the report is arranged as follows:**

1.6.1 We begin by explaining briefly the nature of the various appendices that are attached. We then go on to set out the methodology and assumptions that have been adopted. Under this section we discuss the valuation method that is used, together with the assumptions made in respect of the different valuation inputs, such as sales values and profit. We also discuss the concept of viability and the different ways in which it needs to be considered in different circumstances, for example between agricultural, commercial and residential existing uses. From this, we propose viability thresholds, being land values per hectare, that are used to assess the viability of the specific valuation scenarios.

1.6.2 As part of the brief, the Council also asked us to consider the viability position of rural exceptions sites. The methodology of these is explained, together with outcomes and conclusions.

1.6.3 Following on from the methodology and assumptions, we discuss our findings in relation to both the notional and strategic sites, together with the rural exceptions scenarios. We do this by specific reference to the attached appendices.

1.6.4 From the findings, we then draw our conclusions and final recommendations.

1.7 The study is based, firstly, upon a series of land valuations of notional sites. We will explore the assumptions made in respect of the sites later in the report, but at this stage it is worth noting that we consider these sites to be a means of testing viability, without the site-specific issues that can obstruct the production of more generic policy. They are not actual sites. To this extent they should be considered as speculative housing developments that exclude any specific design requirements or abnormal costs. The applicable criteria for the local context are, however, taken into account, for example sales values and build costs.
1.8 The purpose of producing the land valuations is to identify land values per hectare for different scenarios and compare them with the viability thresholds, which are also expressed as sums per hectare.

1.9 By way of an introduction to the attached appendices we should point out that, in connection with the notional sites, the study is based upon the outcome of a series of valuations, each of which reflects a particular scenario, such as unit numbers, mixes and proportions of affordable housing. These scenarios were agreed with the Council at the outset. The appendices build up, therefore, to valuation outcomes, from which we can make assessments of viability.

1.10 With regard to the strategic sites, the Council provided a list of addresses, along with anticipated developable areas and unit numbers.

1.11 The study has a reporting date of December 2013. It is in the nature of studies such as this to reflect a viability position at a single point in time, whereas policy decisions will relate to a much longer timeframe. It is necessary, therefore, to be able to adapt any recommendations coming out of the study to differing market conditions. In this way the Council will be able to ensure that it receives a fair contribution to affordable housing and infrastructure, while also maintaining a supply of new housing that will make these contributions.

1.12 It is worth affirming that the report’s methodology focuses upon two means of assessing viability that merit explanation and qualification at this stage. First, it will be seen that we are calculating land values through the residual method of valuation. Whilst this is common practice in the context of viability exercises, it relies upon a number of inputs, changes to which will result in varying degrees of change to the end land value.

1.13 Second, we are comparing resultant land values to viability thresholds that represent an overview of the value of alternative land uses, in the context of notional sites. These viability thresholds are not intended to represent market values that might apply to individual developers’ sites.

1.14 At this point we should mention some notes and limitations of a report of this nature.

1.14.1 We will be discussing viability, partly in terms of notional sites and a series of scenarios that result in land values per hectare, applicable to that scenario. These land values give a broad indication of viability; as stated above, they are not intended to suggest that land values will be at these levels in all specific circumstances.
1.14.2 We will relate land values per hectare, arising from the different scenarios, to viability thresholds. These thresholds are expressed as sums per hectare and are designed to offer a general overview of potential alternative uses, based upon available information. The thresholds will not be applicable to every specific site and it is accepted that some negotiation over viability might be required in individual circumstances.

1.14.3 Notional sites should be assumed to be speculative developments that exclude any unique design or specification items. It is assumed that these will be “serviced” sites with no significant off-site infrastructure requirements, such as abnormal highways or service reinforcement.
2. The Council’s Current Policy Position

2.1 The Council’s affordable housing policy is contained in policy CS13 of the Core Strategy adopted in 2008. It currently seeks 30% affordable accommodation, by bedspaces, on sites of 15 units or more in High Wycombe, Marlow and Princes Risborough. Elsewhere the threshold is 5 units. On Greenfield sites and sites used previously for business uses the proportion rises to 40%.
3. **Methodology**

3.1 In this section we discuss the means by which we have sought to respond to the Council’s brief in testing viability across a range of residential scenarios.

3.2 The first fundamental point to make is that part of the study consists of the testing of notional sites. As explained earlier, these are not actual sites, but are developed by parameters that have been agreed with the Council. The implication of this is that we are creating a series of unit numbers and densities that reflect those that might be experienced across the Wycombe District area.

3.3 The advantage of notional sites is that they can be created to represent a full spread of scenarios, in such a way that maximises the chances of the outcomes reflecting most situations on the ground. To rely solely on actual sites would risk the study being based upon a narrow range of scenarios, that might not be applicable in every instance.

3.4 One of the considerations in assuming notional sites is to ensure that the valuation inputs reflect the experience of developers on the ground in the area. We have sought to address this situation by seeking information from local developers for the inputs into the study, as discussed further below.

3.5 We go on to discuss the methodology in relation to the notional sites, before going on to the strategic sites.

3.6 **Housing Numbers**

3.6.1 It was agreed that we would test sites of 1, 4, 10, 25, 50, 100 and 400 units for viability with on-site affordable housing, covering densities of 30 and 50 dwellings per hectare. These numbers are designed to reflect the range of developments that might arise across the plan area, although they do not apply to more strategic sites, where an element of off-site and on-site infrastructure might be required. The modelling undertaken assumes that the target for affordable housing is expressed in bedspaces, hence 40% bedspaces would be the Council’s policy requirement. In actual fact because affordable homes are normally smaller than market homes the % in unit numbers may differ from the 40% bedspace target to actual units. Another suggestion was to use floor areas of 40% to represent the target. This example may significantly increase the % in numerical dwelling terms. Whilst normally Adams Integra – for simplicity – recommend unit numbers as the target we are content that, in the
locality, there is an understanding of the calculation of bedspaces and thus no change is recommended from existing policy, custom and practice.

### 3.7 Appraisal Modelling

3.7.1 In order to assess the viability of the different sites, we use a bespoke valuation toolkit that carries out a residual land valuation, the result of which is then compared to either existing or alternative land values. The residual appraisal is, essentially, a calculation of land value that deducts all anticipated costs of a project from the expected revenues to leave a “residue” that will be available for the land purchase. It needs to be remembered that this residue will include the costs of acquiring and financing the land, so it is the net land figure that is of interest, when comparing to other potential uses for viability purposes. This is discussed further below.

3.7.2 The residual land valuation relies upon a series of inputs. These inputs would set out:

- The number, mix and floor area of the units to be built.
- The values attributable to these units, leading to a total sales revenue.
- The build costs of the units, leading to a total build cost.
- The professional fees and pre-start site investigations that would be required.
- The finance costs.
- The required profit.

3.7.3 These inputs should relate to the same moment in time, since many of the values will vary with market conditions.

3.7.4 With regard to methodology around the appraisal inputs, we would make the following comments:

- In order to ascertain the current appropriate levels of the various valuation inputs, we approached developers who build either in or close to the plan area. We also conducted telephone discussions with local agents, particularly in connection with the values of alternative land uses.

- The developer response was limited, but we believe that our experience of these studies, together with published data and the evidence from the previous viability report, has allowed us to derive robust inputs for the local area.
3.7.5 The following headings set out the background to both assessing viability and creating the valuation inputs that result in the land values for each scenario.

3.8 Viability and Viability Thresholds

3.8.1 Viability is at the heart of a study such as this and it is, therefore, important that we define what we mean by the term.

3.8.2 In essence, viability is the measure by which a project will be judged to be worth pursuing. The way in which viability is measured will depend upon individual circumstances, which will vary between, for example, a landowner and a developer that might be interested in purchasing the land.

3.8.3 From the developer’s point of view, the main measure of viability will be the profit generated by the project, assuming a specific land value. Sufficient profit is required in order to provide an incentive to proceed with a project, while also being necessary to attract funding. The attitude of lenders will relate to risk and the required profit level will rise and fall with the assessment of that risk.

3.8.4 The landowner, on the other hand, has other considerations when deciding to bring his land forward for housing, the main ones being an existing use value or the value of an alternative use that might receive planning permission. The levels of any alternative value will vary, depending upon both locational factors and the specific alternative use that might be feasible.

3.8.5 For the purpose of studies such as this, we are basing our assessment of viability on the land values that arise from the valuations of the different development scenarios. Each scenario will produce a different land value, based upon factors such as density, sales values and build costs. If we express the land values, produced by the valuations, in terms of sums per hectare, then we can compare these to the existing or alternative uses that could apply to the site.

3.8.6 In this connection, we use the term “viability threshold” to describe the value that needs to be exceeded before a scenario can be called viable.

3.8.7 In order to make viability comparisons with different land uses, we need to establish values for the viability thresholds. For the current study, the brief asked that three alternative uses be considered, being Greenfield, residential intensification and employment land.
3.8.8 An existing Greenfield use would apply particularly to the strategic sites that we have considered.

3.8.9 The owner of agricultural land will look for a significant uplift on current value before the land is released for development, in the knowledge of potential land values arising from a residential planning permission. Furthermore, in the light of the fact that Greenfield sites will require more infrastructure to serve them and will potentially have less certain planning outcomes, it is not uncommon for the land purchase agreement to be in the form of an option, where the land price is not stipulated at the outset. Instead, the price to be paid might be left for agreement once a planning permission is obtained. These option agreements will usually set a minimum land value to be paid by the developer, such that the landowner is not obliged to proceed with a sale below this level. It is usually the case, however, that this minimum value is arrived at through negotiation, as opposed to anything more scientific. It is therefore difficult to say that any particular value is right or wrong in all circumstances.

3.8.10 We do have experience of negotiating these option agreements. In the light of this, we would propose a viability threshold for existing agricultural uses at £350,000 per hectare. Bearing in mind the fact that these viability thresholds reflect the point at which a landowner could be expected to part with his land for development, we believe that this is a realistic way to reflect the threshold.

3.8.11 We note that the CIL report of 2011 applied a range of existing use values for Greenfield sites, from £200,000 per hectare. We have not applied a range, since we do not believe that agricultural values will vary significantly across the District. We have, however, increased the base level, since it is our own experience that the agricultural thresholds for studies such as this are at a higher level, generally between £300,000 and £450,000 per hectare. We believe that it is also necessary to bear in mind the recent rises in the value of agricultural land.

3.8.12 We should point out that these existing use values for agricultural land represent the hope of future development value and are not open market values for agricultural land with no “hope” value. These higher values typically apply, therefore, in circumstances where a developer is negotiating the purchase of agricultural land for development.

3.8.13 With regard to residential existing use values, it should be noted that site-specific issues will have a significant bearing upon the viability outcome. For example, if only part of a residential property is being developed, then the extent of any fall in the value of the remainder will depend upon a number of factors. These will include the value and condition of the
existing property, whether the new development enjoys a separate access and the physical impact of the new development upon the existing.

3.8.14 On the other hand, if the entire property is being redeveloped, then the viability of the proposal will be dictated by the value of the existing in relation to the value of the completed development. If the existing house is in a good condition in a high value location, then viability is likely to be difficult. If the existing property is either in a poor condition in a good location, occupies only a small part of the site, or both, then the value of the new development in relation to the existing will be higher and viability will be improved. In most instances, we believe that viability will be better where only a part of a residential property is taken for development.

3.8.15 Whilst published data in relation to residential land values has been available from such organisations as the Valuation Office agency, this data focuses on very few centres, such that it is difficult to conclude on values elsewhere. As above, we need to take into account both our own experience of such values, together with values in the 2011 CIL report. We note that a residential land value was expressed as a range between £1,500,000 and £2,000,000 per hectare, presumably reflecting the different scenarios that we have described above.

3.8.16 From our own experience, and taking into account the current residential sales market, we believe that these figures could be low. For the purpose of this study, we have, therefore, increased these thresholds to £2,000,000 and £4,000,000 per hectare respectively.

3.8.17 With regard to employment uses, the 2011 report proposed a range from £750,000 per hectare to £1,500,000 per hectare. We have carried out our own research and have had discussions with three prominent local commercial agents. The agents commented that employment values would be higher along the M40 corridor and lower elsewhere. This implies that we would be assessing viability of lower value locations, such as High Wycombe and Stokenchurch, and the higher value location of Marlow, against the higher employment existing use values. This would have the effect of reducing overall viability. Conversely, the viability of higher value locations elsewhere in the District would be improved, as they would be assessed against a lower employment existing use value. We have applied, therefore, two levels of employment land threshold to reflect these locations. In addition, we have considered viability against a third employment threshold, that assumes a scenario in which a level of abnormal on-site costs are experienced. The three thresholds are set out below.

3.8.18 Premiums and buffers in relation to existing use values
In order to comply with the spirit of viability guidance provided by NPPF, we are not applying costs and requirements that will test viability to its limits. We need to assume that, in spite of the allowances assumed for the study, there will be specific instances where issues such as abnormal costs will impact further on viability.

3.8.19 For this reason, we apply premiums to the existing use values, as appropriate, to allow for such abnormals and still allow development to proceed. For this study, we will apply premiums of around 25% to the employment threshold values. We do not believe it necessary to apply any further premium to the agricultural values, since our adopted level is already significantly larger than the existing use value. Likewise, we are assuming that our residential thresholds would already include an element of premium at these levels.

3.8.20 By way of summary, the thresholds that we will use to assess viability in this report will be:

- **Agricultural existing use**: £350,000 per hectare
- **Commercial/employment existing use**: £1,700,000 per hectare
  - Reflecting a level of abnormal costs: £1,700,000 per hectare
  - With no abnormal costs: £1,400,000 per hectare
  - High Wycombe/Stokenchurch/Marlow: £1,400,000 per hectare
  - Remaining areas: £950,000 per hectare
- **Residential existing use**: £2,000,000 per hectare
  - To £4,000,000 per hectare

3.8.21 Later in the report, in the Findings section, we discuss the valuation outcomes against these viability thresholds.

3.8.22 We should point out that these viability thresholds are not site valuations in the individual uses. A particular site would need to be valued on its own merits, using site-specific costs and values. The viability thresholds indicate the land values per hectare that, we believe, would need to be achieved in order to persuade landowners/developers to release land for development.

### 3.9 Profit

3.9.1 Profit is vitally important to a project, as a means of assessing its viability. Profit requirements will vary according to market conditions and current conditions are leading to higher profit expectations, particularly from lenders. Since profit is, perhaps, most associated with anticipated sales
risks, it is common to express it as a percentage of the anticipated sales revenue.

3.9.2 On the other hand, sales risk is greater from the market housing than from the affordable housing. We adopt, therefore, different profit levels for each sector.

3.9.3 We are expressing profit on both market housing, with a greater sales risk, and on affordable housing, with a smaller sales risk.

3.9.4 We are aware of the common levels of profit that might be adopted in the industry and, based on these, we have adopted 20% of sales revenue for the market housing and 6% of revenue for the affordable housing.

3.10 Densities and Housing Mixes

3.10.1 It was agreed with the Council that we would test the notional sites at densities of 30 and 50 dwellings per hectare, in order to provide a range of sites that might come forward in the future.

3.10.2 In formulating the mixes, our methodology has been to set targets for floor area per developable hectare and then apply an appropriate mix that sits within this floor area.

3.10.3 At Appendices 1 and 1A we are attaching tables that show the adopted mixes for the study at various densities, together with the assumed floor areas for the different housetypes.

3.10.4 In drawing up these mixes, we needed to adopt a standard that would allow us to say that a particular mix is appropriate for the scenario in question. Since we are using land values per hectare as our viability criteria, we are applying the unit numbers to sites of specific sizes, dictated by the different densities. Each density scenario will imply, therefore, a different mix of units, as shown in Appendix 1. We adopt a standard that relates to the floor area that can reasonably be accommodated on a site for a speculative housing development. Through past experience and discussions with developers, we believe that it is reasonable to base our housing mixes on an accommodation level of between 3,500 and 4,500 square metres per hectare, depending upon the density and the resulting likely form of development. The resultant accommodation levels per hectare can be seen in the right hand columns of Appendix 1.

3.10.5 For this study, we have needed to bear in mind the fact that the Council expresses its affordable housing requirements as a proportion of bedspaces, not numbers of affordable units. This has been taken into
account in formulating the mixes to comply with such policy requirements and can result in the overall floor area per hectare differing from the above figures.

3.11 Build Costs

3.11.1 Build costs are assumed to reflect code 3 of the Code for Sustainable Homes, as agreed with the Council. Whilst we asked developers about their experience of build costs locally, the response was very limited. We have, therefore, adopted costs based on other sources, such as the BCIS index, which was also used for the 2011 CIL report.

3.11.2 As a result, we have adopted base build costs of £1,020 per square metre for houses and £1,243 per square metre for flats. In addition, we have assumed a cost for sustainability issues at £3,500 per unit and have also allowed the sum of £3,000 per unit for abnormal costs that might be considered inevitable. For example, in Wycombe District, we are assuming that a significant number of developments will take place on sloping sites, where build costs will be higher.

3.11.3 When we consider build costs in relation to the strategic sites, we apply such abnormal costs in specific circumstances, depending upon the nature and topography of the site.

3.11.4 The BCIS index provides cost information for a range of property types and locations. We set out, at Appendix 10, the latest build cost figures from BCIS for different house types in the Wycombe area. As in the 2011 CIL report, we have focussed on the quoted median cost figures. It should be borne in mind that BCIS figures are quoted net of externals costs. As a rule of thumb, we add 15% to the costs to cover this item.

3.12 Other Valuation Inputs

3.12.1 Other valuation inputs used were:

- Percentage build cost for professional fees: 12%
- Percentage of sales revenue for sales and marketing costs: 3%
- Finance rate: 6.5%
- Build cost contingency: 5%
- Profit on market housing: 20%
- Profit on affordable housing: 6%

3.13 Affordable Housing
3.13.1 We agreed with the District Council that we would test the various scenarios at affordable housing bedspace proportions of 10%, 20%, 30% and 40%. The affordable element provides for affordable rent at both 65% and 80% of market rent, along with social rent and shared ownership units. The proportion of the shared ownership units that is initially purchased is tested at 30, 35, 40 and 50%.

3.13.2 The rented element of the affordable housing is assumed to be 66%, by bedspaces, as set out in the Council’s Planning Obligations SPD of April 2013. We have, however, tested scenarios at both 66% and 50% rented bedspaces within the affordable housing.

3.13.3 The revenues for the different affordable housing tenures were provided through contact with registered providers and our own research. This research was particularly looking at market rents, in connection with the affordable rented units.

3.13.4 With regard to the strategic sites, we used the HCA Development Appraisal Toolkit, March 2013. This calculates affordable housing revenues from both rents and capital values that we researched, applying appropriate management costs and yields, from which the values are created.

3.13.5 The resultant assumed revenues for the affordable housing can be seen as part of the Value Points tables that are included as Appendix 6.

3.14 Sales Values

3.14.1 Our initial sales research was carried out during November 2013. It took the form of both online research, mainly from Rightmove, and on-the-ground research of new developments in the locality. Our priority was to research values for newbuild developments across the plan area, since it is these developments that would provide a large proportion of the Council’s affordable housing stock, whilst also incurring a level of CIL charge. Where there was a lack of newbuild evidence, we would consider second hand properties that had recently been built on speculative estates, that would correspond as closely as possible to those that form the basis of our valuations. The prices quoted to us for the individual properties will be asking prices. Our enquiries in respect of the newbuild developments revealed that developers would sell at a figure below the asking price, especially at the tail-end of a development or if the purchaser was in a good position to proceed. Our adopted values, for both the notional and strategic sites, take this reduction into account.

3.14.2 When undertaking studies of this nature, it is common to identify different geographical locations, where similar levels of value might apply. This is particularly relevant in the context of the Community Infrastructure Levy.
(CIL), which has been set by the Council at two levels. The lower level applies to High Wycombe and Stokenchurch, while the higher level applies to other areas.

3.14.3 It will be seen from our value points tables, at Appendix 6, that we have specified three areas, being Stokenchurch and High Wycombe at value point 2, Bourne End and Princes Risborough at value point 3, with Marlow and other areas at value point 4. This results from the research and allows a finer-grain analysis of viability.

3.14.4 The value points tables at Appendix 6 illustrate what could be considered as values for “windfall” sites. With regard to High Wycombe, it is relevant to note that a number of current newbuild developments are on brownfield sites in differing locations, whereas the majority of the planned sites are in more valuable, Greenfield locations around the town. We have, therefore, taken this into account in our pricing, with enhanced values for the strategic sites. This can be illustrated in the table below, where we compare the values assumed for the High Wycombe strategic sites, with the “windfall” values in the value points table.

### Comparison of windfall sites sales values with strategic sites sales values (High Wycombe)

<table>
<thead>
<tr>
<th>Housetype</th>
<th>Value Points Table</th>
<th>Gomm Valley and Abbey Barn</th>
<th>Terriers Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 bed flat</td>
<td>£165,000</td>
<td>£165,000</td>
<td>£175,000</td>
</tr>
<tr>
<td>2 bed flat</td>
<td>£200,000</td>
<td>£210,000</td>
<td>£230,000</td>
</tr>
<tr>
<td>2 bed house</td>
<td>£233,000</td>
<td>£240,000</td>
<td>£270,000</td>
</tr>
<tr>
<td>3 bed house</td>
<td>£294,000</td>
<td>£305,000</td>
<td>£330,000</td>
</tr>
<tr>
<td>4 bed house</td>
<td>£390,000</td>
<td>£410,000</td>
<td>£420,000</td>
</tr>
<tr>
<td>5 bed house</td>
<td>£550,000</td>
<td>£550,000</td>
<td>£565,000</td>
</tr>
</tbody>
</table>

3.14.5 The value points tables are intended to show a range of values for the different housetypes across the District. The researched values are those shown at value points 2-4, as above. We have then applied a form of sensitivity analysis by setting value point 1 at 5% below value point 2; value point 5 is set at 10% above value point 4. In this way we can assess viability in the context of different movements in the sales market.

3.14.6 It will be seen that the value points tables also show the adopted revenues for the affordable housing.

3.14.7 Sales values attributable to the strategic sites are shown separately at Appendix 7B.
3.14.8 In light of the reported growth in house prices over recent months, we have also looked again at the values for the High Wycombe sites, representing the lower end of the value range for the District. This allows us to apply a sensitivity check to understand whether the latest market conditions are improving the viability of the High Wycombe sites.

3.14.9 At Appendix 7B we set out the sales values that have been assumed for all the strategic sites. We have divided this into two tables, with 7B1 representing researched values at November 2013 and 7B2 amending the High Wycombe values. In table 7B2 the High Wycombe values are showing an increase of some 4-6% over the 2013 values. We discuss the outcome of this exercise in the Findings section.

3.15 Community Infrastructure Levy (CIL) and s106 costs

3.15.1 The Council has adopted CIL at £125 per square metre for High Wycombe and Stokenchurch, with £150 per square metre elsewhere. These CIL levels have been included in our appraisals, with £125 per square metre being applied at value points 1 and 2, with £150 per square metre being applied at value points 3-5. It should be noted that CIL is applied to the market housing only.

3.15.2 In addition to CIL, we have applied a s106 cost of £1,000 per unit for all appraisals, notional and strategic.

3.16 Methodology relating to the strategic sites

3.16.1 The strategic sites are listed in the table at Appendix 2, which also includes assumptions relating to unit numbers and gross/net developable areas. It is important to note the assumptions that we have made for the gross site areas, from which the calculations of existing use value are made. These assumptions are set out in Appendix 7, in the column headed Gross Area for EUV, where we are calculating the existing use values from the Developable Areas shown in Appendix 2.

3.16.2 The significance of this issue is that the surpluses arising for each site are calculated by deducting the existing use value, at £350,000 per hectare, from the development’s land value.

3.16.3 The methodology for the strategic sites is similar to that for the notional sites, in that we are using a residual land appraisal to calculate a land value arising from the particular development, based on the housing mixes enclosed at Appendices 3 and 3A. In the case of the strategic sites, however, we can also apply more site-specific criteria, such as infrastructure levels and abnormal costs for slopes.
3.16.4 The infrastructure items are not to do with CIL; these are the roads and services that need to be brought into the site, in order to create the individual “serviced” sites on which the houses would be built. This cost needs to be added to the base build costs adopted for the units. We have sought advice on these costs in the past and have adopted a figure of £520,000 per hectare, applicable to half the residential area. We adopt half the residential area for this infrastructure on the basis that an efficient use of land will minimise the area of this infrastructure land, in order to maximise the developable area.

3.16.5 In certain instances, we have also allowed an extra cost for sloping sites at a rate of £3,000 per unit. This would be an extra over cost to create suitable levels for building.

3.16.6 It should be noted that we have assumed that certain strategic sites would be divided into different phases, with more than one developer on site. These phases might be around 100 units each, having simultaneous build and sales periods. This is relevant to our consideration of such matters as finance costs. This phasing assumption would relate to all the strategic sites, with the exception of Abbey Barn North and Slate Meadow.

3.16.7 We have also considered the viability of the Princes Risborough Growth Area, which includes the sites at Longwick Road and Park Mill Farm, having a proposed total of 2,500 homes. The viability outcomes in relation to this site are included at Appendices 7A and 7B.

3.17 Sensitivity Testing

3.17.1 We have described above the way in which the value points table provides an element of sensitivity testing of the sales values in the District. We need to also consider the impact of different levels of build cost. As part of its brief for this study, the Council also asked us to consider whether there is evidence to support a variation to the adopted levels of CIL, while maintaining viability.

3.17.2 We are attaching, at Appendix 11, tables that show the impact of increasing build costs by 10%, along with increases in CIL levels, assuming affordable housing at both 30% and 40%. At the more sensitive value points 1 and 2, we have increased CIL by 5%. This takes it from £125 per square metre to £131 per square metre. At value points 3-5 we have increased CIL by 10%, taking it from £150 per square metre to £165 per square metre. We have also carried out this exercise in the context of a potential affordable housing scenario, with affordable rent at 65% market rent and shared ownership at 30% sold.
3.17.3 The outcomes of this sensitivity testing will be discussed in the Findings section, below.

**3.18 Methodology relating to Rural Exceptions Sites**

3.18.1 The methodology relating to rural exceptions sites is similar to that employed for the rest of the report, namely that we are considering land values for different scenarios although, in this case, the emphasis is on the provision of affordable housing.

3.18.2 For the purpose of this exercise, we have assumed sales values that reflect the more expensive village locations.

3.18.3 The examples shown below are a mix of 5 no. 2 bed houses and 5 no. 3 bed houses on 0.33 hectares.

3.18.4 All scenarios have an EUV of £100,000, being 10 units at £10,000 per plot. This level has been confirmed by registered providers as being the land value payable. The build costs have been supplemented to reflect the fact that these will be more one-off types of development.

3.18.5 There have been few recent rural exceptions schemes developed in Wycombe in the last few years. This has been due to a variety of reasons; this report assesses whether there is a viability issue which may be impeding delivery. The lack of available Homes and Communities Agency or Local Authority grant may be an issue.

3.18.6 The NPPF supports the potential to introduce some market development onto exceptions sites, it states in paragraph 54:

"In rural areas, exercising the duty to cooperate with neighbouring authorities, local planning authorities should be responsive to local circumstances and plan housing development to reflect local needs, particularly for affordable housing, including through rural exception sites where appropriate. Local planning authorities should in particular consider whether allowing some market housing would facilitate the provision of significant additional affordable housing to meet local needs”.

3.18.7 Other Local Authorities have considered the delivery of affordable housing and have given thought to ways in which value can be enhanced to either replace grant or act as an added incentive to landowners, by substituting some market housing into what would otherwise be a 100% affordable scheme.
3.18.8 This part of the report is supported by 5 HCA Development Appraisal Toolkit examples of a typical rural exceptions scheme.

3.18.9 The Appraisals

3.18.9.1 Appraisal 1 is all 10 units modelled as a “traditional” rural exceptions scheme based on social rent. This scheme is no longer viable, unless supported by £47,000 per unit. If there were grant available this is the sort of level which the HCA may invest in such a scheme.

3.18.9.2 However if the scheme were to be entirely developed for affordable rent at 80% market rent (minus management and maintenance, void and sinking fund) (Appraisal 2) then the scheme would be viable with no other subsidy. Indeed if a 70/30 split were applied with affordable and market housing the scheme would be even more viable. However the rents charged for such a scheme located in the most valuable locations in the District may prove to be unaffordable to prospective residents.

3.18.9.3 A 70/30 split in favour of social rent and market housing is tested in appraisal 4. Here the appraisal is marginally unviable and when a 60/40 split is tested the scheme effectively breaks even, as in appraisal 5.

3.18.9.4 The table below identifies the key land value outcomes from the appraisals, also showing the surplus/deficit of land value against the existing use value:

<table>
<thead>
<tr>
<th>Appraisal</th>
<th>Description</th>
<th>Land Value</th>
<th>Surplus/deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>All social rent</td>
<td>£100,000</td>
<td>-£474,580</td>
</tr>
<tr>
<td>2</td>
<td>All affordable rent</td>
<td>£100,000</td>
<td>+£153,655</td>
</tr>
<tr>
<td>3</td>
<td>7 affordable rent, 3 market</td>
<td>£100,000</td>
<td>+£370,447</td>
</tr>
<tr>
<td>4</td>
<td>7 social rent, 3 market</td>
<td>£100,000</td>
<td>-£123,845</td>
</tr>
<tr>
<td>5</td>
<td>6 social rent, 4 market</td>
<td>£100,000</td>
<td>+£8,311</td>
</tr>
</tbody>
</table>
4. The Findings

4.1 We will consider these initial findings in the context of the attached appendices that show land value outcomes.

4.2 Appendices 4 and 5

4.2.1 These relate to the sales research for both newbuild and second hand properties. The research confirmed the wider view that the housing market has improved significantly in recent months, especially with the introduction of the Government’s Help to Buy scheme. Furthermore, the research confirmed the wide range of values that are experienced in the District. It is this that contributed to our view that three value levels can be identified, as demonstrated in the value points tables, attached as Appendix 6.

4.2.2 It should be noted that some of the newbuild schemes that were assessed for this exercise are located just outside the boundary of Wycombe District Council. We believe that the evidence from these schemes remains valid, since we would not expect buyers to differentiate significantly between the locations.

4.3 Appendix 7

4.3.1 This shows the table of strategic land values and surpluses. Whilst the valuations for the strategic sites allowed for CIL, a level of s106 contributions and incoming infrastructure, we have not allowed for any further infrastructure, such as offsite highways, service reinforcement, schools and other public facilities that might be required, with the exception of the Princes Risborough Growth Area, where we have allowed a transport package of £26 million. By agreement with the Council, these items were omitted in order to understand the total surplus that might be available. These surpluses are calculated by deducting the existing use value, at £350,000 per hectare, from the land valuation that arises from the proposed form of development, as shown on the housing mixes at Appendix 3.

4.3.2 On the basis of the existing use values, as calculated, all the strategic sites show a surplus that could contribute to wider infrastructure provision.
4.3.3 As discussed above, we carried out some sensitivity testing of the sales values of the High Wycombe strategic sites, as a result of current market sentiment, for the scenarios with affordable rent at 65% market rent and shared ownership at 30% sale. This increased the sales values by between 4 and 6%. The outcome is that the resultant land values increase by between £500,000 and £2,000,000. This should be borne in mind when considering the surpluses shown in Appendix 7, which do not include this extra value. We would expect similar rises in land value for other affordable housing scenarios.

4.4 Appendices 8 and 8A

4.4.1 These are the tables of land values for the notional sites. By way of reminder, the different unit numbers were tested at affordable housing proportions, by bedspace, of 10, 20, 30 and 40%. Within the affordable element, we assumed a rented proportion of 50% (see Appendix 8) and 66% (see Appendix 8A). In addition, different affordable housing tenures were tested. Finally, each of these scenarios was tested against the different value points.

4.4.2 We can identify the most sensitive scenarios as being those with either social rent/shared ownership at 30% sale, or those with affordable rent at 65%/shared ownership at 30% sale. We can then say that, if these scenarios are viable, then we will also see viability in the more valuable scenarios. These would include affordable rent at 80% market rent and shared ownership at 50% sale.

4.4.3 If we look at the tables for social rent and shared ownership at 30% sale we see that, at lower proportions of affordable housing, the only viability difficulties occur with residential existing uses. At 30% affordable housing there is a lack of viability against residential uses at value points 1 and 2, which would include High Wycombe and Stokenchurch. At 40% affordable there is viability for value point 2 against employment uses with 50% of the affordable as rented, but not against residential uses. When the rented element is raised to 66%, then value point 2 still shows viability against the two lower employment thresholds, but not against the higher threshold that assumes abnormal costs.

4.4.4 In this context, therefore, it is necessary to consider the weight to be afforded to existing residential uses for future housing supply.

4.4.5 If we look at the tables for affordable rent at 65% market rent and shared ownership at 30% sale, a similar viability picture is evident, with higher value employment uses being viable in VP2 locations, becoming marginal
when abnormal costs are assumed. This outcome applies to both 66% rented and 50% rented scenarios.

4.4.6 The outcomes with affordable rent at 80% can be summarised as follows for value point 2:

4.4.6.1 Assuming 50% rented: shared ownership at 30% sale shows good viability for Greenfield and all employment thresholds at 30% affordable.

4.4.6.2 At 40% affordable there is more viability pressure against residential uses, but there is good viability against employment uses.

4.4.6.3 If the shared ownership sale percentage is increased to 50%, there is viability against the lower value residential existing uses. There is also good viability against employment uses.

4.4.6.4 Assuming affordable rent at 80% market rent and the rented element being 66% of the affordable housing, with an overall affordable proportion of 30%: shared ownership at 30% sale, we see good viability against all existing use thresholds, with the exception of higher value residential. At 40% affordable, there is good viability against the employment thresholds, but marginal viability against even the lower value residential. If the shared ownership sale element is increased to 50%, then we see a similar pattern of good viability against employment thresholds, but marginal viability against employment thresholds.

4.5 Appendix 11

4.5.1 We undertook sensitivity testing around both build costs and CIL levels, using the scenario of affordable rent at 65% and shared ownership with a 30% sale, assuming a rented element of 66% of the affordable. We are looking at overall affordable proportions of both 30% and 40%. We particularly wanted to show the position for value points 2 and 3, on the basis that these locations are more sensitive to additional costs.

4.5.2 The tables show the outcome of increasing build costs by 10%. We then applied a further cost to value points 2 and 3, being the increased CIL levels. The columns in blue show, therefore, the cumulative impact of applying these two extra costs.

4.5.3 It will be seen that, in most scenarios, there remains a viability difficulty against residential existing uses. As stated above, however, it is necessary to consider the importance of existing residential sites for future housing supply. Against the important employment uses, VP2 locations show viability at 30% affordable provision, except when abnormal costs are assumed. At 40% affordable provision, however, viability becomes
marginal with the extra build cost; there is a lack of viability when the additional CIL is added.

4.5.4 At value point 3, however, we see good viability at 40% affordable provision, with both the higher build cost and CIL charge.

4.5.5 This would indicate that the CIL cost for areas outside High Wycombe and Stokenchurch could be raised to £165 per square metre without adversely affecting viability.

4.6 Rural Exceptions

4.6.1 The finding from the above analysis into rural exceptions sites is that a 100% social rented scheme will not be viable, while a 100% affordable rented scheme will be viable, but may not be affordable to residents.

4.6.2 To maintain affordability a scheme of 6 socially rented homes and 4 market sale homes would be viable. For information we would see viability for a 100% social rented scheme, if circa £47,000 grant per home were available.
5. Conclusions

5.1 We are measuring the viability of a range of development scenarios by comparing the land values, generated by these scenarios, to a number of threshold land values. These represent the existing, or alternative, land uses of a site and, for this study, we are considering Greenfield, employment and residential thresholds. We note that the strategic sites, included as part of this report, are all Greenfield and we believe, therefore, that significant weight can be attached to this use for the Council’s future land supply. Consideration will, however, need to be given to other existing uses, particularly employment, in connection with other sites that might come forward for development.

5.2 The strategic sites all show surpluses against the Greenfield existing use value. It should be noted, however, that we have not allocated any off-site infrastructure to these sites, with the exception of the Princes Risborough Growth Area. The surpluses should, therefore, be considered as “pots” of value, indicating the sums available for such infrastructure, while remaining viable.

5.3 In light of the latest sales market conditions, we tested the High Wycombe sites at enhanced sales values, adding some 4-6%. This adds approximately £500,000 to £2,000,000 to the land values, depending upon the site size, and this should be borne in mind when considering the surpluses available for infrastructure from the strategic sites.

5.4 With regard to the viability of notional sites, we are looking at both the level and tenure of affordable housing, along with the application of the Council’s adopted level of CIL. We are particularly interested in the viability position at value point 2, reflecting High Wycombe, against the higher employment threshold of £1,400,000 per hectare. At this level, we have allowed CIL at £125 per sqm of the market housing.

5.5 If we adopt a conservative scenario, with 40% affordable, of which 66% is rented as affordable rent at 65% market rent, then we see that there is viability against this employment threshold, at value point 2.

5.6 We can see similar viability for value point 2, assuming social rent. On this basis, and addressing the current policy position, we would conclude that 40% affordable housing, along with CIL at £125 per sqm, is viable.

5.7 We would conclude also that 30% remains viable in value point 2 locations, such as High Wycombe, along with a CIL charge of £125, even if we assume social rent and shared ownership, with 30% sold.
5.8 On this same basis, locations such as Princes Risborough appear viable with the higher CIL against all but the higher value residential existing use value.

5.9 We have seen that most scenarios show viability difficulties against existing residential uses, which we have taken at £2 million and £4 million per hectare for this report. If we want to understand the scenarios that would be viable against the residential thresholds, we need to look at Appendix 8. With an affordable proportion of 40%, of which 66% is rented, then we see marginal viability at value point 2 against the lower residential threshold, with affordable rent at 80% market rent and shared ownership at 30% sold. The same scenario, with shared ownership at 50% sold shows good viability at value point 2 against the lower residential threshold, but not against the higher threshold. If we reduce the affordable proportion to 20%, however, this scenario indicates viability against the higher residential threshold at value point 3.

5.10 Alternatively, if we adopt a scenario of 40% affordable housing, of which 50% is rented, assuming affordable rent at 65% market rent, then we see viability for value point 3 against the lower residential threshold. As above, value point 3 indicates viability against the higher residential threshold if the affordable proportion is reduced to 20%.

5.11 From this, we conclude that it is possible to see viability against the residential thresholds, although this involves flexibility in the requirements for affordable housing.

5.12 With regard to the sensitivity exercise, we concluded that the Council could consider raising its higher CIL level, at £150 per sqm, to £165 per sqm, while remaining viable at 40% affordable housing, on the basis of the scenario illustrated at Appendix 11.

5.13 Regarding rural exceptions sites, our study shows that a 100% affordable rented rural exceptions scheme will be viable at the land value levels currently negotiated by RPs and the Rural Enablers. Social rent will not be viable without grant subsidy or the inclusion of a proportion of market housing within a scheme.

5.14 The Council also asked us to consider whether the thresholds, at which on-site affordable housing would be sought, should be changed. These are currently set at 5 units in rural areas and 15 units in urban situations. It will be seen from the tables at appendix 8 that we have tested sites of 10 units with affordable housing. If we consider the position at 40% affordable housing, with affordable rent at 65% market rent, then we see that the land value outcomes for 10 units show good viability against the existing employment uses. A similar picture is seen when social rent
replaces the affordable rented element. We believe, therefore, that the Council could consider lowering the urban threshold to 10 units.
6. Recommendations

6.1 We would recommend that the Council can maintain its current policy requirements for affordable housing.

6.2 With regard to Community Infrastructure Levy, we would recommend that the Council could consider raising its higher rate to £165 per square metre.

End of Report
Adams Integra
February 2014
Appendices

1. What the Appendices Show

We should make some introductory points in relation to the appendices.

1.1 First, in instances where appendices are showing notional land value outcomes, these values are expressed in three different ways. The first value is the actual land value, assuming a specific number of units at a particular density. The second value is the percentage that the land value represents in relation to the total revenue, or Gross Development Value. This is often used by the housing industry as an approximate measure of a site’s value. The third figure expresses the land value per hectare. This allows a direct comparison with the viability thresholds. The basis of these is discussed later in the report.

1.2 Second, we will provide a more detailed description of the background to the appendices in the Methodology section. Here, we are simply setting out what the appendices contain and how they should be read.

1.3 Third, it should be noted that the Council’s affordable housing requirements are expressed as proportions of bedspaces, as opposed to numbers of units. When the report mentions, therefore, different proportions of affordable housing, the reference is to bedspaces. In many instances this results in affordable unit numbers that are higher than the quoted proportions. For example, if we look at the tables in Appendix 1, at 66% rented and 30% affordable, we see that the number of affordable units ranges from 30% to 38%, depending on the total unit numbers. Likewise, if we look at the figures for 40% affordable, by bedspace, we see that the affordable numbers, by unit, range from 40% to 52%.

1.4 Appendix 1

1.4.1 This is a table of housing mixes for the notional sites, assuming affordable housing bedspace proportions of 10%, 20%, 30% and 40%. Within the affordable housing element, the proportion of rented bedspaces is 66%.

1.4.2 The unit numbers and densities were agreed with the Council. Each table shows the number of units, the density as dwellings per hectare and the resultant land area for each scenario. The numbers of each housetype, together with its floor area, are then shown and these result in total floor areas at the right hand end of the table.

1.4.3 In order to satisfy ourselves that the mixes are reasonable, we have set a site coverage parameter of between 3,500 square metres and 4,500 square metres of floor area, excluding garages, per hectare, depending
upon the density. The final column of each table shows the actual floor area per hectare of each scenario. Whilst we have used the coverage parameters as a guide, the actual coverage might be significantly different, once the proportions of bedspaces are taken into account.

1.5 Appendix 1A

1.5.1 This shows the housing mixes for notional sites in a similar way to Appendix 1, although the rented element of the affordable housing is 50%.

1.6 Appendix 2

1.6.1 This is a table that summarises the areas and unit numbers for the strategic sites, based upon information provided by the Council.

1.7 Appendix 3

1.7.1 The housing mixes that relate to the strategic sites, assuming that the affordable element includes 66% rented accommodation by bedspaces. As with Appendix 2, we have drawn up this mixes, bearing in mind both Council policy in relation to smaller units and the overall accommodation levels per hectare.

1.8 Appendix 3A

1.8.1 The housing mixes that relate to the strategic sites, assuming that the affordable element includes 50% rented accommodation by bedspaces.

1.9 Appendices 4 and 5

1.9.1 The outcomes of the sales research that was carried out for this study, relating to both newbuild and second hand properties. Our priority has been the newbuild, with second hand being considered in locations where newbuild developments are scarce.

1.10 Appendix 6

1.10.1 These are the Value Points tables that result from the sales research and are particularly relevant to the notional sites. We have considered separately, in Appendix 7, the values attributable to the strategic sites. The Value Points tables attribute both market and affordable housing values to the housetypes that are used in the notional housing mixes and subsequent appraisals. With regard to market values, the principle of the tables is that they represent the range of values attributable to each housetype as a series of value points (VP), in this case ranging from VP1
to VP5. The values that result directly from our sales research are shown as VP2 to VP4, to which geographical locations have also been attributed.

1.10.2 VP1 is then showing the impact of a fall in values from VP2, while VP5 represents a rise in value over VP4.

1.10.3 The value points tables can, therefore, be used to illustrate not only typical values for a location today, but also the viability effect of value movements, either up or down.

1.10.4 In addition to market values, the value points tables also show our assumed revenues for the adopted affordable housing tenures, being shared ownership, affordable rent and social rent, at different levels.

1.10.5 Sales values for the strategic sites have been applied individually, based upon their locations.

1.11 Appendix 7

1.11.1 Tables of strategic sites land values, indicating the sums that might be available for infrastructure items, once the development land value is deducted from an existing use value. The tables assume the different levels of rented accommodation as part of the affordable housing, being 66% and 50%. We have also considered the overall Princes Risborough growth area and this will be discussed separately within the report.

1.12 Appendix 7A

1.12.1 This table shows the main valuation elements for the strategic sites, including sales values and build costs. The resultant land values are shown, along with the sums available for infrastructure, corresponding to the similar figures in Appendix 7.

1.13 Appendices 7B1 and 2

1.13.1 These tables show the market values that we have adopted for the various house types on the individual strategic sites. This includes the Princes Risborough growth area. Appendix 7B1 shows a lower level of sales value for the High Wycombe sites, while 7B2 shows a higher level of value, addressing current movements in the sales market.

1.14 Appendix 7C

1.14.1 This table shows the impact of enhanced sales values for the High Wycombe sites, in the light of latest sales market conditions. We have tested just one of the affordable housing scenarios, being affordable rent
at 65% market rent and shared ownership at 30% sale. In addition, we are testing affordable housing proportions at both 30% and 40%.

1.15 Appendix 8

1.15.1 Tables of valuations for the notional sites, expressed as the three figures mentioned above. The land values per hectare can be assessed for viability against the viability thresholds, or existing use values (EUVs), that will be discussed later in the report. At the bottom of each table is a traffic light representation of viability. This Appendix shows those scenarios with 50% of the affordable bedspaces being rented.

1.16 Appendix 8A

1.16.1 This is similar to Appendix 8, but it assumes that 66% of the affordable bedspaces are rented.

1.17 Appendix 9

1.17.1 This is the questionnaire that was sent to housebuilders operating in the Wycombe area, with the intention of developing a robust set of valuation inputs, based upon local experience.

1.18 Appendix 10

1.18.1 This is the table of build costs, taken from the BCIS service, as applicable to Wycombe in November 2013. Under the Build Cost section, we describe how we have arrived at the build costs for the study, using this table.

1.19 Appendix 11

1.19.1 This applies sensitivity testing to the notional sites, assessing increases in both build cost and Community Infrastructure levy against scenarios with affordable rent at 65% market rent and shared ownership at 30% sale. The tables assume affordable housing at proportions of both 30% and 40%.