COMMUNITY INFRASTRUCTURE LEVY

DRAFT CHARGING SCHEDULE
BACKGROUND DOCUMENT

MARCH 2012

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1. Introduction

1.1 This document describes Wycombe District Council's process to date in the introduction of a Community Infrastructure Levy (CIL) and describes the next steps. It summarises why the CIL is proceeding with the Draft Charging Schedule as proposed, taking account of comments to date and describes what arrangements and policies may accompany the introduction of CIL.

1.2 In order to respond to comments on the Preliminary Draft Charging Schedule (PDCS), to reflect updated evidence and to comply with the Planning Act and CIL Regulations the Council is now publishing:

- the Draft Charging Schedule – short document setting out the proposed levy rates
- this consultation document
- Preliminary Draft Charging Schedule (PDCS) Consultation Statement – Council's detailed responses to representations made on the PDCS
- Draft Charging Schedule Statement of Representations Procedures – Document setting out how to respond to the Draft Charging Schedule consultation
- amended Infrastructure Delivery Plan (March 2012) – Document setting out infrastructure requirements to support anticipated growth and support the development of the area
- CIL Viability Assessment (November 2011) – Report investigating level of development viability throughout the district to inform CIL rates
- Draft Planning Obligations SPD – document setting out guidance of when planning obligations may be secured and the relationship between CIL and planning obligations
- Draft CIL Programme Approval Protocol – document setting out criteria to be used and how decisions to release funds will be made

2. Responding to the CIL Draft Charging Schedule Consultation and the 'Right to be Heard'

2.1 Having taken the comments received on the PDCS into account, the Council considers that the Draft Charging Schedule (DCS) is ready to be submitted for independent examination and therefore publishes it in order to gather comments on it from interested stakeholders. The comments will be used by the independent examiner in their consideration of the Charging Schedule. The Council can make further changes to the Charging Schedule before submitting it for independent examination but it is not obliged to. Any further changes would require a further round of consultation.

2.2 CIL Regulation 14 requires that a Charging Authority, in setting CIL rates, *'must aim to strike what appears to the charging authority to be an appropriate balance between the desirability of funding infrastructure from CIL and the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area'* and that it has used *'appropriate available evidence to inform the Draft Charging Schedule'.*

2.3 The independent examination will consider whether:

- The Charging Authority has complied with the required procedures set out in the Planning Act 2008 and the CIL Regulations;

- The Charging Authority's Draft Charging Schedule is supported by background documents containing appropriate available evidence;

- The proposed rate or rates are informed by and consistent with, the evidence on economic viability across the charging authority's area;
  and

- evidence has been provided that shows the proposed rates would not put at serious risk the overall development of the area

2.4 The decision on where the levy is set to ensure an appropriate balance has been met is a matter for the Charging Authority, unless the evidence available to the examination shows that the proposed rate (or rates) will put the overall development of the area at serious risk.

2.5 If you do wish to make comments on the Draft Charging Schedule please consider what you will be commenting on. If you think the document should be changed to address your comments please give details. Comments should cover succinctly all the information, evidence and supporting information necessary to support or justify the comment and the suggested change. You should not assume that there will be an opportunity to add further information, although the examiner may request additional information from you, based on the matters he/she identifies for examination.

2.6 Persons making representations on the Draft Charging Schedule can request the right to be heard at an independent examination. If you do wish to be heard at the examination this should be clearly indicated in your response.

2.7 The Council are also taking this opportunity to consult on a draft Planning Obligations SPD and a draft CIL Programme Approval Protocol. Any specific comments on these documents should be made separately to comments on the DCS.

3. Preliminary Draft Charging Schedule (PDCS) – Summary of comments received

3.1 A broad range of comments were received and issues raised in the representations on the PDCS. The detailed representations and the Council's responses to the specific points raised are included in the PDCS Consultation Statement. In addition further clarifications are provided in the remainder of this report.

3.2 Some respondents focused on specific sites in the district and some concentrated on specific development types e.g. convenience retail. The comments received can be summarised as follows:

- There is insufficient infrastructure needs evidence to demonstrate the need to introduce a CIL
- Infrastructure relating to strategic sites should be outside of CIL
- Strategic sites have not been fully addressed in setting the CIL rates which may include significant s106 costs
- Some of the assumptions used in the viability assessment are not realistic
- Rates proposed do not take account of abnormal costs on specific sites
- The £250/sqm rate for large convenience retail and retail warehousing is too high and will put such developments at risk
- Retail developments should not be required to contribute to most of the infrastructure needs in the IDP which is largely related to population growth
- Instalments Policy should be better related to large scale developments and allow for payments to based on residential completions
- Some comments were received in relation to the 'meaningful proportion' of receipts Charging Authorities will be required to spend in the local area. These comments were taken into account in the Council's response to the national CIL reform consultation
- A range of comments were received in relation to how funds will be used and how decisions to release funds will be made

Issues raised in the PDCS consultation and the Council's proposed way forward

3.3 **The need for and the benefits of introducing a CIL in Wycombe**

3.3.1 All development has some impact on the need for infrastructure, services and amenities, or benefits from them so it is fair that such development pays a share of the cost. By paying a contribution, developers will help fund the infrastructure that is needed to make development acceptable and sustainable.

3.3.2 The Council's aim in introducing a CIL is that it will have a medium and longer term positive economic benefit for development across the district as up-to-date and attractive infrastructure will attract further investment, and may also reduce resistance to some developments. The delivery of the overall Wycombe Development Framework would be at serious risk in the absence of a CIL because failing to address the significant infrastructure needs of the District would result in further development being curtailed by infrastructure constraints.

3.3.3 CIL will greatly simplify the process of developer contributions. Once a CIL Charging Schedule is formally adopted, the range of developer contributions payable through Section 106 Agreements will be significantly streamlined in the majority of cases.

3.3.4 The CIL is a fair, transparent and accountable levy which will be payable by the majority of new housing developments, whether one dwelling or 1000, as well as by a number of other development types. The CIL gives developers a clear understanding of what financial contribution will be expected towards the delivery of community infrastructure needs, whilst providing the Local Planning Authority with a simple developer contributions process.

3.4 Infrastructure evidence and amendments to the Infrastructure Delivery Plan

3.4.1 The statutory CIL guidance states that information on the Charging Authority area's infrastructure needs should, wherever possible, be drawn directly from the infrastructure planning that underpins their Development Plan. This is set out in the Wycombe Infrastructure Delivery Plan (IDP). The guidance also states the CIL funding target should be informed by a selection of infrastructure projects or types which are indicative of the infrastructure likely to be funded from CIL in that area.

3.4.2 Working with the infrastructure providers the IDP was first produced in 2009 to support emerging Delivery & Site Allocations (DSA) development plan document. The IDP was subsequently updated in 2010 and again in 2011, to support the draft DSA and the development of CIL. Infrastructure providers gave consideration to the Core Strategy which sets out the overall strategy for the development of the district, projected housing growth and population projections to identify future infrastructure needs, costs and potential funding sources.

3.4.3 The Infrastructure Delivery Plan is a background document to the Draft Charging Schedule and has been subject to consultation on three occasions. The IDP is a 'live' document and will be updated throughout the life of the plan period (2012-2026) to accurately reflect current and future infrastructure requirements. Reviews of the IDP will be programmed in accordance with reviews of the CIL and annual funding allocation processes, plus the wider WDF timetable.

3.4.4 As a result of the PDCS consultation and further liaison with service providers a number of amendments and refinements have been made to the IDP and an overall 'funding gap' of almost £104m has been identified.

3.4.5 Some comments have been received stating that infrastructure relating to Core Strategy reserved sites should not be included within the IDP. The IDP identifies infrastructure required to meet the housing targets as set out in the Council's current Development Plan (including the Core Strategy). The Core Strategy reserves five strategic sites for future development (although does not allocate them) and it is important to have a clear understanding of the infrastructure needs these sites would create if they were developed in the future. Therefore the IDP continues to identify the infrastructure needs of these sites. The IDP will be updated as part of the Core Strategy Review and will reflect any variations in the inclusion of sites, from the existing Development Plan, and their appropriate infrastructure needs, as the review is undertaken.

3.4.6 Where it is anticipated that infrastructure will be secured through a Section 106 agreement, the IDP has been amended to reflect this.

3.4.7 Limited further existing (or anticipated) s106 funds have also been identified for a number of the identified projects.

3.4.8 Taking account of comments received during the PDCS consultation the IDP has been updated to more accurately reflect the infrastructure needs generated by all forms of development.

3.4.9 Planning Policy Statement 12: Creating Strong and Prosperous Communities through Local Spatial Planning (DCLG, 2008) recognises the relationship between economic growth and regeneration and infrastructure, setting out the role that spatial planning has to achieve these objectives though "ensuring business is drawn to an area by providing an attractive environment and a sufficient workforce that is well housed and able to access employment opportunities easily and sustainably". The draft National Planning Policy Framework and the National Infrastructure Plan (HM Treasury & Infrastructure UK, 2011) also recognise the importance of infrastructure provision in supporting the development of an area. Other types of development (other than housing) can therefore be seen to generate their own infrastructure needs and it is therefore appropriate that they contribute to the provision of infrastructure within the district.

3.4.10 Table 1 is a summary of the infrastructure needs and related costs identified in the Infrastructure Delivery Plan, the alternative funding sources identified and the subsequent funding gap.

Table 1: Identified Infrastructure Costs and Funding Gap (not a prioritised list of infrastructure requirements)

Infrastructure Type		Timeframe of the IDP 2011-2026			First Five Years 2011-2016		
		Total Infrastructure Cost	Level of Identified Funding Sources	Net Funding Gap	Total Infrastructure Cost	Level of Identified Funding Sources	Net Funding Gap
Transport		£ 51.89M	£ 11.59M	£ 40.3M	£ 24.48M	£ 8.64M	£ 15.84M
High Wycombe Town Centre Masterplan		£ 26.1M	£ 6.27M	£ 19.83M	£8.84M	£ 3.62M	£ 5.22M
Education		£ 34.75M	£ 13.9M	£ 20.85M	£ 15.44M	£ 5.9M	£9.54M
Health Care*		£ -	£ -	£ -	£ -	£ -	£ -
Emergency Services		£ 3.51M	£ 0.04	£ 3.47M	£0.32M	£ 0.02	£ 0.3M
Social Infrastructure	Adult Social Care	£10.8M	£ 5.4M	£ 5.4M	£3.6M	£1.8M	£ 1.8M
	Community Facilities	£1.95M	£0.8M	£ 1.15M	£ 1.25M	£ 0.8M	£ 0.45M
	Sports Facilities	£ 28.65M	£27.2	£1.4M	£27.55M	£ 27.2M	£ 0.35M
Public Services	Waste Management	£ 12.7M	£12.06M	£ 0.64M	£ 7M	£ 7M	£ 0
	Libraries, Adult Learning & Archives	£ 1.12M	£ 0	£ 1.12M	£ -	£ -	£ -
	Crematoria*	£ -	£ -	£ -	£ -	£ -	£ -
Green Infrastructure	Green Infrastructure Network	£ 4.7M	£ 0.07M	£ 4.63M	£ 1.57M	£ 0.07M	£ 1.5M
	Open Space	£ 5.2M	£ 0.2M	£ 5M	£ 1.73M	£ 0.2M	£ 1.53M
Utilities*		£ -	£ -	£ -	£ -	£ -	£ -
TOTAL		**£ 181.37M**	**£ 77.55M**	**£ 103.8M**	**£ 91.78M**	**£ 55.20M**	**£ 36.58M**

*** No infrastructure requirements identified to date**

3.5 **Funding Sources**

3.5.1 It can be seen from Table 1 that although around £77m of funding has been identified to meet the District's identified infrastructure needs, a funding gap of almost £104m remains. As part of the infrastructure planning process service providers have been asked to identify other potential funding sources that could contribute to the cost of identified infrastructure. However predicting future levels of funding beyond the short-term has been difficult and it is particularly problematic in the current economic and funding climate. Where exact levels of funding are unknown and therefore not included within funding assumptions, commentary has been provided within the IDP to identify indicative future funding sources and expected value.

3.5.2 Appendix 4 of the IDP looks at possible levels of other funding sources based on previous capital budget profiles of the local authorities and external grants and funding opportunities. Due to the nature of this exercise, the identification of any potential funds have not been replicated within the main body of the IDP as they are not committed funds, nor do they represent a commitment from any of the funding bodies, and would therefore distort the committed funding sources and the subsequent identified funding gap.

3.5.3 Funding sources investigated for Wycombe District Council service areas include the capital programme, generation of capital receipts, external grants, and the New Homes Bonus. In all these cases funding has considerably reduced from the levels available in previous years, is difficult to forecast at this stage, or decisions have yet to be made on its use.

3.5.4 Buckinghamshire County Council have identified that funding from Government is increasing by less than £1m from 2011/12 to 2012/13. This combined with no increase in Council Tax means that available resources are at a virtual standstill. Beyond 2012/13 the position is less clear as the Government are still considering responses to its consultation on an overhaul of the local government funding system. However in setting the Medium Term Plan, BCC have assumed a 5% reduction in Formula Grant (or its equivalent) in each of 2013/14 and 2014/15. This will have a significant impact on available capital resources as the majority of the Council's capital budget is made up of Grants and Contributions (90% of the 2011/12 Capital Programme).

3.5.5 Page 112 of the IDP list the range of potential funding sources that may be available.

3.5.6 There are no certainties on the availability of these funding sources and a key part of attracting future funding will be to co-ordinate funding bids between authorities and external agencies. Only funds which have already been allocated or committed have been included as funding sources in the IDP.

3.6 Economic viability of development

3.6.1 As a starting point to assess the upper limit of what CIL rates might be charged, one way is to spread the cost of the funding gap over the number of new dwellings expected in the plan period. This is an oversimplification and only includes residential development but it gives a useful indication.

3.6.2 Based on the current Core Strategy annual housing target of 355 dwellings, 4615 dwellings are expected to come forward between 2013 and 2026. Taking an average of 35% affordable housing provision, which would not be CIL liable, a potential 3000 dwellings would be chargeable.

3.6.3 If the full cost of the identified funding gap were to be met from this development stream then based on an average dwelling floorspace of 92sqm, a charge of over £34,000 per dwelling or £376/sq metre would need to be charged.

3.6.4 However the development viability work undertaken to support the Council's proposed CIL has demonstrated that setting rates at this scale would put at risk the overall viability of development in the district.

3.6.5 The Council's aim in introducing a CIL is that it will have a medium and longer term positive economic benefit for development across the district because of the benefits that improved infrastructure will bring. In setting the proposed rates the Council has used the significant evidence gathered to aim to strike an appropriate balance between the desirability of funding infrastructure and the potential effects on the economic viability of development across the Council's area as is required by the Regulations.

3.6.6 The Council appointed experienced development economic consultants to undertake an assessment of development viability across the District in the context of setting CIL rates. The consultants researched development in the district, and produced reasonable and robust assumptions to feed into a large number of development appraisals to assess the ability of various development types and in various locations to sustain a CIL levy.

3.6.7 Detailed recommendations were made to the Council which have informed the rates proposed in the Draft Charging Schedule.

3.7 **Proposed rates for residential uses**

3.7.1 No objections were received relating to the borders used for separating the two charging zones. Some respondents stated that more charging zones should be used to allow for differing viability scenarios. It is considered that the zones used are based on sound evidence and in order to ensure the Charging Schedule is not overly complex as encouraged by the CIL Statutory Guidance, two zones are considered appropriate to reflect the geographical differences of residential viability identified in the research.

3.7.2 A small number of comments were received objecting to the rates proposed for residential uses and the assumptions used in the appraisals. Having reviewed the assumptions the Council considers these to be reasonable and robust.

3.7.3 It is demonstrated in the Viability Assessment report that the CIL charge will not typically be more than 5 to 6.5% of the total development costs and 3 to 5% of total development value. It is considered that at the levels proposed CIL will not be the critical factor in whether a development will be viable in the vast majority of cases.

3.7.4 Appendix A summarises further research from Council officers on current new build house prices in the District to corroborate the research completed by the viability consultants in August – September 2011. Healthy sales values are evident and the proposed CIL liabilities are generally not more than 4% of the asking prices for the properties currently listed on the property website used for this research.

3.7.5 Additionally the differences in house prices and related price per sq metre between the main settlements of High Wycombe (zone A) and Marlow and Princes Risborough (zone B) support the view that the proposed residential charging zones are based on sound evidence.

3.7.6 Development appraisals of 4 and 14 dwelling developments are included at Appendix B which demonstrates very positive residual land valuation, based on the assumptions regarding values, costs, profit levels, proposed CIL rates etc built into the appraisals. Appendix II of the November 2011 CIL Economic Viability assessment summarises the results of all the appraisals undertaken.

3.8 Large scale developments and the relationship between s106 and CIL

3.8.1 Some respondents particularly those with interests in sites in the district have commented on the interaction between CIL and s106 planning obligations on large scale strategic sites. Responding to comments received, the IDP has been amended so that infrastructure projects necessary for the delivery of strategic sites, and for which s106 planning obligations will still be the most appropriate mechanism for delivery, are now shown to be delivered by the developer directly.

3.8.2 Comments have been made stating that the CIL charging rates and economic viability assessment have not fully taken into account the circumstances of large scale strategic sites. It has also been suggested that the instalments policy should be amended to better reflect such sites and that further flexibility be built in to allow for viability to be assessed on a case by case basis.

3.8.3 While large scale sites of 200+ dwellings that may come forward over the plan period may be required to deliver a significant amount of infrastructure on site or in the immediate vicinity to address the more immediate impacts they will also have incremental and more widespread infrastructure impacts. Many of these impacts such as secondary school provision, off-site sport and recreation facilities, improvements in line with the transport strategy, and improvements to the public realm, would have previously been addressed by way of a s106 financial contribution. Development funding of these elements will now typically be via the CIL.

3.8.4 Appendix C contains a short additional report produced by the viability consultants which includes appraisals of a large scale hypothetical site of 400 dwellings with varying levels of affordable housing, in two of the 'value areas' of the district identified in the November 2011 Viability Assessment report. Theses appraisals include CIL costs of £3m, a significant s106 package totalling £5m, as well as a further £3m to cover site works.

3.8.5 The principals and assumptions behind these appraisals reflects those used in the main study and the results in overall viability terms have proved to be similar. Therefore, even with significant on-site infrastructure preparation and s106 costs, it is demonstrated the CIL rates proposed should not put the overall viability of larger sites at risk.

3.8.6 In order to clearly explain the interaction of CIL and s106, and how issues of viability will be further dealt with the Council have published a draft Planning Obligations SPD alongside the Draft Charging Schedule.

3.8.7 The purpose of the SPD is to:

- Explain the relationship between the s106 planning obligations and the Community Infrastructure Levy

- Provide evidence and guidance to developers and landowners about the types of planning obligations that will be sought and the basis for charges
- Set out the procedures for assessing and responding to viability of development

3.8.8 When the CIL Charging Schedule is adopted the Council will publish on it's website a 'Regulation 123' list of infrastructure projects or types of infrastructure that it intends will be, or may be, wholly or partly funded by CIL. These types of infrastructure or projects can therefore not be funded through s106 planning obligations. In addition once CIL is in place Regulation 123 limits the scope for pooling planning obligations from no more than five developments for each infrastructure project.

3.8.9 The rates proposed in the CIL Charging Schedule are underpinned by significant viability evidence taking account of affordable housing and other policy requirements as well as building costs and typical developer profit levels. Any further planning obligations which may be required to address site specific impacts on individual developments will be secured alongside the CIL payments, which is expected to be used to address the more incremental and widespread impacts of development.

3.8.10 However the Council accepts that there may be occasions where there are exceptionally high development costs, alongside significant planning obligations as well as the statutory CIL charge, which may mean that a limited number of developments may not be economically viable. Other than the proposed CIL Instalments Policy, the draft SPD sets out how viability will be dealt with where it is demonstrated to be an issue and it is considered that there are clear planning benefits for bringing forward the scheme even though policy requirements would not be fully met. Options include delayed timing of funds secured by planning obligations, reducing the level of planning obligations, or using the development's CIL liability to deliver elements of infrastructure that would normally have been expected to be secured by s106 agreement.

3.8.11 It is ultimately for the Council to take a view on how best to use CIL funds to support the development of the area and any specific requirements related to individual developments will have to seen in that wider context.

3.8.12 Overall the Council considers the proposed CIL rates alongside the flexibility outlined above will ensure the delivery of large scale sites is not put at risk whilst also ensuring the necessary infrastructure is delivered.

3.9 **Proposed rates for retail uses**

3.9.1 A number of respondents have objected to the proposed rate of £250/sqm for 'large scale convenience retail and retail warehousing (net selling space over 280sqm)'.

3.9.2 While no detailed evidence has been put forward to support these objections, respondents have stated the rate proposed will have a significant adverse impact on the overall viability of future (large) convenience retail development. It has also been stated that a realistic land price for food retail does not appear to have been used; the potential costs associated with developing a brownfield site have not been considered; the rate proposed is higher that other local authorities that have published charging schedules; and that small and large retail is not defined.

3.9.3 The PDCS proposed that all retail (A1-A5) and sui generis uses akin to retail developments would be charged the rate of £125/sqm apart from convenience retail and retail warehousing which include a net trading floorspace of over 280sqm where a rate of £250/sqm was proposed.

3.9.4 The threshold of 280sqm selling floorspace has been chosen as it is linked to the Sunday Trading Act provisions so the overall unit size is not the crucial factor but the selling space. This better relates to the viability considerations of larger convenience supermarkets and warehousing as opposed to other retail developments as demonstrated in the CIL Viability Assessment.

3.9.5 The CIL Viability Assessment demonstrates new convenience based retail developments and warehousing are highly viable and shows the potential scope of CIL for supermarkets and retail warehousing is beyond the £250/sqm proposed.

3.9.6 In line with the consultant's recommendations the Council has been cautious not to set CIL rates further towards the theoretical maximums to allow for land value variations, variable development costs and further contingencies. The Council are therefore satisfied that the rates proposed would not put such developments at serious risk of non-viability.

3.9.7 However it is recognised as some respondents have highlighted, that the description of retailing relating to which the £250/sqm rate would apply covers a range of different retail types, some of which are less viable than others. Taking account of this and wishing to ensure that the rate is robust for all types of retail within this category the proposed rate has been amended to £200/sqm. A development appraisal of a supermarket development with the amended proposed rate of £200/sqm in a medium value area is included at Appendix D. This assessment demonstrates a substantially positive residual land valuation with the assumptions used in the appraisal.

3.10 **Instalments Policy**

3.10.1 A number of representations have supported and stressed the importance of adopting a flexible instalments policy. Requests have been made to extend the payment period further than the 18 months originally proposed. The draft policy has been amended as outlined in the table below to allow for more flexibility in payments. Three payment bands are proposed and for the largest amounts payments can be made over a 20 month period.

3.10.2 It is important to note that under CIL Regulation 9 each separate phase of a development is treated as a separate 'chargeable development' and therefore the instalments policy will apply to each phase. Taken together this means that liability to pay CIL on a large phased development will be spread over time as reserved matters for the phases are resolved and they are then actually commenced.

3.10.3 A number of responders requested that the Instalments Policy is based on unit completions rather than a period of time from commencement. However the CIL Regulations only allow instalments in relation to a set time period from commencement and in relation to the amount of the liability to be paid. It is understood that the concept of commencement is used as a point for measuring time in relation to liability because that is a clear and well understood concept in law. Completion does not have the same universally accepted legal meaning

3.10.4 Amended Draft Instalments Policy

Amount of CIL Liability	**Number of Instalments**	**Payment periods and amount**
Any amount less than £20,000	No instalments	• Total amount payable within 60 days of commencement
Amounts from £20,000 to £300,000	Three instalments	• 15% payable within 60 days of commencement • 50% payable within 180 days of commencement • 100% payable within 360 days of commencement
Amounts greater than £300,000	Three instalments	• 15% payable within 60 days of commencement • 50% payable within 360 days of commencement • 100% payable within 620 days of commencement

3.11 Payments in kind

3.11.1 CIL Regulation 73 provides the potential for a Charging Authority to accept payments in kind for CIL, in the form of a transfer of land to be used for infrastructure provision. The value of the land needs to be assessed by an independent valuer.

3.11.2 This will only normally be considered for land in excess of that needed to deliver the infrastructure required by the development. Where land is required within a development to provide built infrastructure to support that development it will be expected that land transfer will be at no cost to the Council and will not be accepted as a CIL payment in kind.

3.11.3 Transfers of land as payment in kind in lieu CIL will only take place in exceptional circumstances and is in addition to any transfer of land which may be required via Section 106 agreements.

3.12 Estimated CIL income

3.12.1 Based on the current Core Strategy housing target of 355 dwellings per annum, 4615 dwellings may come forward between 2013 and 2026. With an average of 35% affordable housing provision, which would not be CIL liable, a potential 3000 dwellings would be CIL liable over the plan period. Based on average dwelling floorspace of 92sqm and an average charge of £135/sqm (taking account of the two residential charging zones, with the majority of development anticipated in the lower rate charging zone) means that a potential £37m could be secured over the plan period or £2.85m per annum from residential development.

3.12.2 It is difficult to ascertain the potential income levels from retail development but based on previous trends and the rates proposed an estimate of between £200k - £500k annually might be expected.

3.12.3 Critically the amount of CIL funding received will depend on the actual level of residential completions achieved. Another key variable that will affect the amount of CIL income is that only the net additional floorspace of development is liable for CIL. A significant amount of development in the district is on previously developed land and it is estimated that up to a third of development may not be charged because it may be offset by existing lawful floorspace.

3.12.4 In addition the Regulations currently allow 5% of CIL funds collected to be used for covering the administrative charges of implementing and operating the levy.

3.12.5 Taking all of the above into account it is considered that between £2m and £3m CIL income could be received annually. It should be noted that the Charging Schedule will be reviewed in line with the next review of the Core Strategy and that new housing targets may be adopted.

3.12.6 It is expected that amended CIL Regulations and statutory guidance will be published in 2012 by the Department for Communities and Local Government setting out requirements that Charging Authorities must allocate a ‘meaningful proportion’ of funds raised to the local area where the development occurs. In the parished areas of the District, funds will be passed directly to the Parish and Town Councils in that area; in the unparished area of High Wycombe it is anticipated that the Council would work with local Members and community groups to deliver the desired infrastructure improvements. It is anticipated the ‘meaningful proportion’ allocation will be set at between 5% and 15% of the total CIL funds collected by a Charging Authority.

3.13 Regulation 123 List

3.13.1 Regulation 123 of the CIL Regulations puts in place measures to ensure developers are not ‘double charged’ to implement the same piece of infrastructure by both CIL and planning obligations. Put simply, once CIL is enacted the Council will not be able to secure section 106 planning obligations for infrastructure that it proposes to fund through CIL. Detailed guidance on the interaction between CIL and planning obligations is provided in the draft Planning Obligations SPD.

3.13.2 In order to provide transparency, the Council is required to produce a list (Regulation 123 list) identifying the infrastructure that proposes to fund through CIL. This list is not required to be in place until CIL is implemented. Even after it is published it can be changed as funding streams and priorities change, without the need for a further Examination.

3.13.3 As is described in the draft Planning Obligations SPD it is anticipated that the Council will continue seek to secure planning obligations for affordable housing provision, some local open space provision and site specific infrastructure necessary for larger scale developments. There are ongoing discussions in relation to a number of sites in the district and therefore the Council will publish a Regulation 123 list prior to the introduction of CIL.

3.14 The use of CIL funds

3.14.1 A number of comments have been made regarding what infrastructure CIL funds will be used for and how decisions to release funds will be made. In order to set out this out the Council have published a draft CIL Programme Approval Protocol for consultation.

3.14.2 The Protocol sets out the timetable for Services to produce their five year infrastructure programmes, the criteria that will be used to assess programmes and the decision making process to be followed in the annual release of funds. The overall aim of the process outlined is to prioritise the use of CIL funds taking account of likely calls on funding over a five year period. Service providers will be expected to put forward programmes of schemes that satisfy the assessment criteria including having a strong linkage to the Infrastructure Delivery Plan and having strong prospects for delivery.

3.14.3 Significant CIL income will not become available until mid 2013 at the earliest. The first CIL allocation and approval process will therefore commence summer 2013, with a decision on the programme in early 2014 for schemes to be implemented in the 2014/15 financial year.

4. Applying the Charging Schedule

4.1 How CIL is calculated

4.1.1 CIL is charged on the net additional internal floor area of development.

4.1.2 Where buildings are demolished to make way for new buildings, the charge will be based on the floorspace of new buildings less the floorspace of the demolished buildings, provided the buildings were in lawful use prior to demolition.

4.1.3 A building is considered to be in lawful use if a part of that building has been in use for a continuous period of at least six months within the period of 12 months ending on the day planning permission first permits the chargeable development

4.2 Exemptions

4.2.1 A number of new developments are not required to pay CIL for a number of reasons:

- If the gross internal area of **new build is less than 100 square metres**, and does not comprise of one or more dwellings, then liability to pay CIL does not arise

- If the owner of a material interest in the relevant development land is a **charitable institution**, it is exempt from liability to pay CIL subject to conditions

- Discretionary charitable relief from liability to pay CIL may be given for a development that is held by a **charitable institution as an investment** from which the profits will be applied for charitable purposes subject to conditions

- If the chargeable development comprises or is to comprise qualifying **social housing** (in whole or in part), the social housing element is eligible for relief from liability to pay CIL subject to conditions

- **Exceptional circumstances** relief to pay CIL may be given subject to conditions– see 4.3 below.

- If the development only concerns a **change of use** and no additional new floorspace then it will not be liable to pay CIL, although it may still be liable for S106 planning obligations.

- If the new development is for **a building into which people do not normally go** or into which people go only for the purpose of inspecting or maintaining fixed plant or machinery, it is not liable to pay CIL.

4.3 Exceptional circumstances relief

4.3.1 The Regulations provide that Charging Authorities have the option to offer a process for giving relief from the levy in exceptional circumstances where a specific scheme would be unviable if it were to pay the levy. The guidance and regulations make clear that this would only apply in very exceptional circumstances where a s106 agreement was also in place and the value of this exceeds the cost of the CIL charge. Also relief must not constitute a notifiable state aid.

4.3.2 The fact that exceptional circumstances relief must not constitute notifiable state aid means that the policy will have very limited scope for application in practice. The Council will be unable to offer relief of over €200,000 to one party over a three year rolling period.

4.3.3 A Charging Authority wishing to offer exceptional circumstances relief in its area must first give notice publicly of its intention to have an exceptional circumstances policy. A Charging Authority can then consider claims for relief on chargeable developments from landowners on a case by case basis, provided the conditions are met. All claims for relief must be submitted with a viability assessment completed by a suitable qualified independent person.

4.3.4 Given the very limited scope in the application of the relief, the practical issues involved in assessing any claims, and the fact that it militates against the efficiency, clarity and certainty of operation that are the main benefits of CIL, the Council does not now propose to introduce an exceptional circumstances policy.

4.4 How will the levy be collected?

4.4.1 The Regulations set out a number of steps in relation to the payment and collection of the levy:

- Applicants will be required to provide information on the current and proposed floorspace with their planning application
- The person who will pay any levy should submit an “assumption of liability”
- If planning permission is granted the Council will issue a “liability notice” alongside the decision notice
- The developer must serve a “commencement notice” before the development begins
- The Council will then issue a “demand notice”
- When the development commences payments should be made in line with the adopted instalments policy

- The Council will issue a receipt for each payment received

4.4.2 Detailed guidance and relevant forms will be available on the Council's website after the adoption of the Charging Schedule

5. Next steps

5.1 After comments on the Draft Charging Schedule are taken into account it will be submitted to government for independent examination. It is expected that the examination will be held in the summer and subject to a successful outcome the Charging Schedule will be adopted in the autumn.

6. Monitoring and Review of the Charging Schedule

6.1 Charging authorities are required to prepare short reports on the levy for the previous financial year which must be placed on their websites by 31 December each year. It is likely this report will be incorporated within the Council's Local Development Framework Annual Monitoring Report. Details will also be provided in regular reports to Cabinet as part of quarterly financial monitoring by the Council's Finance service.

6.2 In the annual reports Charging Authorities must report on how much monies they received from the levy in the last financial year and how much was unspent at the end of the financial year. They must also report total expenditure from the levy in the preceding financial year, with summary details of what infrastructure the levy funded, how much of the levy was 'spent' on each item of infrastructure and how much on administrative expenses.

6.3 The effect of the Charging Schedule and changes to the development market will be closely monitored and it is anticipated a review of the Charging Schedule will be undertaken alongside the review of the Council's Core Strategy document in 2015/16.

APPENDIX A
Sales price of new build properties in Wycombe on rightmove.co.uk as at 20 January 2012

High Wycombe

Unit type	Sales Prices (number of properties)	Average unit sizes (sqm)	Price Per sqm
1 bed flat	£149,999 to £159,950 (3)	50	£3,000 to £3,200
2 bed flat	£174,950 to £245,000 (9)	70	£2,500 to £3,500
3 bed house	£319,950 (1)	105	£3,047
4 bed house	469,995 to £500,000 (6)	135	£3,481 to £3,703

Marlow

Unit type	Sales Prices (number of properties)	Average unit sizes (sqm)	Price per sqm
1 bed flat	£200,000 to £240,000 (2)	50	£4,000 to £4,800
2 bed flat	£265,000 to £320,000 (4)	70	£3,785 to £4,571
2 bed house	£399,000 (1)	85	£4,694
3 bed house	£449,955 (1)	105	£4,285
4 bed house	£519,995 to £679,995 (6)	135	£3,851 to £5,037

Princes Risborough

Unit type	Sales Prices (number of properties)	Average unit sizes (sqm)	Price per sqm
2 bed flat	£285,000 (1)	70	£3,636 to £4,303
4 bed house	£499,950 to £650,000 (3)	135	£3,785 to £4,571

CIL liabilities at Proposed Rates

Unit type	£125/sqm (Zone A)	£150/sqm (Zone B)
1 bed flat	£6,250	£7,500
2 bed flat	£8,750	£10,500
2 bed house	£10,625	£12,750
3 bed house	£13,125	£15,750
4 bed house	£16,875	£20,250

CIL liabilities as a % of sales values

Unit type	High Wycombe (Zone A)	Marlow (Zone B)	Princes Risborough (Zone B)
1 bed flat	3.9% - 4.1%	3.1% - 3.7%	n/a
2 bed flat	3.5% - 5%	3.3% - 4%	3.7%
2 bed house	n/a	3.2%	n/a
3 bed house	4.1%	3.5%	n/a
4 bed house	3.3% - 3.6%	3% - 3.9%	3.1% - 4%

APPENDIX B

D|S|P Housing and Development Consultants

				Net RLV:	**£207,997**
Residual Land Value Data Summary & Results					
DEVELOPMENT TYPE	Residential				
DEVELOPMENT DESCRIPTION	4 units				
DEVELOPMENT SIZE (TOTAL m²) - GIA	340				
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH	
	4	4	0	0%	
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2
	100%	0%	0%	0%	0%
SITE SIZE (HA)			0.13		
VALUE / AREA			2		
REVENUE					
Affordable Housing Revenue			£0		
Open Market Housing Revenue			£1,020,000		
Total Value of Scheme			£1,020,000		
RESIDENTIAL BUILDING, MARKETING & S106 COSTS					
Build Costs			£383,180		
Fees, Contingencies, Planning Costs etc			£76,636		
Planning Application Costs			£1,340		
Site Preparation / Survey Costs etc			£18,000		
Sustainable Design & Construction Costs / Lifetime Homes			£17,627		
Total Build Costs			£496,783		
Section 106 / CIL Costs			£44,500		
Marketing Costs & Legal Fees			£33,000		
Total s106 & Marketing Costs			£77,500		
Finance on Build Costs			£8,614		
TOTAL DEVELOPMENT COSTS			£582,897		
DEVELOPER'S RETURN FOR RISK AND PROFIT					
Open Market Housing Profit			£204,000		
Affordable Housing Profit			£0		
Total Operating Profit			£204,000		
GROSS RESIDUAL LAND VALUE			£233,103		

FINANCE & ACQUISITION COSTS

Arrangement Fee / Misc Fees (Surveyors etc)	£2,331	
Agents Fees	£1,748	
Legal Fees	£1,748	
Stamp Duty	£4,662	
Interest on Land Purchase	£14,616	
Total Finance & Acquisition Costs	£25,105	
NET RESIDUAL LAND VALUE	**£207,997**	(ignores finance & acquisition
RLV (£ per Ha)	£1,559,981	costs if GRLV Negative)
Competing Use Value (EUV / AUV) £ per Ha	£2,000,000	
EUV / AUV - £Total	£266,667	
NRLV as % of GDV	20.4%	

					Net RLV:	£1,015,264
Residual Land Value Data Summary & Results						
DEVELOPMENT TYPE	Residential					
DEVELOPMENT DESCRIPTION	14 units					
DEVELOPMENT SIZE (TOTAL m²) - GIA	1,145					
TOTAL NUMBER OF UNITS	Total	Private	Affordable	% AH		
	14	14	0	0%		
PERCENTAGE BY TENURE	% Private	% SR	%AR	% Int 1	% Int 2	
	100%	0%	0%	0%	0%	
SITE SIZE (HA)			0.47			
VALUE / AREA			3			
REVENUE						
Affordable Housing Revenue			£0			
Open Market Housing Revenue			£4,007,500			
Total Value of Scheme			£4,007,500			
RESIDENTIAL BUILDING, MARKETING & S106 COSTS						
Build Costs			£1,312,285			
Fees, Contingencies, Planning Costs etc			£262,457			
Planning Application Costs			£4,690			
Site Preparation / Survey Costs etc			£63,000			
Sustainable Design & Construction Costs / Lifetime Homes			£60,541			
Total Build Costs			£1,702,973			
Section 106 / CIL Costs			£178,750			
Marketing Costs & Legal Fees			£128,625			
Total s106 & Marketing Costs			£307,375			
Finance on Build Costs			£30,155			
TOTAL DEVELOPMENT COSTS			£2,040,504			
DEVELOPER'S RETURN FOR RISK AND PROFIT						
Open Market Housing Profit			£801,500			
Affordable Housing Profit			£0			
Total Operating Profit			£801,500			
GROSS RESIDUAL LAND VALUE			£1,165,496			

FINANCE & ACQUISITION COSTS

Arrangement Fee / Misc Fees (Surveyors etc)	£11,655	
Agents Fees	£8,741	
Legal Fees	£8,741	
Stamp Duty	£46,620	
Interest on Land Purchase	£74,475	
Total Finance & Acquisition Costs	£150,232	
NET RESIDUAL LAND VALUE	**£1,015,264**	(ignores finance & acquisition
RLV (£ per Ha)	£2,175,565	costs if GRLV Negative)
Competing Use Value (EUV / AUV) £ per Ha	£2,333,333	
EUV / AUV - £Total	£1,088,889	
NRLV as % of GDV	25.3%	

APPENDIX C

Large Sites Appraisal Review

1.1 Notes & Limitations

1.1.1 This large sites review has been carried out using well recognised residual valuation techniques by consultants highly experienced in the production of strategic viability assessments for local authority policy development.

1.1.2 In order to carry out this type of review a large quantity of data is reviewed and a range of assumptions are required alongside that, which rarely fits all eventualities - small changes in assumptions can have a significant individual or cumulative effect on the residual land value generated and / or the value of any CIL funding potential.

1.1.3 It should be noted that in practice every scheme is different and no study of this nature can reflect the variances seen in site specific cases. This does not affect the appropriateness of this type of review however. The CIL Regulations and Guidance recognise this.

1.1.4 Specific assumptions and values applied for our schemes are unlikely to be appropriate for all developments and a degree of professional judgment is required. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and informing the Council's work.

1.2 Large Sites Summary

1.3.1 This summary should be read in conjunction with the Wycombe District Council Community Infrastructure Levy Viability Assessment.

1.3.2 Following the completion of CIL Viability Assessment for Wycombe District Council (and the subsequent Preliminary Draft Charging Schedule consultation), the Council requested that DSP carry out further sensitivity testing. This is on the basis of testing the economic viability of requesting combined CIL and s.106 contributions from a larger residential development site typology than had previously been included.

1.3.3 The scenarios appraised are as follows:

- Appraisal 1: 400 unit residential scheme, 30% affordable housing, Value Level 2
- Appraisal 2: 400 unit residential scheme, 30% affordable housing, Value Level 3
- Appraisal 3: 400 unit residential scheme, 40% affordable housing, Value Level 2
- Appraisal 4: 400 unit residential scheme, 40% affordable housing, Value Level 3

1.3.4 In general terms the principles and assumptions behind the new appraisals followed those used for the main study and that study should be referred to for the detail. The following sets out some of the key assumptions and variances from the CIL Viability Study assumptions where necessary:

- Dwelling mix – provided by the Council and consisting of 48 x 1-bed flats; 80 x 2-bed flats; 64 x 2-bed houses; 144 x 3-bed houses; 64 x 4-bed houses.

- Build period of 96 months.

- Build costs, preliminaries & externals – maintained at the levels used within the main study, although it is to be noted that in reality, there is likely to be some level of economies within the overall build and related costs for a greenfield or uncomplicated brownfield site of this size. We have however decided not to change the build costs in order to maintain the notion of not pushing viability to the limits. In all of our viability work, we avoid setting the most optimistic assumptions which would improve viability (and therefore increase the headroom for CIL funding scope). Therefore, in this example, leaving the build costs at a relatively high level fits with not taking viability outcomes to the margins.

- Included site works notional allowance reflecting examples of site works allowed by others on similar site types and sizes in previous work for the Council.

- Reduced fees slightly to reflect economies of scale and reflecting examples of professional fees allowed by others on similar site types and sizes in previous work for the Council.

- At the request of the Council included £3m for CIL and £5m for other, non-affordable housing, s.106 costs. Note that in reality the total CIL amount would reduce between the 30% and 40% affordable housing appraisals but for the purposes of this review and as requested by the Council we have maintained £3m across all appraisals. For information, this equates to approximately £128/m² on the private dwellings in relation to the 30% affordable housing appraisals and £150/m² on the private dwellings for the 40% affordable housing appraisals.

- Profit reduced to 17.5% of GDV to reflect the large scale and potentially greenfield nature of the development as per the Homes and Communities Agency Development Appraisal Tool guidance notes. Profit on the affordable housing maintained at 6% of cost although as BCIS build costs have been used within the appraisal, it would be legitimate to set a zero affordable housing profit as the BCIS figures already include contractor's profit and therefore there is an element of double counting. As with the build costs basis noted above, we have however decided not to change the affordable housing profit allowances – again, in order to maintain the notion of not pushing viability to the limits (principles as above).

1.3 Results

1.3.1 The appraisal summaries are shown below with one page for each appraisal (4 in total). We have based the appraisals on the Homes and Communities Agency DAT for these additional appraisals and used the residual land value functionality of that. In order to compute a Residual Land Value a zero current valuation is entered into the appraisal with the 'Surplus' representing the RLV.

Appraisal Version	RLV (£)	RLV (£ per Ha)
1: VL2 – 30% AH	£8,762,931	£961,994
2: VL3 – 30% AH	£15,658,521	£1,361,610
3: VL2 – 40% AH	£7,265,748	£631,804
4: VL3 – 40% AH	£13,941,468	£1,212,301

1.4 Conclusions

1.4.1 The results above are very similar on a £ per ha basis to those shown within the CIL Viability Assessment on the largest scheme tested (100 unit scheme) at £125/m² and £150/m² CIL rates. It should be noted that when comparing with the original CIL Viability Study the results have particular relevance to the Greenfield and PDL non-residential scenarios as these are the types of sites most likely to come forward for developments of this scale.

1.4.2 Therefore the overall conclusions drawn within the Wycombe District Council Viability Assessment remain relevant for these additional scenarios tested. It is also worth pointing out, as above, that where the affordable housing requirement is increased to 40% in VL2, the CIL equates to £150/m² whereas, given the differential charging zones recommended in the Viability Assessment, the actual CIL charge would be lower (at £125/m²); ultimately leading to improved viability outcomes relative to the above.

Large Sites Appraisal Review Ends – Appraisal Summaries Follow

SCHEME

Scheme Description: 400 Unit Scheme - VL2 30% AH

Housing Mix (Affordable + Open Market)

Total Number of Units	400	*units*
Total Number of Open Market Units	264	*units*
Total Number of Affordable Units	136	*units*
Total Net Internal Area (sq m)	32,918	*sq m*
% Affordable by Unit	34.0%	
% Affordable by Area	29.3%	
Density	35	*units/ hectare*
Net Site Area	11.50	*hectares*
Net Internal Housing Area / Hectare	2,862	*sq m / hectare*

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING) **£16,429,950**

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Total	**23,285**	**-**	**£69,855,000**

Monthly Sales rate
2.72

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING **£69,855,000**

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME	**£86,284,950**

TOTAL VALUE OF SCHEME	**£86,284,950**

Residential Building, Marketing & Section 106 Costs

				Per sq meter
Affordable Housing Build Costs	£11,106,924		-	1,127
Open Market Housing Build Costs	£26,545,945		-	1,140
		£37,652,869		
External Works & Infrastructure Costs (£)				Per unit
Site works		£3,000,000		7,500
Other site costs				
Building Contingencies	5.0%	£1,882,643		4,707
Fees and certification		£3,953,551		9,884
Total Building Costs inc Fees		**£46,489,064**		116,223
Statutory 106 Costs (£)				
s106 Total		£5,000,000		12,500
Community Infrastructure Levy Total		£3,000,000		7,500
Statutory 106 costs		**£8,000,000**		
Marketing (Open Market Housing ONLY)				per OM unit
Sales Fees:	3.0%	£2,095,650		7,938
Legal Fees (per Open Market unit):	£600	£158,400		600
Total Marketing Costs		**£2,254,050**		
TOTAL DIRECT COSTS:		**£56,743,114**		

Finance and acquisition costs

Arrangement Fee	£100,000	12.6% of interest
Agents Fees	£89,210	
Legal Fees	£66,908	
Stamp Duty	£356,840	
Total Interest Paid	£794,318	
Total Finance and Acquisition Costs	**£1,408,333**	

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Value	17.5%	£12,224,625	46,305 per OM unit
Affordable Housing Return on Cost	6.0%	£666,415	4,900 per affordable unit
Total Operating Profit		**£12,891,040**	

(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Present Value of Surplus (Deficit) at 27/1/2012 **£8,762,931** £21,907 per unit

SCHEME

Scheme Description 400 Unit Scheme VL2 - 40% AH

Housing Mix (Affordable + Open Market)

Total Number of Units	400	*units*
Total Number of Open Market Units	220	*units*
Total Number of Affordable Units	180	*units*
Total Net Internal Area (sq m)	32,748	*sq m*
% Affordable by Unit	45.0%	
% Affordable by Area	39.0%	
Density	35	*units/ hectare*
Net Site Area	11.50	*hectares*
Net Internal Housing Area / Hectare	2,848	*sq m / hectare*

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING) **£21,758,400**

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Total	**19,980**	-	**£59,940,000**

Monthly Sales rate
2.27

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING **£59,940,000**

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME	**£81,698,400**
TOTAL VALUE OF SCHEME	**£81,698,400**

Residential Building, Marketing & Section 106 Costs

				Per sq meter
Affordable Housing Build Costs	£14,717,424		-	1,127
Open Market Housing Build Costs	£22,741,020		-	1,138
		£37,458,444		
External Works & Infrastructure Costs (£)				Per unit
Site works		£3,000,000		7,500
Building Contingencies	5.0%	£1,872,922		4,682
Fees and certification		£3,933,137		9,833
Total Building Costs inc Fees		**£46,264,503**		115,661
Statutory 106 Costs (£)				
s106 Total		£5,000,000		12,500
Community Infrastructure Levy Total		£3,000,000		7,500
Statutory 106 costs		**£8,000,000**		
Marketing (Open Market Housing ONLY)				per OM unit
Sales Fees:	3.0%	£1,798,200		8,174
Legal Fees (per Open Market unit):	£600	£132,000		600
Total Marketing Costs		**£1,930,200**		
TOTAL DIRECT COSTS:		**£56,194,703**		

Finance and acquisition costs

Arrangement Fee	£100,000	10.5% of interest
Agents Fees	£75,981	
Legal Fees	£56,986	
Stamp Duty	£303,923	
Total Interest Paid	£956,038	
Total Finance and Acquisition Costs	**£1,492,928**	

Developer's return for risk and profit

Residential			
Market Housing Return (inc OH) on Value	17.5%	£10,489,500	47,680 per OM unit
Affordable Housing Return on Cost	6.0%	£883,045	4,906 per affordable unit
Total Operating Profit		**£11,372,545**	

(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Present Value of Surplus (Deficit) at 27/1/2012	**£7,265,748**	£18,164 per unit

SCHEME

Scheme Description 400 Unit Scheme VL3 - 30% AH

Housing Mix (Affordable + Open Market)

Total Number of Units	400	*units*
Total Number of Open Market Units	264	*units*
Total Number of Affordable Units	136	*units*
Total Net Internal Area (sq m)	32,918	*sq m*
% Affordable by Unit	34.0%	
% Affordable by Area	29.3%	
Density	35	*units/ hectare*
Net Site Area	11.50	*hectares*
Net Internal Housing Area / Hectare	2,862	*sq m / hectare*

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING) **£19,168,275**

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Total	**23,285**	-	**£81,497,500**

Monthly Sales rate
2.72

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING **£81,497,500**

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME	**£100,665,775**

TOTAL VALUE OF SCHEME	**£100,665,775**

Residential Building, Marketing & Section 106 Costs

				Per sq meter
Affordable Housing Build Costs	£11,106,924		-	1,127
Open Market Housing Build Costs	£26,545,945		-	1,140
		£37,652,869		
External Works & Infrastructure Costs (£)				Per unit
Site works		£3,000,000		7,500
Other site costs				
Building Contingencies	5.0%	£1,882,643		4,707
Fees and certification		£3,953,551		9,884
Total Building Costs inc Fees		**£46,489,064**		116,223
Statutory 106 Costs (£)				
s106 Total		£5,000,000		12,500
Community Infrastructure Levy Total		£3,000,000		7,500
Statutory 106 costs		**£8,000,000**		
Marketing (Open Market Housing ONLY)				per OM unit
Sales Fees:	3.0%	£2,444,925		9,261
Legal Fees (per Open Market unit):	£600	£158,400		600
Total Marketing Costs		**£2,603,325**		
TOTAL DIRECT COSTS:		**£57,092,389**		

Finance and acquisition costs

Arrangement Fee	£100,000	26.1% of interest
Agents Fees	£160,935	
Legal Fees	£120,701	
Stamp Duty	£643,741	
Total Interest Paid	£382,707	
Total Finance and Acquisition Costs	**£1,408,084**	

Developer's return for risk and profit

Residential			
Market Housing Return (inc OH) on Value	17.5%	£14,262,063	54,023 per OM unit
Affordable Housing Return on Cost	6.0%	£666,415	4,900 per affordable unit
Total Operating Profit		**£14,928,478**	

(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Present Value of Surplus (Deficit) at 27/1/2012	**£15,658,521**	£39,146 per unit

SCHEME

Scheme Description 400 Unit Scheme VL3 - 40% AH

Housing Mix (Affordable + Open Market)

Total Number of Units	400	*units*
Total Number of Open Market Units	220	*units*
Total Number of Affordable Units	180	*units*
Total Net Internal Area (sq m)	32,748	*sq m*
% Affordable by Unit	45.0%	
% Affordable by Area	39.0%	
Density	35	*units/ hectare*
Net Site Area	11.50	*hectares*
Net Internal Housing Area / Hectare	2,848	*sq m / hectare*

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING) **£25,384,800**

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Total	**19,980**	-	**£69,930,000**

Monthly Sales rate 2.72

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING **£69,930,000**

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME	**£95,314,800**
TOTAL VALUE OF SCHEME	**£95,314,800**

Residential Building, Marketing & Section 106 Costs

				Per sq meter
Affordable Housing Build Costs	£14,717,424		-	1,127
Open Market Housing Build Costs	£22,741,020		-	1,138
		£37,458,444		
External Works & Infrastructure Costs (£)				Per unit
Site works		£3,000,000		7,500
Other site costs				
Building Contingencies	5.0%	£1,872,922		4,682
Fees and certification		£3,933,137		9,833
Total Building Costs inc Fees		**£46,264,503**		115,661
Statutory 106 Costs (£)				
s106 Total		£5,000,000		12,500
Community Infrastructure Levy Total		£3,000,000		7,500
Statutory 106 costs		**£8,000,000**		
Marketing (Open Market Housing ONLY)				per OM unit
Sales Fees:	3.0%	£2,097,900		9,536
Legal Fees (per Open Market unit):	£600	£132,000		600
Total Marketing Costs		**£2,229,900**		
TOTAL DIRECT COSTS:		**£56,494,403**		

Finance and acquisition costs

Arrangement Fee	£100,000	19.5% of interest
Agents Fees	£145,461	
Legal Fees	£109,096	
Stamp Duty	£581,845	
Total Interest Paid	£513,060	
Total Finance and Acquisition Costs	**£1,449,462**	

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Value	17.5%	£12,237,750	55,626 per OM unit
Affordable Housing Return on Cost	6.0%	£883,045	4,906 per affordable unit
Total Operating Profit		**£13,120,795**	

(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Present Value of Surplus (Deficit) at 27/1/2012	**£13,941,468**	£34,854 per unit

APPENDIX D

D|S|P Housing and Development Consultants

Net RLV: £3,331,421

Residual Land Value Data Summary & Results

DEVELOPMENT TYPE	Commercial	
USE CLASS	A1 Retail Warehouse / Supermarket	
DEVELOPMENT DESCRIPTION	Large Supermarket	
DEVELOPMENT SIZE (TOTAL m²) - GIA	4,000	
VALUE AREA		Medium Value
SITE SIZE (HA)		1.14
REVENUE		
Rental Value (£/m²)		£250
Yield (%)		6.50%
Annual Rental Income		£1,000,000
Gross Development Value		£15,384,615
Total Value of Scheme		£15,384,615
RESIDENTIAL BUILDING, MARKETING & S106 COSTS		
Build Costs		£5,985,000
Professional Fees, Contingencies, Planning Costs etc		£1,017,450
Site Preparation / Survey Costs / Other etc		£114,286
Sustainable Design & Construction Costs / BREEAM Costs		£299,250
Total Build Costs		£7,415,986
CIL Costs		£800,000
Promotion, Sales & Letting Costs		£110,000
Total Planning Obligations & Promotion / Other Costs		£910,000
Finance on Build Costs		£187,335
TOTAL DEVELOPMENT COSTS		£8,513,320
DEVELOPER'S RETURN FOR RISK AND PROFIT		
(@20% of GDV)		
A1 Retail Warehouse / Supermarket		£3,076,923
Total Operating Profit		£3,076,923
GROSS RESIDUAL LAND VALUE		£3,794,372
FINANCE & ACQUISITION COSTS		
Arrangement Fee / Misc Fees (Surveyors etc)		£3,794
Agents Fees		£37,944
Legal Fees		£28,458
Stamp Duty		£151,775
Interest on Land Purchase		£240,981
Total Finance & Acquisition Costs		£462,951
NET RESIDUAL LAND VALUE		**£3,331,421**
RLV (£ per Ha)		£2,914,993