

# South East Lincolnshire Whole Plan Viability Study

Final report

**On behalf of South East Lincolnshire Joint Strategic Planning Committee**



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## Document Control Sheet

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## Contents

<b>Executive summary</b> .....	<b>5</b>
<b>1 Introduction</b> .....	<b>8</b>
1.1 Study scope.....	8
1.2 Study approach .....	9
1.3 Study caveats .....	11
1.4 Report structure.....	11
<b>2 National policy content</b> .....	<b>12</b>
2.1 Introduction.....	12
2.2 National policy and recent consultations on affordable housing .....	13
2.3 National policy on infrastructure .....	14
2.4 National housing standards.....	14
2.5 Further planning documents should not introduce additional cost.....	15
2.6 National policy on community infrastructure levy .....	15
<b>3 The local policy and development context</b> .....	<b>17</b>
3.1 Introduction.....	17
3.2 Population growth and future spatial distribution policy .....	17
3.3 Infrastructure policy .....	18
3.4 Infrastructure delivery and approach to developer contributions .....	19
3.5 Infrastructure and S106 target assumptions .....	19
3.6 Approach to the delivery of the strategic road infrastructure .....	20
3.8 A review of past delivery of affordable housing and infrastructure .....	21
<b>4 Residential viability testing</b> .....	<b>24</b>
4.1 Introduction.....	24
4.2 Residual land value approach to viability appraisals.....	24
4.3 Viability assumptions .....	24
4.4 Residential viability appraisal findings.....	33
4.5 Deliverability assessment of the sustainable urban extensions.....	35
4.6 Starter Homes and implications on affordable housing delivery .....	37
4.7 Developer funding mechanisms and Community Infrastructure Levy.....	37
<b>5 Commercial viability testing</b> .....	<b>38</b>
5.1 Introduction.....	38
5.2 The commercial development typologies .....	38
5.3 Cost assumptions .....	39
5.4 Land value for non-residential uses .....	39
5.5 Commercial viability appraisal findings .....	40
<b>6 CONCLUSIONS AND RECOMMENDATIONS</b> .....	<b>41</b>
6.1 Introduction.....	41
6.2 An iterative process.....	41



6.3 Policy costs stemming from the Draft Local Plan..... 41

6.4 The development context ..... 43

6.5 A deliverable plan ..... 43

6.6 A developable plan ..... 44

6.7 Study recommendations..... 45

6.8 Implications of Starter Homes legislation ..... 48

6.9 Possible implication of the national review of CIL ..... 48

**Appendices**

- Appendix A – Developer consultations
- Appendix B – Residential market research and appraisals
- Appendix C – Commercial market research and appraisals
- Appendix D – Starter Homes viability assessment
- Appendix E - CIL charge assessment

## Executive summary

### Study scope

1. This report prepared by Peter Brett Associates LLP on behalf of the South East Lincolnshire Joint Strategic Planning Committee (representing Boston Borough, South Holland District and Lincolnshire County Councils) sets out the viability assessment of the South East Lincolnshire Local Plan 2011-2036, Draft for Public Consultation - January 2016 (the Draft local Plan). This report also includes the affordable housing assessment and assessment of developer contributions to support the planned growth.
2. The National Planning Policy Framework (NPPF) states that plans should be deliverable and that the sites and scale of development identified in the plan should not be subject to such a scale of obligations or policy burdens that their ability to be developed viably is threatened.

### Approach to viability assessment

3. A plan level residual value approach to viability was undertaken for residential and commercial development to inform the study findings. The approach takes the difference between the development values and all development costs, and compares the 'residual land value' with a threshold land value to determine if the development is viable.
4. The appraisal undertaken uses appropriate available evidence, which has been informed by an assessment of market evidence, viability appraisals and stakeholder consultations. Appendices B and C set out the research that has informed the viability assumptions for this study.
5. An iterative process has been adopted. Work on the viability study commenced during summer 2015 and has been prepared alongside work on the South East Lincolnshire Infrastructure Delivery Plan 2016 (the IDP). The draft viability study report was consulted on by the client team alongside the Draft Local Plan in January 2016. Further viability evidence was provided by the two local authorities during 2016 - this has informed further refinements to the viability assumptions.
6. We have worked with the client team to consider the most appropriate developer funding mechanism to adopt. At the start of the Study, both the Community Infrastructure Levy (CIL), and the Section 106 (S106) developer funding mechanisms were considered. After taking account of how best to secure the delivery of planned growth, and the possible changes expected following the national review of CIL, a decision was taken in November 2016 by the client team to use S106 as the preferred developer funding mechanism. This has informed further refinements to the approach adopted for this viability study.
7. During the course of preparing this study, the Government has also introduced legislation in relation to the introduction of Starter Homes. Known information about this and possible changes stemming from the national review of CIL have been reflected in this viability study.

### Study findings

8. The viability study has assessed typologies reflecting the planned growth in the proposed Draft Local Plan and found this to be broadly viable, based on current values and a sensible mix of policies, and viability assumptions in relation to land values and profit margins.
9. The viability of development varies between the South Holland District Council (SHDC) and Boston Borough Council (BBC) areas and so different policy approaches are considered appropriate between the two local authorities covered by the South East Lincolnshire Local Plan area.

10. A significant proportion of the planned growth forming part of the 'deliverable' consideration of the NPPF in Spalding and Boston will be delivered through consented sustainable urban extensions (SUEs), at Holland Park in Spalding for 2,250 dwellings and the Quadrant (Q1) in Boston for 500 dwellings, and a number of other schemes.
11. A priority for the Draft Local Plan is to secure the delivery of the Spalding Western Relief Road (SWRR) and the Boston Distributor Road (BDR) schemes. The geography of the proposed road schemes has influenced the plan growth options. The value uplift created by the investment in the road infrastructure, is intended in part to help fund the cost of the road schemes, through the developer site-opening cost assumptions.
12. The viability study findings demonstrate that policy trade-offs are required between the percentage of affordable housing and the provision of infrastructure.

#### **South Holland District Council policy trade-off options**

13. The options for SHDC include an affordable housing target ranging from 15% to 30% and accompanying developer contributions ranging from £1,000 to £7,000 per dwelling. The final decision on the policy options will be one for the local authority and elected members to determine, depending on local priorities for meeting the affordable housing need and meeting the infrastructure funding gap.
14. The majority of the scenarios for the South Holland appraisals are viable at 25% affordable housing and able to contribute £1,000 to £5,000 towards S106 developer contributions. As the bulk of the Draft Local Plan growth is expected to be on greenfield sites, this could result in developer contributions of between £4,000 to £5,000 per dwelling, which reflects the plan level infrastructure assessment from the IDP.
15. The 25% affordable housing target takes account of the findings stemming from the IDP, and reflects the need to contribute up to £5,000 per dwelling towards S106 contributions. However, the actual S106 contribution will be assessed on a site-specific basis and will need to be compliant with CIL Regulation 122 requirements. It is possible that in some instances, the scale of developer contributions required could be less than the £3,000 to £5,000 range assessed, or higher than this, depending on the site-specific assessment. The plan-wide assessment reflects the requirements for the bulk of the growth based on the current known information reflected in the IDP.

#### **Boston Borough Council policy trade-off options**

16. The majority of the greenfield scenarios for the Boston Borough Council appraisals are viable between 10% - 15% affordable housing and able to contribute between £2,000 to £4,000 towards S106 developer contributions.
17. A comparison with recently consented schemes indicates that the findings of this viability study are such that contributions assumed are below the scale of contributions that have recently been secured by BBC through S106 agreements. Most of the schemes that were reviewed at site-specific level on viability grounds in the last five years have resulted in developer contributions of between £1,000 to £3,500 and affordable housing ranging from 0% to 27% with the majority contributing S106 and securing around 15% to 20% affordable housing. However, a number of schemes did not include any S106 contributions and actual delivery has taken a long time coming forward. The consented schemes also included a requirement for flood resilience measures. All of the evidence from recent schemes indicates that the assumptions adopted for the viability study are likely to be conservative.

### **Commercial development**

18. With regard to the commercial elements of the Local Plan, the delivery of schemes taking place is less affected by the impact of 'policy burdens' which this study is assessing and, instead are more sensitive to wider economic market conditions.

# 1 Introduction

## 1.1 Study scope

- 1.1.1 Peter Brett Associates (PBA) LLP has been commissioned by South Holland District Council on behalf of the South East Lincolnshire Joint Strategic Planning Committee (representing Boston Borough, South Holland District and Lincolnshire County Councils) to prepare the Whole Plan Viability Study (the Viability Study) for the South East Lincolnshire Local Plan 2011 – 2036 - Draft for Public Consultation - January 2016 (abbreviated in this report as the Draft Local Plan). We refer to the two local authority areas of Boston Borough Council (BBC) and South Holland District Council (SHDC) in this report as South East Lincolnshire.
- 1.1.2 The main purpose of this viability study is to ensure that the requirements of the National Planning Policy Framework (NPPF) are met. That is, the policy requirements in the Draft Local Plan should not threaten the development viability of the plan as a whole. The objective of this viability study is to inform policy decisions relating to the policy trade-offs between affordable housing and infrastructure funding.

### An iterative process in shaping the approach to delivering the Local Plan

- 1.1.3 An iterative process has been adopted in shaping the viability study. Work on the Viability Study commenced during summer 2015 and has been prepared alongside work on the South East Lincolnshire Infrastructure Delivery Plan (the IDP). The draft Viability Study report was consulted on by the client team alongside the Draft Local Plan in January 2016. Further viability evidence was provided by the two local authorities which has informed the latest refinements to the viability assumptions informing this study.
- 1.1.4 During the course of preparing this study and the IDP, we have worked with the client team to consider the most appropriate developer funding mechanism to fund infrastructure. At the start of the Viability Study, options for the most appropriate developer funding mechanism (Community Infrastructure Levy [CIL] or Section 106 [S106]) were consulted on and assessed.
- 1.1.5 After taking account of the type of development expected in the plan period, how best to secure the delivery of planned growth, and the possible changes expected following the national review of CIL, members and officers confirmed<sup>1</sup>, the use of the S106 developer funding mechanism. This has informed further refinements to the approach adopted for this Viability Study. During the process of preparing this study, the Government has also legislated on the introduction of Starter Homes – known information about this has also been reflected in this Viability Study.

### Defining local plan viability

- 1.1.6 The 'Viability Testing Local Plans - Advice for Planning Practitioners Report' prepared by the Local Housing Delivery Group and chaired by Sir John Harman June 2012 (referred to as the Harman Report) distinguishes between individual development and Local Plan viability as follows:

'An **individual development** can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs, and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place, and generates a land value sufficient to persuade the land owner to sell the land for the development proposed.'

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<sup>1</sup> At a meeting of member and officers on the presentation on the IDP held in November 2016 at Boston BC.

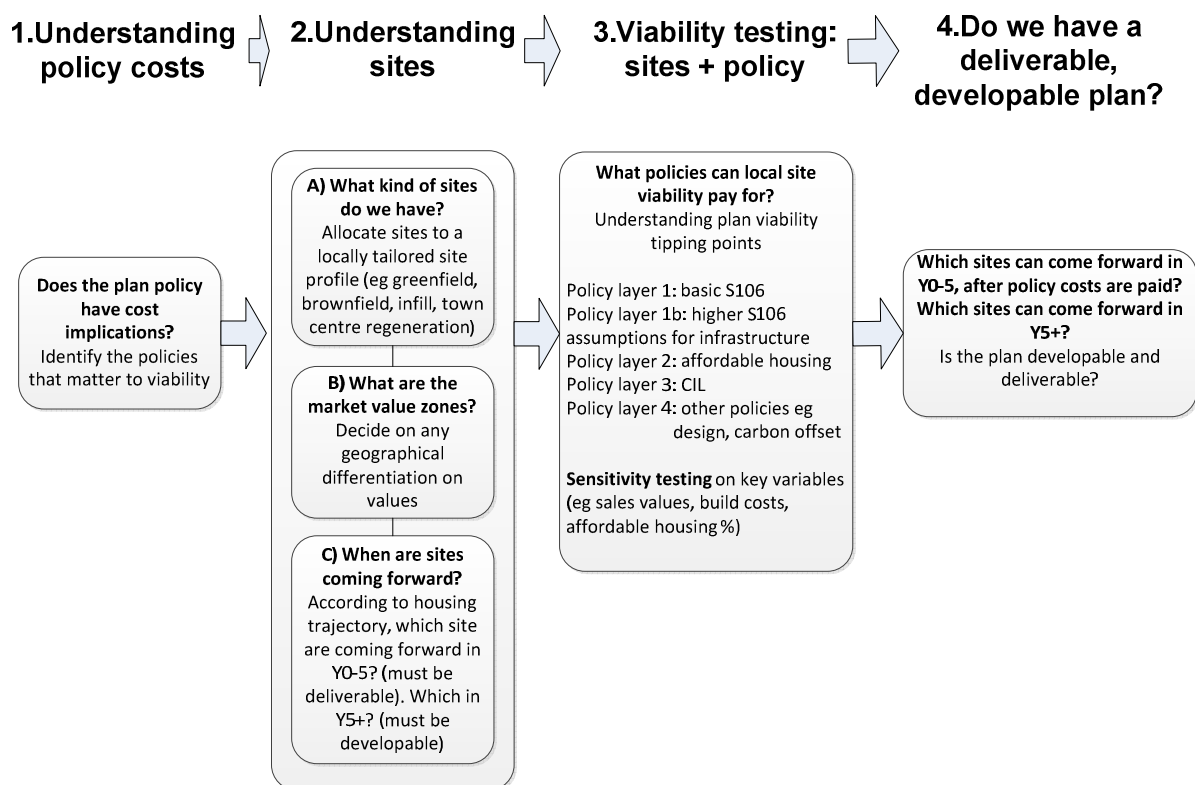


‘At a **Local Plan** level, viability is very closely linked to the concept of deliverability. In the case of housing, a Local Plan can be said to be deliverable if sufficient sites are viable (as defined in the previous paragraph) to deliver the plan’s housing requirement over the plan period’.

## 1.2 Study approach

1.2.1 The approach to this Viability Study is summarised in Figure 1.1 below. The process set out is broken down into a number of stages.

Figure 1 Whole plan viability process



Source: PBA 2015

### Understanding the policy costs

1.2.2 Articulating the impact of policy costs provides a starting point for the analysis. All policies included in the Draft Local Plan have been provided by the client team to assess their impact on viability.

### Understanding the sites

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

- What are the market value zones for the area? An otherwise identical development may have a very different value, depending on its location. The report seeks to understand how this economic geography might affect site viability in the area.
- What kind of sites are emerging through the plan? Different sites might have different viabilities depending on the existing use or condition of the site. Site typologies are

tailored to local conditions based on the emerging sites coming forward in the Strategic Housing Land Availability Assessment.

- When are sites coming forward? An analysis is undertaken of the emerging housing trajectory to understand the time period that different developments are expected, and explore whether the NPPF would require a site to be deliverable in Years 0-5 of the plan, or 'developable' in Years 6 onwards.

### **Viability testing the sites**

- 1.2.4 The next stage is to assess the viability of the site typologies. The approach adopted is to add gradually escalating levels of policy costs in order to judge the point at which policy costs make development unviable.
- 1.2.5 Understanding the basic viability of sites and then adding policy costs such as affordable housing, infrastructure, and other policy requirements is the starting point. Further to this is to establish an understanding of the trade-offs involved between these policy choices, so that elected members and their officers may arrive at a reasoned and prioritised set of policy 'trade-offs'.

### **Assessing whether the plan is developable and deliverable**

- 1.2.6 The output from this stage forms the central response to the overall study question: is the plan deliverable and developable?
- 1.2.7 With regards to the housing supply, the NPPF states that evidence must show the Inspector that the plan is deliverable for the first five-year period following adoption. The approach required for land for years 6 -10 and beyond is different to that adopted for the sites expected in years 0-5 of the plan. These residential sites need to be developable and take account of longer-term timescales and proactive interventions that maybe put in place.

### **Stakeholder engagement**

- 1.2.8 A range of stakeholders informed this study (see Appendix A), including the following:
- A number of interviews have been undertaken with various developers, Registered Providers and the strategic site promoters to inform the appraisal assumptions.
  - A developer workshop, held in June 2015, which was attended by various developers and agents.
  - A series of developer surgeries were held during 2015 with two of the developers currently working on the delivery of the urban extensions in Spalding and Boston to inform the viability assumptions.
  - A viability workshop was held in September 2015, and an infrastructure workshop was held in November 2016 with various elected members from the two local authorities
  - Registered Providers were consulted to inform Starter Homes assumptions in Summer 2016.
  - The SHDC and BBC Affordable Housing teams and the Development Management teams have provided information relating to planning applications, developer contributions and viability appraisals and a summary of viability assumptions based on the District Valuer review.

### 1.3 Study caveats

- 1.3.1 The bulk of the research and developer consultations informing this study was undertaken during the summer of 2015. At the time the Draft Local Plan was at an early stage of preparation and the choices of sites and policies were not finalised. The typologies used in this study represent where the bulk of development is likely to take place. Subsequent refinements to the viability assumptions have been informed by viability evidence provided by the two local authorities during autumn 2016 (see Appendix B).
- 1.3.2 Viability is not static: it will be constantly changing with changes in policy and market conditions. Viability is also not an exact science and slight adjustments to appraisal assumptions can make a difference to the final outcomes. This has been reflected in the final recommendations informing this study.
- 1.3.3 The Viability Study is not appropriate for site-specific assessment as these will be informed by detailed understanding of the site-specific considerations. The assumptions adopted for this study are reasonable in terms of representing the broad range of development for plan-making purposes.
- 1.3.4 All policies included in the Draft Local Plan, which might impact on viability have been worded to allow a flexible approach to reflect site-specific considerations.
- 1.3.5 The Viability Study has been prepared as a supporting document to inform the Local Plan evidence base and planning policy. The findings should not be relied upon for any other purpose.
- 1.3.6 Changes in national policy introduced after work on the Viability Study began, such as the removal of the affordable housing threshold, have not been tested.
- 1.3.7 The implications of the introduction of Starter Homes, based on the Government's technical consultation on Starter Homes Regulations in March 2016, has been assessed and the findings are set out in Appendix D.
- 1.3.8 No responsibility whatsoever is accepted by any third party who may seek to rely on the content of the report for any other purpose than for the stated objectives for which it has been prepared. This report does not provide formal Red Book site-specific valuation; it provides a strategic overview for the emerging Local Plan.

### 1.4 Report structure

- 1.4.1 The rest of this report is set out as follows:
  - Chapter 2 sets out the national policy and legal requirements relating to whole plan viability, affordable housing and the community infrastructure levy which inform the study
  - Chapter 3 outlines the local plan policy and development context that has informed the Viability Study for this area.
  - Chapters 4 to 5 set out the approach to residential and commercial viability assessment, the development scenarios tested, and the assumptions and findings.
  - Chapter 6 concludes by setting out the main findings which inform the recommendations for the plan viability, infrastructure and affordable housing policy.

## 2 National policy content

### 2.1 Introduction

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

#### National Planning Policy Framework

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

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

‘Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable’.<sup>2</sup>

- 2.1.4 With regard to non-residential development, the NPPF states that local planning authorities ‘should have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they should understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.’<sup>3</sup>

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

#### Deliverability and developability considerations in the NPPF

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

**To be deliverable**, “sites should be available now, offer a suitable location for development now, and be achievable, with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable.”<sup>4</sup>

**To be developable**, sites expected in year 6 onwards should be able to demonstrate a “reasonable prospect that the site is available and could be viably developed at the point envisaged”.<sup>5</sup>

<sup>2</sup>DCLG (2012) National Planning Policy Framework (41, para 173)

<sup>3</sup>Ibid (para 160)

<sup>4</sup>Ibid (para 47, footnote 11 – note this study deals with the viability element only, the assessment of availability and suitability is dealt with by the client team as part of the site selection process for the SHLAA and other work.

<sup>5</sup>Ibid (para 47, footnote 12)

- 2.1.7 The NPPF advises that a more flexible approach may be taken to the sites coming forward in the period after the first five years. Sites coming forward after year 6 might not be viable now – and might instead be only viable at that point in time. This recognises the impact of economic cycles and variations in values and policy changes over time.

## 2.2 National policy and recent consultations on affordable housing

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

### Threshold limits for affordable housing

- 2.2.2 The Government had introduced an affordable housing threshold following the issue of a Ministerial Statement in November 2014<sup>6</sup> requiring local authorities to adopt a national threshold for affordable housing.
- 2.2.3 However, this was subject to a successful legal challenge by West Berkshire Council and Reading Borough Council and the threshold policy was quashed as of August 2015. Following the order of the Court of Appeal dated 13 May 2016, which gives legal effect to the policy set out in the Written Ministerial Statement of 28 November 2014, this threshold has been reinstated. Accordingly, its Planning Practice Guidance (PPG) now states that affordable housing ‘contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1000sqm’<sup>7</sup>.

### Emerging legislation on Starter Homes

- 2.2.4 Starter Homes is the Government’s initiative specifically aimed at meeting the housing needs of younger generations. The Housing and Planning Act 2016 (the 2016 Act) sets out the legislative framework within which Starter Homes will be delivered by local planning authorities (LPAs) in England. Starter Homes will apply to new dwellings. The qualifying first-time buyers are young people aged 23-40. Starter Homes are to be sold at a discount of at least 20% of their market value, and always for less than the price cap.
- 2.2.5 The Department for Communities and Local Government’s Starter Homes Regulations Technical Consultation (launched in March 2016) provides an indication of the how Starter Homes might operate (such as the site threshold of 10 units or more and a minimum requirement of 20 percent of all homes delivered). However, much of the operational details relating to Starter Homes is still to be determined and will be set out in statutory regulations.
- 2.2.6 The PPG<sup>8</sup> sets out how the Starter Homes exception sites policy helps to meet the housing needs of young first-time buyers. The exception site policy enables applications for development for Starter Homes on under-used or unviable industrial and commercial land that has not been identified for housing. It encourages LPAs not to seek Section 106 affordable housing and tariff-style contributions that would otherwise apply, though site-specific mitigations are eligible. LPAs are encouraged to work in a positive and proactive way with landowners and developers to secure a supply of land suitable for Starter Homes exception sites to deliver housing for young first-time buyers in their area. The Home Builders

<sup>6</sup> Ministerial Statement in Nov 2014 DCLG Support for Small Scale Developers

<sup>7</sup> PPG Paragraph: 031 Reference ID: 23b-031-20160519

<sup>8</sup> paragraph:001 Reference ID:55-001-20150318 (revision date 18 03 2015)

Federation are expected to manage a national Starter Homes register, thus providing LPAs with valuable evidence when developing their Local Plan.

- 2.2.7 Subject to the outcome of this secondary legislation, the 2016 Act's requirement to provide Starter Homes would in effect override any development plan policies; so any affordable housing policy requirement included in the emerging Local Plan would be provided only if a proposed development remains viable after the Starter homes provision and other planning obligations are taken account of.
- 2.2.8 Although the secondary legislation is still awaited, given that Starter Homes are expected to take primacy over traditional affordable housing, further viability assessments have been undertaken to reflect the affordable housing and other policy requirements once 20 percent of all homes delivered are assessed as Starter Homes. The findings for a Starter Homes policy position and accompanying assumptions are set out in Appendix D.
- 2.2.9 Going forward it is highly likely that there will be considerable change in the provision of affordable housing and the role of Registered Providers (RPs) and developers in meeting this product. In addition to similar initiatives elsewhere, Broadgate Homes are already delivering affordable housing on a number of their sites and could expand this role by increasing the range of new products, which may include a greater share of Starter Homes, Help to Buy equity loan, shared-ownership homes and some affordable homes which are likely to be funded through cross subsidy from other products.

## 2.3 National policy on infrastructure

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

'It is equally important to ensure that there is a reasonable prospect that planned infrastructure is deliverable in a timely fashion. To facilitate this, it is important that local planning authorities understand district-wide development costs at the time Local Plans are drawn up.'<sup>9</sup>

- 2.3.2 It is not necessary to prove that all funding for infrastructure has been identified. The NPPF states that standards and policies in Local Plans should 'facilitate development across the economic cycle',<sup>10</sup> suggesting that in some circumstances, it may be reasonable for a local authority to argue that viability is likely to improve over time, that policy costs may be revised, that some infrastructure is not required immediately, and that mainstream funding levels may recover.

## 2.4 National housing standards

- 2.4.1 The Government has rationalised various housing technical standards through the publication of the Deregulation Bill 2015 which was granted Royal Assent on 26<sup>th</sup> March 2015<sup>11</sup>. The new standards include a mandatory Building Regulation element and optional Building Regulation element for water efficiency and access (volumes 1 and 2) which provides a higher standard than the minimum national Building Regulations.
- 2.4.2 A nationally-described space standard has also been introduced which provides local authorities some choice to require developers to build to different standards. These optional standards and space standards may only be applied where there is a local plan policy, based

<sup>9</sup> Ibid (p42, para 177)

<sup>10</sup> PPG Paragraph: 031 Reference ID: 23b-031-20160519

<sup>11</sup> Consultation on the Housing Standards Review took place in 2013, and a written Ministerial Statement formally announcing the new approach to setting technical housing standards in England was announced on 27<sup>th</sup> March 2015.

on evidenced local need and where the viability of development is not compromised as a result of their application.

2.4.3 The Code for Sustainable Homes (in England) has been withdrawn; instead energy saving standards<sup>12</sup> will be included in national Building Regulations.

2.4.4 In addition, a new security standard has now been included in the Building Regulations. Building Regulation guidance on waste storage has also been introduced (to ensure that this is properly considered at the outset in new housing developments).

## 2.5 Further planning documents should not introduce additional cost

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

'Any additional development plan documents should only be used where clearly justified. Supplementary planning documents should be used where they can help applicants make successful applications or aid infrastructure delivery, and should not be used to add unnecessarily to the financial burdens of development.'<sup>13</sup>

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

## 2.6 National policy on community infrastructure levy

2.6.1 The Community Infrastructure Levy (CIL) is a planning charge based on legislation that came into force on 6 April 2010. The levy allows local authorities in England and Wales to raise contributions from development to help pay for infrastructure that is needed to support planned development. Local authorities who wish to charge the levy must produce a draft charging schedule setting out CIL rates for their areas – which are to be expressed as pounds (£) per square metre. Before it is approved by the Charging Authority - the draft schedule has to be tested by an independent examiner.

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

- The Planning Act 2008 as amended by the Localism Act 2011.
- The CIL Regulations 2010, as amended.
- The CIL Guidance which was updated and published in February 2014 and since replaced by National Planning Practice Guidance on CIL (NPPG CIL).<sup>14</sup>

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<sup>12</sup> Note LA will be able to set and apply policies in their Local Plans which require compliance with energy performance standards that exceed the energy requirements of Building Regulations until commencement of amendments to the Planning and Energy Act 2008. This is expected to happen in late 2016.

<sup>13</sup> DCLG (2012) National Planning Policy Framework (para 153)

<sup>14</sup> DCLG (February 2014) Community Infrastructure Levy Guidance and DCLG (June 2014) National Planning Practice Guidance: Community Infrastructure Levy (NPPG CIL)

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

### **Varying the CIL charge**

- 2.6.4 CIL Regulations (Regulation 13) allows the charging authority to introduce charge variations by geographical zone in its area, by use of buildings, by scale of development (GIA of buildings or number of units) or a combination of these three factors. As part of this, some rates may be set at zero. Variations must reflect evidence of differences in viability. Differential rates should not be based on policy alone or be set by reference to the costs of infrastructure.
- 2.6.5 The guidance notes that charging authorities should avoid 'undue complexity' when setting differential rates. It is worth noting, however, that the guidance gives an example which makes it clear that a strategic site can be regarded as a separate charging zone: *'If the evidence shows that the area includes a zone, which could be a strategic site, which has low, very low or zero viability, the charging authority should consider setting a low or zero levy rate in that area.'*<sup>15</sup>

### **Supporting evidence**

- 2.6.6 The legislation requires a charging authority to use '*appropriate available evidence*' to inform their charging schedule<sup>16</sup>. The guidance expands on this, explaining that the available data '*is unlikely to be fully comprehensive*'.<sup>17</sup>
- 2.6.7 These statements are important, because they indicate that the evidence supporting viability assessments informing developer contributions should be proportionate, avoiding excessive detail. One implication of this is that we should not waste time and cost analysing types of development that will not have significant impacts, either on total CIL receipts or on the overall development of the area as set out in the Local Plan.

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<sup>15</sup> Ibid

<sup>16</sup> Planning Act 2008 section 211 (7A)

<sup>17</sup> DCLG (June 2014) NPPG CIL (para 019)



## 3 The local policy and development context

### 3.1 Introduction

3.1.1 This chapter draws out the key policies which impact on viability in the Draft Local Plan and outlines the locations where the planned growth will take place shaping the development context going forward.

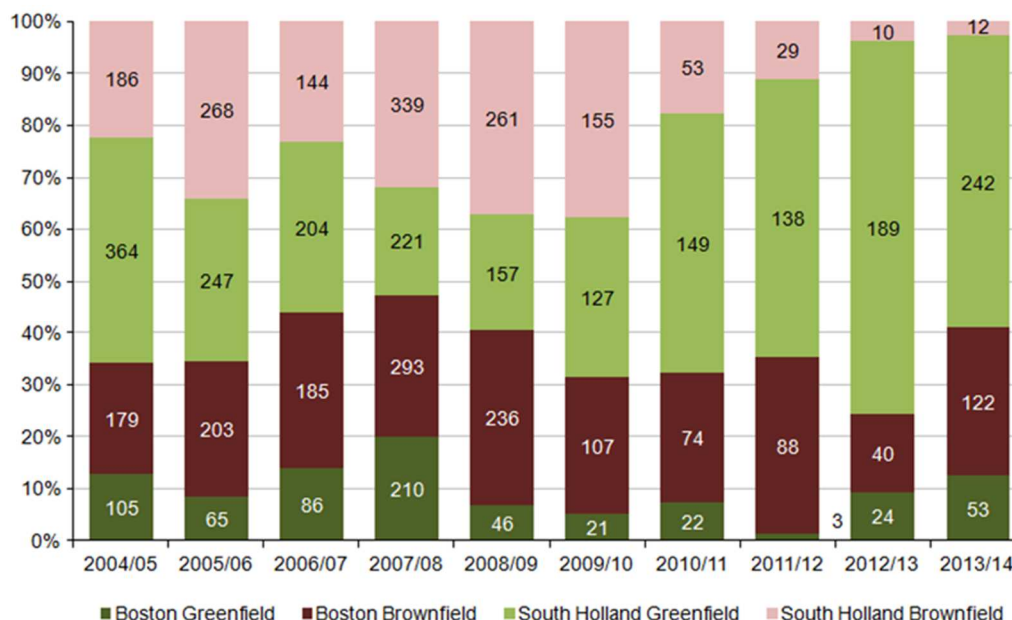
### 3.2 Population growth and future spatial distribution policy

3.2.1 There has been a significant growth in population since the 2011 Census, driven largely by economic migrants taking up employment opportunities mainly in the food growing and processing industries. The population of Boston Borough has increased by some 19% (to 66,500) since 2001, and in the same period South Holland District has seen an increase of some 18% (to 90,400), whereas the growth for Lincolnshire in this period has been some 13%. This growth in population represents one of the largest percentage increases in population nationally since the 2001 Census, highlighting some very unique considerations for the Local Plan area. This growth in population has impacted on housing need and demand and on other infrastructure and services in the local area. Members have indicated that Brexit may create a degree of uncertainty on the scale of future population increases in the area.

#### Type of sites informing past delivery of housing

3.2.2 Figure 3.1 shows that development in South Holland District has been progressively less reliant on brownfield sites, whilst such sites have formed an important part of the past delivery in Boston Borough. However, going forward more of the development in Boston Borough is expected to be on greenfield sites.

Figure 3.1 Gross housing completions on greenfield and brownfield sites – 2004 – 2013/14



Source: South East Lincolnshire Monitoring Report 2013 - 2014

3.2.3 The Draft Local Plan Policy 11 set outs the provision for at least 18,250 dwellings in South East Lincolnshire over the plan period to meet the objectively assessed need. Policy 12 sets

out the settlements where the bulk of this growth will take place in South Holland District and Boston Borough. The Sub-Regional Centres of Spalding and Boston will support the bulk of the planned growth. The Main Service Centres such as Holbeach, Kirton, Long Sutton, Swineshead, Crowland etc. will support some significant growth whilst the Minor Service Centres will have generally lower levels of growth.

### 3.3 Infrastructure policy

- 3.3.1 The Draft Local Plan recognises that the plan area is poorly connected, especially by the highway network, to the rest of the region. The area is served by just three main 'A' Roads and these are heavily used by a considerable volume of HGVs and farm vehicles. The flat character of the land and its proximity to the Wash estuary also mean that the rivers in the area have tidal influences which require daily management through the operation of pumping stations and sluices. The threat of flooding affects a number of settlements and is a particular concern for Boston, whilst the pollution of valuable farmland with saline water could harm the area's main economy for many years.
- 3.3.2 Although the Draft Local Plan takes a precautionary approach to flood risk, it also recognises that the Boston urban area will continue to be an area of choice for most residents, and therefore flood mitigation is a cost consideration in the delivery of new development. Investment in the Boston Barrier as a strategic flood-mitigation defence is of considerable significance in the management of the risk of flooding in the Boston area.
- 3.3.3 The following policies in the Draft Local Plan include the need for infrastructure delivery as part of the overall development to meet the needs generated by the development:
- Policy 4: Strategic Approach to Flood Risk – this policy is about the location of development in area of lowest flood risk. Planning applications will, where required, be accompanied by a site-specific Flood Risk Assessment which will detail proposals for any required flood mitigation for the lifetime of the development. Such measures will be secured by a planning condition. Where flood-resilience measures are required, this will be treated as an abnormal cost to be reflected in the value paid for the land, as these costs can vary considerably depending on measures required.
  - Policy 5: Meeting Physical Infrastructure and Service Needs – this policy sets out how physical infrastructure will be met. It places the onus on the developer to demonstrate that there will be sufficient infrastructure capacity to support the needs of the development. This includes site-enabling infrastructure such as water, energy and communications, and also other physical infrastructure such as education, green infrastructure, health care and transport. The justification acknowledges that infrastructure needs will change over time, and signposts to the IDP<sup>18</sup>. The Viability Study includes a S106 developer contribution as a cost input in the viability appraisal for all developments over 10 units.
  - Policy 6: Developer Contributions - this policy sets out that developer contributions will be sought to support infrastructure requirements. The policy is kept sufficiently flexible to reflect local requirements.
  - Policy 30: Promoting Safe, Accessible Open Space, Sport and Recreational Facilities – many of the requirements of this policy relate to careful design, the discouragement of crime and the encouragement of healthy living. The policy includes the requirement for development to support the provision of further community infrastructure such as education, health care, libraries etc. to meet the additional needs generated by it. The Viability Study includes a S106 developer contribution based on the findings of the IDP,

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<sup>18</sup> The Infrastructure Delivery Plan was finalised by Peter Brett Associates in November 2016

to reflect S106 infrastructure requirements as a cost input in the viability appraisal for all developments over 10 units.

- Policy 32: Vehicle and Cycle Parking – this policy aims to encourage the provision of cycle parking facilities and for car parking spaces to be capable of connection to electricity supply for both residential and commercial development. Many providers of electricity charge points often supply and install this infrastructure for free on the basis of the ongoing revenue generated. Careful site-specific design and layout will need to factor in any additional requirements for higher car parking standards - this could affect the layout of schemes and ability to maximise the site density and overall developable area - the policy is kept flexible to reflect site-specific circumstances. No additional costs are included in the viability assessment for this as it will be met through layout and design.

### 3.4 Infrastructure delivery and approach to developer contributions

- 3.4.1 The IDP for South East Lincolnshire sets out the necessary infrastructure requirements, by priority and timescales, and also informs the scale of the identified funding gap. The IDP assessment undertaken during 2016 is intrinsically linked to this Viability Study and so final recommendation on the most appropriate funding mechanism has been informed through the IDP process. For the purpose of this Viability Study, it is to be assumed that the preferred developer funding mechanism to be adopted will be via S106 and developer site-opening cost contributions.
- 3.4.2 The IDP was presented to elected members in November 2016. There was a discussion on the possible developer funding mechanism (CIL or S106) best suited for the area. This was considered in the context of the 2015/2016 national independent review of the Community Infrastructure Levy (CIL). The chair of the independent panel set up by the government to review the CIL has said that the levy is 'not providing a huge amount of funding for infrastructure' and has failed to provide a 'faster, simpler, more transparent system' than section 106.<sup>19</sup>
- 3.4.3 Based on this anticipated outcome of the national CIL review, the view from members and officers informing the discussion on CIL or S106 at the November 2016 IDP meeting was not to pursue a CIL charging mechanism for the time being, and instead to proceed on the basis of S106 and explore how to ensure the pooling restrictions of the S106 are not exceeded. This latest decision taken in November 2016 has informed the iterative process to this Viability Study.
- 3.4.4 To reflect a possible future policy which might introduce a simpler CIL charge for smaller sites, we have included an appraisal (see Appendix E) that considers the viability of small sites and scope to contribute to a possible nationally-prescribed set CIL charge.

### 3.5 Infrastructure and S106 target assumptions

- 3.5.1 There is an identified requirement to invest in additional education, community facilities, health and leisure infrastructure to serve the area. The IDP identifies the estimated funding gap for each of the two local authorities.
- 3.5.2 The IDP includes estimate funding from developer contributions to inform how the funding gap will be managed. The following assumptions are included:
- The sustainable urban extensions (SUEs) to contribute approximately £4,000 to £5,000 per dwelling towards infrastructure, though site-specific assessments will refine this.

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<sup>19</sup> Planning Resource – 22<sup>nd</sup> April 2016

- Generic sites in South Holland District to contribute approximately £5,000 per dwelling towards the entire infrastructure funding gap. This reduces to £4,500 per dwelling if the focus is on the essential infrastructure funding gap. Though site-specific assessments will refine this based on capacity and scheme assessment – the amount of S106 could be lower or higher than the estimated plan level figure of £5,000 per dwelling.
- Generic sites in Boston Borough to contribute approximately £2,000 to £4,000 per dwellings towards the essential infrastructure funding gap. Though site-specific assessments will refine this based on capacity and scheme assessment – the amount of S106 could be lower or higher than the estimated plan level figure of £3,000 per dwelling.

3.5.3 The above estimates have guided the scale of developer contributions included in this Viability Study to inform the S106 cost inputs. The exact requirements at a site-specific assessment will take account of the scale and kind of infrastructure required and necessary to make the development acceptable in planning terms, any pooling restrictions that might apply and infrastructure capacity in the local area.

### **3.6 Approach to the delivery of the strategic road infrastructure**

3.6.1 Based on the review of the Draft Local Plan Policy 31: Delivering a More Sustainable Transport Network, and response from the client team, a priority for both authorities in South East Lincolnshire is to secure the delivery of the Spalding Western Relief Road (SWRR) and the Boston Distributor Road (BDR) schemes. These are recognised as long-term schemes that are unlikely to be completed within the current plan period, but with a strong commitment from members to secure their delivery. The geography of the proposed road schemes has influenced the plan growth options. The proposed growth strategy in effect forms an enabling mechanism to support the delivery of the road schemes, and the road schemes, in turn, help to unlock the delivery of the planned growth – thus creating a symbiotic relationship. The value uplift created to the existing use of the land by the investment in the road infrastructure, which in effect helps to ‘open up’ the land for development, is expected to meet part of the cost of the road, whilst other public sources of funding will also be sought.

3.6.2 A broad framework for the delivery of the road schemes has been set out in the Draft Local Plan, which includes Policy 31 providing safeguarding corridors to support the delivery of the two road schemes. Policy 13: A Sustainable Urban Extension for housing in Spalding sets out how ‘the North Phase’ of the SWRR will be delivered.

3.6.3 Based on the Draft Local Plan, the majority of the sections of SWRR and BDR schemes shall be attributed directly to the planned urban extensions along the route of the safeguarded corridors. These will be funded directly as part of the developers’ site-opening costs to support on-site infrastructure costs for the SUEs. This approach to funding is consistent with the approach currently taking place and reflects the feedback from the developers currently involved in the delivery of the SUEs.

3.6.4 Current urban extension consents in Spalding and Boston are both contributing towards the cost of initial phases of the respective strategic road schemes. The Q1: The Quadrant scheme by Chestnut Homes (already consented) will be delivering the first phase of the BDR. The second phase of the road scheme is expected to form part of the Q2: The Quadrant and the Wes002 (south of the North Forty Foot Drain) proposed urban extensions, subject to the housing options progressing.

### **3.7 Affordable housing requirement, past delivery and consultation**

3.7.1 The Draft Local Plan Policy 15: Affordable Housing highlights that Boston Borough needs 100 affordable dwellings per annum, whilst the total housing requirement for Boston Borough identified in the Draft Local Plan is 300 dwellings per annum. The affordable housing need equates to 33% of total annual housing requirement. Part of this need is currently being met

through two Registered Providers (RPs) who are developing and progressing sites in the Borough with funding from the Homes and Community Agency (HCA), the Greater Lincolnshire Local Enterprise Partnership and in the case of one of the RPs, some partnership funding from BBC. However, some of this need will also be met via developer contributions through the delivery of market housing schemes.

- 3.7.2 South Holland District needs about 284 affordable dwellings per annum (equating to about two thirds of the overall annual housing need). The need for affordable homes has been assessed as part of two separate Strategic Housing Market Assessments carried out for each of the authorities during 2015.
- 3.7.3 The Local plan policy on affordable housing will be informed by the outcome of this Viability Study. The current adopted plan policy requirement for affordable housing in South Holland District is one third of the provision, and for Boston Borough it is 30% (as stated in the Interim Plan 2006 adopted by BBC). BBC's approach on the affordable housing requirement has, however, been operating at 15% and above whilst the Local Plan and Viability Study have been in the course of preparation.

### **3.8 A review of past delivery of affordable housing and infrastructure**

- 3.8.1 The two local authorities have provided a summary of recent planning applications to inform the scale of developer contributions agreed in relation to affordable housing and S106 infrastructure funding. The information is summarised in Appendix B and main findings summarised below.

#### **Past delivery of affordable housing in South Holland District**

- 3.8.2 A review of planning consents from SHDC that have secured developer contributions towards affordable housing and infrastructure identified the following:
- A number of recent 2016 outline planning consents have been for schemes outside Spalding. These have ranged from 26 to 650 units, are largely on greenfield sites, but also include some brownfields sites, and have been granted at the policy-compliant (33.3%) affordable housing contribution and with small amounts of S106 contributions (ranging from £0 per unit to £3,000 per unit, but the majority with less than £500 per unit).
  - A number of detailed greenfield schemes that have now commenced on site have renegotiated the scale of affordable housing to around 22% (often in favour of affordable rent), and including approximately £2,000 per dwelling in S106 contributions.
  - The Holland Park SUE for 2,250 dwellings was consented in 2013 and at 33.3% affordable housing and £3,600 per dwelling S106 contributions. Work has commenced on the delivery of the first phase.
  - The Manor Farm scheme at Holbeach for 900 dwellings was granted outline consent in November 2016 at 33.3% affordable housing and £2,600 per dwelling S106 contributions. A full application is expected early in 2017.
  - A large scheme for 169 dwellings at Pinchbeck was granted in 2016 at 33.3% affordable housing and approximately £5,000 per dwelling in developer contributions. Work has not started on site.
  - The detailed consents on brownfield sites have generally contributed less (ranging between 0% and 21%) affordable housing, and between £0 and £3,000 S106 per dwelling.

- 3.8.3 Until a few years ago, developers in South Holland District had tended to meet the affordable housing policy (close to 33%), by reflecting this as a policy cost in their overall viability assessment. In recent years, with a number of new promoters / landowners entering the development market in the area, they have sought to renegotiate the proportion of affordable housing delivery closer to 20% - 25% on viability grounds after securing outline consent.
- 3.8.4 There is, therefore, a distinction between the scale of affordable housing delivery actually taking place and the amount that is initially agreed at outline application stage. There is a tendency once the concept of development has been established, to come back and seek to renegotiate the scale of affordable housing at detailed application stage. Hence although the outline consents present a policy-compliant delivery rate, in practice the level secured might be reduced.
- 3.8.5 Developer feedback during the SUE surgeries has suggested that schemes should reflect the policy cost in the values paid for land and create a 'level playing field' for all operators in the area.

#### **Past delivery of infrastructure in South Holland District**

- 3.8.6 The scale of S106 contributions has been increasing gradually from zero to around £2,000 - £3,000 per dwelling). This is mainly towards education, health and public open space provision.
- 3.8.7 However, in two recent cases the scale of developer contribution towards education alone has been approximately £5,000 per dwelling, and in other instances, this has ranged from £4,000 to over £6,000 per dwelling.
- 3.8.8 Education and health infrastructure capacity in a number of settlements (though not in all) is now stretched. Historically, there was capacity in the existing infrastructure, which meant the developer contributions sought towards S106 infrastructure were lower.
- 3.8.9 This finding is in line with the IDP study, which at a plan level estimates that approximately £4,000 to £6,000 per dwelling contribution would be required to meet the total estimated funding gap for essential and desirable infrastructure costs for SHDC.
- 3.8.10 The actual S106 sought will vary at a site-specific level, and any S106 contributions sought will need to be compliant with Reg 122 and pooling restrictions relating to S106. The funding gap assessment in the IDP is also based on the current requirements which could change once further investment in infrastructure takes place, particularly education infrastructure. There could also be some pooling challenges in the delivery of new secondary schools that are identified in the IDP assessment based on the use of S106.

#### **Delivery of affordable housing in Boston Borough**

- 3.8.11 A review of planning consents in BBC that have secured developer contributions towards affordable housing identified the following:
- Affordable delivery in BBC has been largely secured by means of a planning condition, though a few schemes have been through S106 agreement.
  - The majority of consented sites have agreed to a contribution of around 20% to 30%, with some outliers at around 15% and one rural exception scheme at 90% affordable housing.
  - Nearly 40% of the consented schemes have now commenced work on site.
  - All the schemes consented, with the exception of one, are in flood risk areas and so will have had to take account of flood remediation measures.

- Most schemes have submitted viability evidence to revise the scale of affordable housing from the current policy of 30%.
- In most cases where the percentage of affordable housing has been reduced, the affordable housing tenure has been negotiated in favour of a greater percentage of affordable rent units.
- BBC is currently working with two RPs to provide 100% funded affordable housing schemes with support from the HCA, BBC and others. A number of these schemes have contributed S106 ranging from £1,500 to £4,500 per dwelling.

### **Delivery of infrastructure in Boston Borough**

3.8.12 A review of planning consents in BBC that have secured developer contributions towards infrastructure identified the following:

- Of the schemes reviewed, 40% of the schemes also included some S106 contributions, and many of these were on brownfield sites.
- Most of the developer contributions towards infrastructure costs relate to education, health, leisure and highways infrastructure.
- The S106 contributions ranged from just under £1,000 to just over £3,500 per dwelling. Though the majority of schemes provided zero levels of S106 contributions.

### **Consultation feedback from Register Providers on affordable housing**

3.8.13 Consultation with RPs during September 2015 highlighted the following messages in relation to affordable housing delivery:

- They are building affordable housing in Boston Borough as they have funding from the HCA and Boston Borough Council which helps to get around any funding gap.
- Build costs are higher in Boston town due to the cost of flood resilience measures.
- The recent changes to affordable housing rent (1% rent reduction) will have an impact on future delivery of this product; it became effective in April 2016, and is likely to affect their new build programme until finance is reviewed. This could impact on the bids made by RPs for S106 affordable housing schemes being promoted by developers, which could then have a knock-on effect on the delivery of affordable housing schemes.
- The average unit size is around 70 sq.m, focusing on 2-bed units at around 35 dwellings per hectare (dph). As the sales value assumption is close to 50% of open market values and build costs are higher than the market value of schemes,
- Some RPs consider there is there is a need for gap funding to deliver S106 schemes.

## 4 Residential viability testing

### 4.1 Introduction

- 4.1.1 Previous stages have provided an understanding of how location and policy costs might affect viability. In effect, policy costs have been identified, the future development sites have been allocated to the site profile typologies, market sales values have been estimated and the planned delivery periods understood. This stage is about undertaking the viability testing to assess the ability of developments to pay for policy cost.
- 4.1.2 Additional viability assessments reflecting current known information about possible future changes in legislation reflecting Starter Homes and Community Infrastructure Levy are also briefly considered here and then detailed in appendices.

### 4.2 Residual land value approach to viability appraisals

- 4.2.1 The PBA development viability testing uses the residual approach to development viability. The approach takes the difference between the development values and all development costs, and compares the 'residual land value' with a threshold land value to determine if the development is viable.
- 4.2.2 As noted previously, the policy costs relevant for generic typology assessment for this Viability Study are affordable housing and infrastructure costs in the form of S106 contributions. For the purpose of this assessment, these policy costs are treated as a cost input to assess the viability of the scheme.

### 4.3 Viability assumptions

- 4.3.1 The calculations use appropriate available evidence, which has been informed by an assessment of market evidence, viability appraisals and stakeholder consultations. The analysis has been based on web research of properties on the market during 2015 and Land Registry data of actual sales of new houses built in the study area. This research informs the type of developments currently taking place and has shaped the viability assumptions. Appendix B sets out the research that has informed the assumptions in this analysis.
- 4.3.2 In the case of the SUE sites, the model has been adapted to test for a range of different infrastructure requirements in the phasing of the development to bring forward sustainable development. When added to a set of locally-based assumptions on new-build sales values, threshold land values and developer profits, a set of potential SUE site development viability assessments are produced. This is then built into the cash-flow modelling to assess viability through the lifetime of the development, where costs and returns will be flowing through the development cycle. The purpose of the assessment is to identify the balance available to pay for policy costs at which each of the SUE sites is financially viable.
- 4.3.3 Assumptions in respect of the following are inputted into our viability model:
- Density of development
  - Percentage of affordable housing mix and other policy costs / s106
  - Average size of house
  - Build cost
  - Sales values per sq. m



- Sales rates
- Threshold land value per hectare (ha)
- Site-opening costs for strategic sites
- Finance costs
- Contingency rates
- Developers' profit

**Site typologies**

- 4.3.4 The sites were allocated to typologies that best reflect the type of sites likely to come forward in the study area based on a review of the emerging trajectory, a review of past delivery and discussion with the client team and consultees. This allows the study to deal efficiently with the very high level of detail that would otherwise be generated by an attempt to viability test each site. This approach is proposed by the Harman Report, which suggests 'a more proportionate and practical approach in which local authorities create and test a range of appropriate site typologies reflecting the mix of sites upon which the plan relies'.<sup>20</sup>
- 4.3.5 In informing the viability assumptions, two SUE sites were identified as case studies by the client team to represent the type of SUE sites likely to come forward in the plan period. To inform the assumptions, a number of developer surgeries were hosted with SUE site promoters<sup>21</sup> to inform the SUE viability assumptions.
- 4.3.6 The site typologies adopted for the Viability Study are summarised in table 4.1 below. The density assumptions take account of the unit size adopted.

Table 4.1 Residential typologies and case studies

<b>Greenfield scenarios – units and density</b>		
House	1	35 dph
House	2	35 dph
House	10	35 dph
House	30	35 dph
House	150	35 dph
<b>Brownfield scenario – units and density</b>		
Flats	20	80 dph
<b>Rural scenario – units and density</b>		
House	1	30 dph

<sup>20</sup> Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans* (p.9)

<sup>21</sup> These were with representatives from Broadgate Homes for the Spalding SUE and Chestnut Homes for the Boston SUE.

House	2	30 dph
House	10	30 dph
House	30	30 dph
House	150	30 dph
<b>Strategic site case studies – units and density</b>		
Boston sustainable urban extension	1800	35 dph
Spalding sustainable urban extension	3750	35 dph

Source: PBA 2015

### Informing the value zones

- 4.3.7 Identifying value zones is challenging, as we are not necessarily comparing like with like. Even within a given type of dwelling, such as a terraced house, there will be variations in quality or size which will impact on the price. There are also problems in setting charging boundaries. Setting zones, requires marshalling of ‘appropriate available evidence’ and defining sensible boundaries that can be easily identified. House prices are generally considered a good proxy for viability and value zones. The following steps were taken:
- An assessment of house prices (on a per sq. m basis) based on data from recent properties on the market found on websites such as Right Move and the Land Registry data.
  - A consideration of the distribution of planned development.
- 4.3.8 There will always be areas or types of development that do not neatly fit a value area because these are plan-wide studies. However, as long as the majority of development is not put at risk, and the local authorities can still broadly achieve the plan objectives, then the approach is acceptable.
- ### House prices
- 4.3.9 Appendix B provides a summary of sales values for new properties being transacted at the start of this assessment during 2015. Our research identified a wide range of variations for the vast number of transactions. These were then grouped together to arrive at representative values to reflect the future planned growth areas.
- 4.3.10 The assessment in this chapter, including consultation with the client team, favours allocating the residential market into the two value zones which reflects the bulk of the planned growth:
- Developments in the town of Spalding and rural South Holland District
  - Developments in the town of Boston and rural Boston Borough
- 4.3.11 The assessment found that the majority of delivery has been in the urban areas of Spalding and Boston and with limited delivery in rural areas. Going forward, the focus of future development, based on Policy 2: Spatial Strategy, will continue to be the two main Sub-Regional Centres of Boston and Spalding, particularly on a number of large SUEs on greenfield sites which are critical to the delivery of the planned growth. There will also be some growth in the Main Service Centres and very limited growth in the Minor Service Centres and Other Service Centres and Settlements.

### Sales values

- 4.3.12 Based on the research along with feedback received at the workshops and follow-up interviews with the promoters of the SUE case studies, the sales values used for this Viability Study are set out in table 4.2.

Table 4.2 Sale value – market housing

Site	Typology	£ p sq. m
Spalding and rural South Holland	Houses and flats	£1900
Boston and rural Borough Council	Houses and flats	£1,700

Source: PBA 2016

### Affordable housing values

- 4.3.13 The Viability Study assumes that affordable housing will command a transfer value to a RP based on a blended rate of 55% of market value. The discount against market value has been informed by RPs. The affordable housing contribution has been tested at varying percentages, based on the S106 infrastructure cost inputs.
- 4.3.14 The Starter Homes assessment set out in Appendix D assesses a range of tenure mixes for the affordable housing.

### Floor space

- 4.3.15 The floor space assumptions are summarised in table 4.3 below.

Table 4.3 Unit size

Location	Gross internal area	Net internal area
All Spalding and Boston	90 sq. m	n/a
All rural and SUEs	100 sq. m	n/a
All affordable housing	70 sq. m	n/a
Flatted schemes	60 sq. m	50 sq.m

Source: PBA 2015

- 4.3.16 The market research of the properties for sale found some variations in property size of dwellings on the market in Spalding, Holbeach and Boston. Generally, we noted that three-bedroom dwellings in Spalding and Holbeach were around 70 to 90 sq.m, whilst three bedroom dwellings in Boston tended to be around 95 to 110 sq.m. Discussion with developers suggested that a possible explanation for this size differential in part could be that much of the ground-floor space in Boston schemes was for non-habitable rooms due to flood resilience requirements. However, they also stated that these three-story dwellings are not a popular housing market product, and there is a move away from this to adapt house types using alternative flood resilience measures such as raising floor levels, installing flood gates and so forth.

- 4.3.17 The Technical Housing Standards for nationally described space standards published in March 2015 by the Department of Communities and Local Government prescribes national standards for one, two and three-storey dwellings.
- 4.3.18 Based on the average size of the type of delivery taking place, the proposed housing mix in Policy 14 of the Draft Local Plan and consultation with local developers, the unit sizes shown in table 4.3 reflect the general development typology mix. This reflects a bias towards smaller dwellings sizes for affordable housing and a greater mix of house types including larger three and four and more-bedroom properties for the market housing. However, it is noted that site-specific schemes will add more detail to this assessment based on the type of dwellings proposed, and the mix of housing provided on sites will be applied with some flexibility.
- 4.3.19 Two floor areas are displayed for flatted schemes: The Gross Internal Area (GIA), including circulation space, is used to calculate build costs and Net Internal Area (NIA) is applied to calculate the sales revenue.

#### **Threshold land values and site opening costs**

- 4.3.20 To assess viability, the residual value generated by a scheme is compared with a threshold land value, which reflects 'a competitive return for a landowner' (as stated in the Harman Report). If the residual land value exceeds the threshold, then the scheme is deemed viable.
- 4.3.21 The approach used to arrive at the threshold land value is based on a review of the limited sites on the market, a review of a number of submitted viability appraisals by applicants, published data on land values and discussions with stakeholders. Account has been taken of current and proposed future policy requirements. This approach is in line with the Harman Report and recent viability examination reports, which accept that authorities should work on the basis of future policy and its effects on land values as well as ensuring a reasonable return to a willing landowner and developer.
- 4.3.22 The land transaction market is not transparent. Very little data is in the public domain and the subjective influences behind the deal are usually not available. We therefore place a strong emphasis on submitted evidence and sense testing with delivery taking place on the ground. We have based this assessment on appropriate available evidence for a plan-wide assessment of this nature.
- 4.3.23 In our approach we have derived land value from market evidence adjusted for policy and existing value plus landowner premium, and reflected the evidence of recent viability appraisals. Existing use value calculations have looked at existing employment land values and agricultural land values (see Appendix B).
- 4.3.24 In the assessment of residential land values, a distinction has been made for sites that might reflect extra costs for 'opening up, abnormal' from those which are clean or 'oven-ready' residential sites. All sites vary in terms of the degree to which they are serviced or free of abnormal development conditions. Such costs vary considerably from site to site and it is difficult to adopt a generic figure with any degree of accuracy. Our starting point with regards the generic scenarios tested is to assume that the value of sites (when calculating the threshold value) relates to a fully serviced site. At a site-specific assessment any known abnormal development costs or site servicing costs will be factored into the assessment made by the developer in the overall site development costs, profit margins, risk and this cost will be discounted in the value paid for the land.
- 4.3.25 There will be varying levels of site-specific opening costs, such as utilities, drainage, and s278 highway requirements to secure the delivery of the generic sites. For the generic typologies we have assumed fully serviced site land values, so any site-specific costs will come off the value paid for the land. The site opening costs for the larger SUEs will also vary depending on the site. We have adopted an assumption of £10,000 per dwelling / £350,000 per net ha for the generic SUEs based on the developer inputs to this assessment.

### Brownfield site remediation costs

- 4.3.26 The appraisals for the brownfield sites include an allowance for abnormal and remediation costs. Once detailed master planning is undertaken there will be a better understanding of these costs to inform site-specific assessments.
- 4.3.27 For the purposes of this report and testing viability, the threshold land values and site opening assumptions used in testing viability are shown in table 4.4.

Table 4.4 Residential threshold land values and site opening cost assumptions

Site typology	Fully serviced threshold land values per net developable ha		Price per serviced plot (35 /40 dph)
South Holland District generic	£535,000	Fully serviced land value (opening cost to be deducted from this)	£15,000
Boston Borough generic	£500,000	Fully serviced land value (opening cost to be deducted from this)	£14,000
Unserviced land values based on existing use values and additional site opening cost allowance			Unserviced plot price
Brownfield	£240,000 to £350,000	£350,000per net ha for site remediation cost allowance	£6000 - £8,750
Spalding SUE	£300,000	£350,000per net ha for site opening cost allowance	£8,600
Boston SUE	£262,500	£350,000per net ha for site opening cost allowance	£7,500

Source: PBA 2015 / LA residential appraisal review 2016

- 4.3.28 We have based this assessment on appropriate available evidence for a plan-wide assessment of this nature. The land value assumptions adopted for this Viability Study are considered suitably robust for plan-wide viability testing but are not suitable for individual site viability assessments where specific-site constraints are known.
- 4.3.29 It is important to note that at a plan-wide assessment assumptions on threshold land values can only be broad approximations subject to a wide margin of uncertainty. This uncertainty is considered when drawing conclusions and recommendations. To compensate for variations in threshold values and possibly other assumptions, there will be a need to build in some flexibility in policy to reflect site-specific circumstances.

### Build costs

- 4.3.30 Our general approach to build costs is to adopt published data by the Building Cost Information Service (BCIS). The building prices used in the BCIS data are averages taken from a wide range of different contracts and tenders in the BCIS data bank. However, during our case study consultations, developers have told us that build costs in the local area are less than stated by BCIS. As 'national' house builders do not dominate the delivery in this area, to reflect the local market, we have taken account of the feedback from developers to inform the build costs assumptions. Developers have indicated that build costs are around £810 per sq. m exclusive of pre-lims. Typically we would expect pre-lims to be around 12.5%

of build costs. As we have no data on build costs from developers on flatted build costs, we have applied the same discount against the BCIS costs to inform this assessment.. The build cost assumptions adopted for this study are shown in table 4.5.

Table 4.5 Build costs, externals and contingency cost assumptions

Dwelling type	Assumed build costs per sq. m	flats	General estate housing in Lincs BCIS
Houses – general estate	£911	£1,073	£1000
Externals @ 10%	£1002	£1,180	£1,337
Contingency @ 3%	£1032	£1,216	£1,418
Total build cost	£1032	£1,216	£1,418

Source: BCIS (13<sup>th</sup> June 2015 rebased for Lincolnshire) and developers 2015

- 4.3.31 From various discussions with developers nationally, we note that each developer treats the build cost assumptions in different ways. Some attribute all the costs to the build cost assumption, others will include a separate element of the site-opening costs, whilst others will distinguish between siteopening costs and then any abnormal costs such as contamination or special foundation works. The Viability Study assessment includes cost estimates for build costs, externals and an allowance for contingencies as shown in the table above. In reality, at a site-specific level these costs will vary to reflect the site condition. We have taken account of viability evidence submitted to each of the local authorities for this area to reflect the generic cost assumptions adopted.

#### External works costs

- 4.3.32 This cost incorporates all additional costs associated with the site curtilage of the built area. These include circulation space in flatted areas and garden space with housing units; incidental landscaping costs including trees and hedges and soft and hard landscaping; estate roads; and connections to sewers and utilities.
- 4.3.33 The external works costs will vary from site to site, but we have assumed a rate of 10% of build cost and applied to all the residential development scenarios in addition to the basic build cost assumption.

#### Professional fees

- 4.3.34 This input incorporates all professional fees associated with the build; including fees for design, planning, surveying and project managing, at 7% of BCIS build cost.

#### Contingency costs

- 4.3.35 It is normal to build in a contingency based on the risk associated with each site and this has been calculated based on industry standards. It is applied at 3% of build cost and applied to all the residential development scenarios.

#### Flood mitigation costs

- 4.3.36 Flood mitigation works will not necessarily apply to all schemes. Feedback from RPs and developers has indicated that where there is a need for flood mitigation costs, particularly relevant to some sites in Boston town centre, this can add to the overall costs.

- 4.3.37 Feedback from the District Valuer indicates that where flood mitigations works are included in site-specific viability appraisals, the approach adopted by developers varies. Some treat flood mitigation costs as abnormal costs, other include it as an external allowance, and some include it as a S106 / planning condition cost input.
- 4.3.38 In reality the cost for flood mitigation measures will vary from site to site and depending on the size of the scheme and solution adopted, and is likely to be higher for smaller sites that cannot take advantage of the economies of scale from specialist plant hire needed for special foundations.
- 4.3.39 For this study, flood mitigation works are treated as an abnormal cost, as flood mitigation works will not necessarily apply to all schemes. Abnormal costs will be reflected in the value offered for the land, but there should also be some flexibility included in policy to reflect possible higher flood mitigation costs where these are specifically identified at a site-specific level.

#### **S106 infrastructure costs and CIL**

- 4.3.40 Based on the assessment and discussion following the preparation of the IDP, the approach to the Viability Study is based on developer contributions in the form of S106, included as a cost input into the appraisal, instead of the CIL assessment which is based on the viability overage and assessed as an output of the viability assessment.
- 4.3.41 A range of S106 developer cost allowances (£1,000 to £5,000) for all scenarios have been included as a cost input into the appraisal assessment to reflect possible site-specific infrastructure costs that might be required. The S106 cost inputs reflect the IDP findings as set out in Chapter 3.

#### **Land purchase costs**

- 4.3.42 The land value needs to reflect additional purchase and stamp duty cost assumptions as shown in Table 4.6. These are based on land purchase costs such as surveying and legal costs to a developer in the acquisition of land and the development process itself.
- 4.3.43 A Stamp Duty Land Tax is payable by a developer when acquiring development land. This factor has been recognised and applied to the residual valuation as a percentage cost based on the HM Customs and Revenue rates.

Table 4.6 Land purchase costs

<b>Land purchase costs</b>	<b>Rate</b>	<b>Unit</b>
Land purchase fees	1.75%	land value
Stamp Duty Land Tax	1.00% - 4% HMRC	land value

Source: PBA and HMRC 2015

#### **Sales fees**

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

**Developer’s profit**

4.3.45 The developer's profit is the expected and reasonable level of return that a private developer would expect to achieve from a specific development scheme. Based on evidence that has come to our attention (see Appendix B) of the level of return volume house builders are prepared to accept, taking account of the District Valuer responses to various site-specific viability appraisals and consultations with the strategic site promoters, we have adopted a profit assumption of 17.5% for open market units which is applied to the GDV. For the affordable housing element, a 6% profit margin is assumed for the private house builders on a nil-grant basis.

**Finance**

4.3.46 A monthly cash flow based on a finance cost of 6% has been used on the majority of the site appraisals. This is used to account for the cost of borrowing, and the risk associated with the current economic climate and nearterm outlook and associated implications for the housing market. This is a typical rate which is being applied by developers to schemes of this nature.

**Timescales and house build rate assumptions**

4.3.47 House builders generally build to sell houses, and therefore they will only build at the same rate at which they can sell the completed units. Table 4.7 sets out the timescale and build rates assumed for this study.

Table 4.7 House build rates

Housebuilders build to sell therefore they will only build at the same rate at which they can sell the completed units. Based on consultation feedback we have assumed the following construction periods. There is a 6 months delay from site purchase to start on site to reflect site preparation and then a further 6 month time lag for first sale to complete on housing scenarios. Flatted development also has a 6 month delay between site purchase and start on site but sales do not occur until build complete. Developers' indicated that they would seek to build 30 market housing per annum per outlet in the current market.

base site purchase date (can be any date in the future)	01/07/2015		Construction start	Construction completion
<b>Greenfield scenarios (including rural):</b>				
Houses –	1	Units	01/01/2016	01/05/2016
Houses –	2	Units	01/01/2016	01/07/2016
Houses –	10	Units	01/01/2016	01/01/2017
Houses –	30	Units	01/01/2016	01/01/2018
Houses –	150	Units	01/09/2016	01/03/2019
Flats -	20	Units	01/01/2016	01/03/2018
<b>SUE sites</b>				
Developers have indicated that sales rates are currently around 50 units per annum for large sites. In our testing we have assumed that there would be three outlets each delivering 50 units. Based on these rates the following time-scales have been used:				
Boston	1,800	12 phases	01/01/2016	01/01/2028
Spalding	3750	25 phases	01/09/2015	01/09/2040

Source: PBA 2015



4.3.48 We have assumed that land will be drawn down at commencement of development for scenarios up to and including 100 units. The draw down of the land for the SUE sites is assumed to be on an annual basis. The table assumes a start date of 2016; however, this can be a future date. The table is for illustration of the build-out rates included in the cash flow.

#### **4.4 Residential viability appraisal findings**

- 4.4.1 Each generic residential typology has been subjected to a detailed appraisal, complete with cash flow analysis. Using varying amounts of S106 contributions as a fixed-cost input in the appraisal, a number of policy options for affordable housing contributions have been tested to inform if the development remains viable or not.
- 4.4.2 In working through the various iterations, we have taken account of the evidence gathered, sense tested this with what is currently happening on the ground, consulted with a number of developers and RPs and held various workshops with developers and the client team to refine the viability assumptions.
- 4.4.3 We have been mindful of the fact that delivery is dominated by a handful of local developers who have a strong understanding of the local market and an understanding of how to build homes that sell at a cost that is viable and meet policy requirements for affordable housing. We have tested our viability assumptions with these developers at a number of focused developer surgeries.

##### **Summary of residential appraisal findings**

- 4.4.4 The viability assessments provide a broad guide about the general viability of the scenarios based on the accepted nature of plan-level viability assessment. In practice the threshold values adopted will vary and the cut-off points to viability will be 'blurred'. Plan-level assessment provides a broad guide based on assumed values and costs to inform whether the bulk of the development is considered as viable and reflects a future policy position.
- 4.4.5 The viability assessments show that without any policy requirements, the bulk of the development is viable. Once affordable housing and infrastructure costs are included into the appraisals, there is a need for policy trade-off. It should be noted that the scenarios for up to ten dwellings do not include any S106 contributions and affordable housing provision.
- 4.4.6 Appendix B includes the appraisal summary tables and examples of the typology appraisals.

##### **South Holland District summary appraisal findings**

- 4.4.7 Table 4.8 overleaf shows that the majority of the scenarios for the South Holland appraisals are viable at 25% affordable housing and able to contribute £1,000 to £5,000 towards S106 developer contributions. As the bulk of the Draft Local Plan growth is expected to be on greenfield sites and SUES, this could result in developer contributions of between £4,000 to £5,000 per dwelling, which reflects the plan-level infrastructure assessment.
- 4.4.8 Flatted schemes are not showing as viable. This maybe due to the higher build costs and also that income is not generated until all flats are built, whilst costs, including interest, are incurred on the full scheme. This is not to say that such schemes will not come forward if the right conditions are met.

Table 4.8 Summary of viability findings for South Holland District policy trade-offs between infrastructure and affordable housing

SHDC % of affordable	Greenfield S106	Rural S106	Brownfield S106	SUE S106
30%	£4k Large sites viable with adjustment in density to 40 dph	£4k Large sites viable with adjustment in density to 35 dph	£1k viable	£2k viable
25%	£5k Large sites viable with adjustment in density to 40 dph	£5k Large sites viable with adjustment in density 35dph	£1K viable	£3k viable
25%	£4k viable	£4k viable	£1k viable	£3k viable
20%	£6k viable	£6k viable	£3k viable	£4k viable
15%	£7k viable	£7k viable	£5k viable	£5k viable

Source PBA 2016

**Boston Borough summary appraisal findings**

- 4.4.9 Table 4.9 below shows that the majority of the greenfield scenarios for the Boston Borough appraisals are viable between 10% - 15% affordable housing and able to support between £2k to £4k towards S106 developer contributions. With adjustments in density and a reduction in the S106 contribution to £2k per unit, the greenfield scenarios move to a viable position at 20% affordable housing.
- 4.4.10 Flatted schemes are not showing as viable. This maybe due to the higher build costs and also that income is not generated until all flats are built, whilst costs, including interest, are incurred on the full scheme. This is not to say that such schemes will not come forward if the right conditions are met.

Table 4.9 Summary of Boston Borough viability findings for policy trade-offs between infrastructure and affordable housing

BBC % of affordable	Greenfield S106	Rural S106	Brownfield S106	SUE S106
25%	£1k not viable	£1k not viable	£1k not viable	£1k not viable
20%	£2k viable	£2k not viable	£2k marginal	£2k not viable
15%	£3.5k viable	£2k viable with adjustment in density	£2k viable	£2k viable

10%	£4k viable	£3k viable with adjustment in density	£4k viable	£3k viable
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#### 4.5 Deliverability assessment of the sustainable urban extensions

- 4.5.1 A significant proportion of the planned growth forming part of the ‘deliverable’ consideration of the NPPF in Spalding and Boston will be delivered through consented SUEs. Part of the first five-year delivery and beyond (part of the longer-term developable consideration) will be through consented schemes at Holland Park in Spalding and the Quadrant (Q1) in Boston. Work on the development of both these schemes has started on site. The affordable housing and S106 for these SUEs have been agreed and will be phased at specific trigger points.
- 4.5.2 In the case of Holland Park, one-third affordable housing and various site-specific infrastructure will be provided as part of the site opening costs (e.g. part of the SWRR, traffic calming measures, travel plan, a country park, children’s play areas, allotments, waste recycling facilities, SUDs schemes etc.). The S106 contributions of approximately £3,600 per dwelling at Holland Park will support the provision of a community building, primary and secondary school contributions, town centre improvements and bus service provision.
- 4.5.3 In the case of the Quadrant 1 scheme in Boston, 20% affordable housing and developer contributions estimated at approximately £2,500 per dwelling towards the cost of education, health and other items has been agreed. The developer will provide parts of the BDR and other facilities as part of the site-opening costs.
- 4.5.4 The ‘developability’ consideration of the NPPF relating to the post five-year housing supply will be largely through the delivery of planned urban extensions in Spalding and Boston. The Draft Local Plan sets out the justification for the planned growth in Spalding at Policy 13: A Sustainable Urban Extension for housing in Spalding. This policy identifies a long-term delivery strategy for an urban extension at Land to the North of the Vernatt’s Drain which is linked to the delivery of the SWRR.
- 4.5.5 The second phase of the Quadrant urban extension in Boston, known as ‘Q2: The Quadrant’ is referenced in the text supporting Policy 31: Delivering a more Sustainable Transport Network, in relation to delivering the second phase of the BDR. The sustainable urban extension site known as Wes 002 (south of North Forty Foot) will provide highway infrastructure relating to the second phase of the BDR.
- 4.5.6 As part of this Viability Study, we held a number of developer surgeries<sup>22</sup> during 2015 with the promoters of these urban extensions to inform the viability assumptions for the urban extension case studies. The developers consulted have direct experience of dealing with delivery and viability in Spalding and Boston, having been active in the area for a very long time and with a long-term interest in the success of the delivery of the SUEs. They have also developed unique local approaches to the management and maintenance of their current developments in the area.
- 4.5.7 Appendix B sets out viability appraisals and assumptions that informed the urban extension case studies.

##### **Boston urban extension case study sensitivity analysis**

- 4.5.8 Q2: The Quadrant will be focused on a marina development, the planning of which will be assisted by the preparation of a master plan that demonstrates the place-making potential of

<sup>22</sup> Developer surgeries were held with Broadgate Homes and Chestnut Homes during 2015 to inform assumptions inputs for the SUE appraisals.

the area. It is assumed that the impact of this waterfront setting will help to lift sales values. In addition to the delivery of the SUE, there has been support from the HCA in the form of low-cost finance at 4%.

- 4.5.9 At current values, the SUE in Boston is viable and able to contribute 10% in affordable housing and £3,000 towards S106 infrastructure.
- 4.5.10 To reflect future policy and developability considerations we have undertaken a sensitivity analysis. Assuming a 'waterfront' uplift in value of 15% through efforts to develop a marina and a related costs increase of 5%, the inclusion of S106 cost estimates have been tested at £3k per unit and £4k per unit with varying levels of affordable housing. The low-cost HCA finance of 4% is also assumed. The Boston SUE appraisal findings, as set out in table 4.11, show the scheme as viable and able to contribute up to 20% affordable housing whilst maintaining the £3,000 per dwelling developer contribution or 15% affordable housing and £4,000 per dwelling in developer contributions.
- 4.5.11 The appraisal includes a site-opening cost allowance of £350k per net ha. This accounts for the developer's cost contribution towards the section of the BDR serving the site. The appraisal is for 1,800 units, with a net site area of 51.43 ha and a density of 35 dph. Summary appraisals for these assessments are included in Appendix B.

Table 4.11 Boston urban extension case study sensitivity analysis

SUE - 15% affordable and S106 @ £4k, finance HCA loan assumed at 4%				Total Floor Space per sq.m	Residual land value		Threshold land value		Residual overage
Boston	1,800	51.43	35	156,600	£367,639	£121	£262,500	£86	£105,139

SUE - 20% affordable and S106 @ £3k				Total floor space per sq.m	Residual land value (ha)		Threshold land value per ha		Residual per ha
Boston	1,800	51.43	35	154,800	£327,604	£109	£262,500	£87	£65,104

### Spalding urban extension case study sensitivity analysis

- 4.5.12 At current values the SUE in Spalding is marginally viable if there is a reduction in either site-specific infrastructure or affordable housing policy requirements. As the majority of the proposed urban extension for Spalding will form part of the longer-term delivery for housing, we have undertaken some sensitivity analysis to inform developability considerations. Assuming sales values increase by 10% and build costs by 5%, the inclusion of S106 cost estimates were tested at £4k and £5k per unit with varying levels of affordable housing. The Spalding SUE scheme is shown as viable based on a policy of 20% or 25% affordable housing delivery, and varying the S106 contributions between £4,000 and £5,000 per dwelling. Table 4.12 shows the results of this longer-term sensitivity testing.
- 4.5.13 The appraisal includes a separate site-opening cost allowance of £350k per net ha. This accounts for the developer's cost contribution towards the section of the SWRR serving the SUE site. The appraisal is for 3,750 units, with a net site area of 107.14 ha and 35 dph. Summary appraisals for these assessments are included in Appendix B.

Table 4.12 Spalding urban extension case study sensitivity analysis

SUE - 20% affordable and S106 @ £5k				Total floor space per sq.m	Residual land value (ha)		Threshold land value per ha		Residual per ha
Spalding	3,750	107.14	35	322,500	£376,415	£125	£300,000	£100	£76,415

SUE - 25% affordable and S106 @ £4k				Total floor space per sq.m	Residual land value (ha)		Threshold land value per ha		Residual per ha
Spalding	3,750	107.14	35	318,750	£348,141	£117	£300,000	£101	£48,141

## 4.6 Starter Homes and implications on affordable housing delivery

- 4.6.1 As set out in Chapter 2 (paragraphs 2.24 to 2.29), although the secondary legislation relating to Starter Homes is still awaited, Starter Homes are expected to take primacy over traditional affordable housing. Further viability assessments have been undertaken to reflect the affordable housing and other policy requirements once 20 percent of all homes delivered are assessed as Starter Homes. The findings for a Starter Homes policy position based on known information and stakeholder consultations are set out in Appendix D.
- 4.6.2 Going forward it is highly likely that there will be considerable change in the provision of affordable housing and the role of RPs and developers in meeting this product. In addition to similar initiatives elsewhere, Broadgate Homes are already delivering affordable housing on a number of their sites and could expand this role by increasing the range of new products, which may include a greater share of Starter Homes, Help to Buy equity loan, shared-ownership homes and some affordable homes which are likely to be funded through cross subsidy from other products.

## 4.7 Developer funding mechanisms and Community Infrastructure Levy

- 4.7.1 During the course of preparing this study and the IDP, we have worked with the client team to consider the most appropriate developer funding mechanism, (taking account of the type of development expected in the plan period) and how best to secure the delivery of planned growth and accompanying infrastructure. The approach adopted for this study has been to assume that delivery will be based on S106 developer funding (compliant with Regulation 122 at site-specific assessment stage). The cost inputs for the S106 assumptions have been informed the IDP .
- 4.7.2 As mentioned in Chapter 3 (see paragraphs 3.42 to 3.45), the findings of the national review of the Community Infrastructure Levy (CIL) are expected during 2017. The likely expectation of the national review of the CIL charging mechanism is that a much more simplified system will be introduced, with strategic sites dealt with via s106, whilst other sites may include a simpler CIL charge.
- 4.7.3 At present, smaller sites of up to ten dwellings are not included in the S106 and affordable housing assessment informing the viability appraisals; however, these developments will have a cumulative impact on infrastructure requirements.
- 4.7.4 The expected simplified CIL charging system could provide a useful means of charging developments of 10 units or less with a CIL charge to support the delivery of strategic (non site-specific) infrastructure requirements (if these developments are assessed as being viable and able to contribute).
- 4.7.5 To reflect the possible changes that might be introduced to the approach to the CIL, (although the details of the CIL review are not yet known), we have taken account of a possible future position, where there might be the scope for a simplified CIL charge on smaller sites of 10 units or less. Appendix E sets out the CIL coverage and possible CIL charge options for small sites. It should be noted that this is based on current information and will need to be updated once the CIL review findings are incorporated into legislation.

## 5 Commercial viability testing

### 5.1 Introduction

5.1.1 None of the Draft Local Plan policies considered are seen to burden the viability of delivering non-residential development. There is no need to assess the viability of commercial development as part of the Viability Study. Therefore, this chapter sets out the assumptions used for the non-residential viability testing work to inform the potential for a CIL only. We note that at present the two Charging Authorities are not minded to introduce a CIL.

### 5.2 The commercial development typologies

5.2.1 The viability testing has been undertaken for hypothetical typical commercial development scenarios that are broadly representative of commercial development in the area. The assumptions informing these scenarios have been informed by planned future development for the study area, market analysis and the developer workshop held in 2015.

5.2.2 Appendix C sets out the research findings that have informed this assessment.

#### Typologies, site coverage and floor space

5.2.3 Table 5.1 sets out the business development typologies, assumed net developable site area for each development type, the amount of floor space appropriate for the study area and the site area coverage. The typologies include mainly business uses such as office space, industrial and retail.

Table 5.1 Business use typologies – Unit sizes and site area

Use	GIA sq.m	NIA sq.m	Site coverage (%)	Net developable site area (ha)
Business park office	500	425	40%	0.13
Light industrial	1,000	1,000	40%	0.25
In-town comparison retail	278	236	30%	0.09
Out-of-town comparison retail	1,000	900	50%	0.20
Convenience retail - small format	500	450	60%	0.08

Source: PBA 2015

#### Establishing Gross Development Value (GDV)

5.2.4 In establishing the GDV for non-residential uses, this assessment has considered historical comparable evidence for new values at a local level or, for some uses, at a national level.

5.2.5 Table 5.2 illustrates the values established for a variety of non-residential uses, expressed in sq.m of rentable floor space and yield. The table is based on our understanding of the market, and analysis of comparable transaction data. The data has then been corroborated through a discussion with local stakeholders and through the stakeholder workshop. The convenience

retail rents and yields reflect the shift in the market created by stronger competition at both ends of the market which is squeezing the middle range stores (e.g. Tesco, Sainsbury's and Morrison's). It is this middle market which had been driving investment value in the sector with an aggressive store-opening programme which has now been scaled back significantly.

Table 5.2 Non-residential uses – rent, yields, and rent free

Use	Rent (Sq.m)	Yield	Rent free (months)
Business-park office	£125	7.50%	24
Light industrial	£45	8.00%	5
In-town comparison retail	£120	8.00%	12
Out-of-town comparison retail	£180	7.50%	9
Convenience retail - small format	£200	6.00%	6

Source: PBA 2015, developer workshop, CoStar, EI Group

### 5.3 Cost assumptions

5.3.1 As in the residential testing, once a GDV has been established the cost of development (including developer profit) is then deducted. For the purposes of viability testing, the following costs have informed the study:

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

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

5.3.3 For costs such as build costs, external works, fees, finance and developers' margins, high-level approximations to represent the average over a range of scheme types have been used. The details of these assumptions are set out in Appendix C.

### 5.4 Land value for non-residential uses

5.4.1 The result of systematically removing the various costs detailed above is the residual land value. This is measured against a threshold land value which reflects a value range that a landowner would reasonably be expected to sell their land for development.

5.4.2 Our estimates of the threshold land values set out in Table 5.3 are based on market-comparable evidence derived through consultation with stakeholders and analysis of published data on CoStar and property auction site EI Group. At this current point in the economic cycle there is much uncertainty surrounding land values due to the small number of transactions occurring. Where necessary we have considered transactions in the wider housing market area and adjusted for the Lincolnshire area.

Table 5.3 Non-residential uses – land values

Use	threshold land value per net developable ha
Business-park office	£250,000
Light industrial	£175,000
In-town comparison retail	£2,000,000
Out-of-town comparison retail	£2,000,000
Retail convenience - small format	£2,500,000

Source: PBA 2015, developer workshop, CoStar, EI Group

## 5.5 Commercial viability appraisal findings

5.5.1 This chapter sets out the assessment of non-residential development viability and also summarises the impact on viability of changes in values and costs, and how this might have an impact on the level of developer contribution. Table 5.4 summarises the theoretical CIL charge available after deduction of land purchase from the residual land value for all the commercial development appraisals assessed.

Table 5.4 Commercial viability appraisal summary and theoretical maximum CIL charge

South East Lincolnshire 2015	GIA sq m	NIA sq m	Net site area ha	Residual value		Benchmark		CIL Overage	
				Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Business Park Office	500	425	0.13	-£4,274,664	-£1,069	£250,000	£63	-£4,524,664	-£1,131
Light industrial	1,000	1,000	0.25	-£1,888,473	-£472	£175,000	£44	-£2,063,473	-£516
In town comparison retail	278	236	0.09	-£915,669	-£305	£2,000,000	£667	-£2,915,669	-£972
Out of town comparison retail	1,000	900	0.20	£223,279	£45	£2,000,000	£400	-£1,776,721	-£355
Retail convenience	500	450	0.08	£2,370,843	£395	£2,000,000	£333	£370,843	£62

Source: PBA 2015

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

5.5.3 In line with other areas of the country, our analysis suggests that for commercial use Class B development it is not currently viable to charge a CIL. Whilst there is variance for different types of Class-Bspace, essentially these do not generate sufficient value to justify a CIL charge.

5.5.4 The appraisal results show that convenience retail development is currently viable, and if a CIL charge were to be introduced in South East Lincolnshire then there could be some scope to levy a CIL charge for this use.



## 6 CONCLUSIONS AND RECOMMENDATIONS

### 6.1 Introduction

- 6.1.1 This final chapter of the Viability Study draws conclusions on whether the Draft Local Plan is deliverable and developable and makes recommendations on the policy trade-offs between affordable housing and infrastructure delivery.

### 6.2 An iterative process

- 6.2.1 An iterative process has been adopted in shaping the Viability Study findings. Work on the Viability Study commenced during summer 2015 and has been prepared alongside work on the IDP. During the course of preparing this study and the IDP we have worked with the client team to consider the most appropriate developer- funding mechanism. Both CIL and S106 were considered in the light of how best to secure the delivery of the planned growth and the accompanying infrastructure. This consideration also took account of the anticipated changes expected from the national review of CIL.
- 6.2.2 Feedback from members and officers during the IDP presentation held in November 2016 confirmed S106 as the preferred developer funding mechanism. This has been reflected in this final Viability Study.

### 6.3 Policy costs stemming from the Draft Local Plan

- 6.3.1 The policies in the published Draft Local Plan have informed this Viability Study. The assessment identified the policies most likely to impact on the residential viability of the Local Plan were affordable housing, infrastructure and, in some instances, flood resilience measures. Other optional policies identified are already factored into the viability assumption 'inputs' or will be addressed through site layout and design. No additional policies were identified to impact on commercial development beyond site-specific requirements.
- 6.3.2 The Viability Study has assessed the implications of varying levels of affordable housing and infrastructure costs as part of the 'cost inputs' into the viability assessment. Past delivery of affordable housing and S106 infrastructure contributions have been reviewed to 'sense test' the Viability Study findings with what is being secured and how flood resilience measures have been incorporated.

#### **Past delivery of affordable housing and infrastructure in South Holland District area**

- 6.3.3 Until a few years ago, developers in South Holland District had tended to meet the affordable housing policy (close to 33%), by reflecting this as a policy cost in their overall viability cost considerations. In recent years, a number of promoters / landowners entering the development market have sought to renegotiate the proportion of affordable housing delivery down to 20% - 25% on viability grounds.
- 6.3.4 There is a distinction between the scale of affordable housing delivery actually taking place (20% - 25%) and the amount that is initially agreed (one-third of provision) at outline application stage. There is a tendency once the concept of development has been established, to come back and renegotiate the scale of affordable housing at detail applications stage. Hence although the outline consents present a policy-compliant delivery rate, in practice the level of affordable housing being delivered is often less.
- 6.3.5 Developer feedback during the SUE surgeries suggested that schemes should reflect the policy cost in the values paid for land and create a 'level playing field' for all operators in the area.

- 6.3.6 The scale of S106 contributions has been increasing gradually from zero to around £2,000 - £3,000 per dwelling. This is mainly towards education, health and public open space provision. In two recent cases the scale of developer contribution towards education alone has been approximately £5,000 per dwelling, and in other instances, this has ranged from £4,000 to over £5,000 per dwelling.
- 6.3.7 This finding is in line with the IDP study, which at a plan level estimates that approximately £4,000 to £5,000 per dwelling contribution would be required to meet the total estimated funding gap for essential and desirable infrastructure costs for SHDC.
- 6.3.8 The IDP also identified that education and health infrastructure capacity in a number of settlements (though not in all) is now stretched. Historically, there was capacity in the existing infrastructure, which meant the developer contributions sought towards S106 infrastructure were lower, but these have been increasing in recent years and this is expected to continue.
- 6.3.9 The actual S106 sought will vary at a site-specific level, and any S106 contributions sought will need to be compliant with CIL Reg 122 and pooling restrictions relating to S106.
- 6.3.10 The funding gap assessment in the IDP is based on the current requirements which could change once further investment in infrastructure takes place, particularly education infrastructure. There could also be some pooling challenges in the delivery of new secondary schools that are identified in the IDP.

#### **Delivery of affordable housing, infrastructure and flood resilience measures in Boston Borough Council area**

- 6.3.11 The majority of consented schemes above the affordable housing threshold in Boston Borough have included an affordable housing contribution of around 15% to 30%; with a number around 20% affordable housing.
- 6.3.12 Most schemes have submitted viability evidence to revise the scale of affordable housing from the current policy of 30%. In most cases where the percentage of affordable has been reduced, the affordable housing tenure has been negotiated in favour of a greater percentage of affordable rent units. Of the schemes submitted for viability review, nearly 40% of the consented schemes have now commenced work on site.
- 6.3.13 Of the schemes reviewed, 40% of the schemes also included some S106 contributions, and many of these were on brownfield sites. Most of the developer contributions towards infrastructure costs related to education, health, leisure and highways infrastructure.
- 6.3.14 Where applicable, the S106 contributions ranged from just under £1,000 to just over £3,500 per dwelling. However, the majority of schemes reviewed did not include any S106 cost inputs.
- 6.3.15 BBC is currently working with two RPs to provide 100% affordable housing schemes with support from the HCA, BBC and others. A number of these affordable housing schemes include S106 contributions ranging from £1,500 to £4,500 per dwelling.
- 6.3.16 Our discussions with developers and RPs confirmed that developments in Boston town will often require various forms of site-specific flood resilience measures which can add to the build cost of the schemes. The review of consented applications providing affordable housing and / or S106 contributions also identified if the site was in a flood risk area (see Appendix B). This indicated that the scale of developer contributions agreed as part of the viability review of schemes have taken account of the need to incorporate flood resilience measures.

## 6.4 The development context

- 6.4.1 The bulk of the future housing delivery will be largely through the release of greenfield sites in Spalding and Boston as part of SUEs.
- 6.4.2 The viability evidence reflects development on greenfield sites. Account has also been taken of viability differentials affecting development in rural areas and brownfield sites where often variations are accounted for by size differentials and density.
- 6.4.3 Development viability is considered to be generally stronger in South Holland District for two reasons: firstly, the cost of development has tended to be higher in Boston Borough as the supply of sites historically has been largely on brownfield sites requiring remediation and flood resilience work; and secondly, property values are stronger in South Holland District aided in part by better road and rail access to greater employment opportunities in Peterborough and beyond.
- 6.4.4 Thus within the Local Plan area, two value zones (between residential properties in South Holland District and Boston Borough) have been considered appropriate to reflect the general differential in values. Although there are some variations between values within each local authority area, there is no clear distinct value zone, and often differentials in values are accounted for by variations in size or density of development. Therefore, value differentials within each authority have not been considered necessary for the plan-level Viability Study.
- 6.4.5 There are a handful of developers operating in South East Lincolnshire who are local to the area and understand the market and development issues very well. The two main developers are Broadgate Homes and Chestnut Homes. They have an established presence in the area, adopt a long-term view of delivery and have developed unique approaches to securing post-development after-care and site management. They are also currently delivering SUEs in the area. There is very limited representation by national housebuilders in the area.
- 6.4.6 Both authorities saw a strong rate of delivery pre-recession, which had been fuelled by a strong growth in migrant population and the introduction of a variety of 'Help to Buy' schemes. Demand for three-storey properties is not popular amongst purchasers and developers, these had been provided to create non-habitable rooms at ground-floor level as flood resilience measures, but are unlikely to form part of the future development offer. Similarly, flatted schemes are not common, though some have been developed on brownfield sites in Boston.

## 6.5 A deliverable plan

- 6.5.1 The local authorities and the strategic-site promoters have a wealth of experience in supporting the delivery of planned growth. A significant proportion of the planned growth forming part of the 'deliverable' consideration of the NPPF in Spalding and Boston will be delivered through consented SUEs. Part of the first five-year delivery and beyond (part of the longer-term developable consideration) will be through consented schemes at Holland Park in Spalding for 2,250 dwellings and the Quadrant (Q1) in Boston for 500 dwellings. Work on the development of both these schemes has started on site. The affordable housing and S106 requirements for these SUEs have been agreed and will be phased at specific trigger points.
- 6.5.2 In the case of Holland Park, one-third affordable housing and various site-specific infrastructure will be provided as part of the site-opening costs (e.g. part of the Spalding Western Relief Road scheme, traffic calming measures, a country park, children's play areas, allotments, waste recycling facilities, SUDs schemes, travel plans etc.). The S106 contributions of approximately £3,600 per dwelling at Holland Park will support the provision of a community building, primary and secondary school contributions, town centre improvements and bus service provision.

- 6.5.3 In the case of the Quadrant 1 (Q1) scheme in Boston, 20% affordable housing and developer contributions estimated at approximately £2,500 per dwelling towards the cost of education, health and other items has been agreed. The developer will provide parts of the BDR and other facilities as part of the site-opening costs.
- 6.5.4 There are a number of other recently-consented sites that will also make up part of the five-year housing supply (Appendix B includes a summary of consented sites and the accompanying infrastructure and affordable housing contributions).

## 6.6 A developable plan

- 6.6.1 The strategic urban extensions upon which the bulk of the plan growth relies are considered to be deliverable and developable. Current cost and future sensitivity assessment have informed the scale of contributions that can be met as set out in the recommendations below. As further detailed information becomes available there will be an opportunity to refine the viability findings, particularly in relation to infrastructure costs.
- 6.6.2 Chapter 4 sets out residential appraisal findings. This shows that all the residential development scenarios relevant to the planned growth are viable when there is no additional policy cost included. Once affordable housing and infrastructure policy costs are included, the viability of schemes varies depending on the scale of policy obligation.
- 6.6.3 The Viability Study findings demonstrate that policy trade-off decisions are required to ensure a viable position is maintained between the need to provide infrastructure to support the delivery of planned growth and meeting the affordable housing need. The policy trade-offs are set out in the recommendations section below.
- 6.6.4 With regard to the commercial elements of the Local Plan, the delivery of schemes taking place is less affected by the impact of 'policy burdens' which this study is assessing and, instead, are more sensitive to wider economic market conditions. The Viability Study has, however, assessed a range of speculative development scenarios, without the imposition of any planning obligations, and found the schemes most likely to take place are those that have an identified client requiring specific development rather than speculative delivery.
- 6.6.5 The commercial viability assessment set out in Chapter 5 indicates that very little speculative development is viable at present apart from retail development. Should the CIL charging authorities be mindful to implement a CIL charge for retail uses<sup>23</sup>, it would be prudent to exercise caution and avoid any CIL charge which would be close to the margins of viability.

### **Delivery of the strategic road schemes is linked to the delivery of the SUEs**

- 6.6.6 A priority for both authorities in the Local Plan area is to secure the delivery of the SWRR and the BDR schemes. These are recognised as long-term schemes that are unlikely to be completed within the current plan period. The geography of the proposed road schemes has influenced the plan growth options. The proposed growth strategy in effect forms an enabling mechanism to support the delivery of the road schemes; and the road schemes, in turn, help to unlock the delivery of the planned growth – thus creating a symbiotic relationship. The value uplift created by the investment in the road infrastructure is expected to meet part of the cost of the road scheme, whilst other public sources of funding will also be sought.
- 6.6.7 Based on the Draft Local Plan, the majority of the different sections of SWRR and BDR are attributed directly to the planned urban extensions along the route of the safeguarded corridors. These will be funded directly as part of the developers' site-opening costs for the SUEs. This approach and cost assumptions have been the subject of consultation with some of the SUE promoters. The SUE appraisal includes a separate site-opening cost allowance of

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<sup>23</sup> Note there is no intention at present to introduce a CIL.

£350k per net ha, which accounts for the developer's cost contribution towards the section of the SWRR / BDR serving the SUE sites.

- 6.6.8 Generally, developers are highly cash-flow sensitive. This is likely to be a particular challenge for the proposed SUE sites, where there are likely to be significant upfront infrastructure works required for site-opening-up costs. Support to assist with cash flow should be explored through the various HCA infrastructure funding programmes and Lincolnshire Enterprise Partnership (LEP) funding in the form of possible upfront loans to fund infrastructure.

## 6.7 Study recommendations

- 6.7.1 The Viability Study has assessed whether the planned growth in the proposed Draft Local Plan is broadly viable based on current values and a sensible mix of policies, and viability assumptions in relation to land values and profit margins. There has not been a need to test the impact of longer term variations in assumptions as the plan has been demonstrated to be viable based on current values with the inclusion of a sensible mix of policies.
- 6.7.2 The viability of development viability varies between South Holland District and Boston Borough, and so different policy approaches are considered appropriate for the two local authorities covered by the Local Plan area.
- 6.7.3 The Viability Study findings demonstrate that policy trade-offs are required between the percentage of affordable housing and the provision of a variety of physical and community infrastructure. The policy trade-off options to inform each local authority's decision-making are set out below.

### South Holland District policy options

- 6.7.4 Table 6.1 below shows the policy trade-off options for South Holland District between affordable housing (ranging from 15% to 30%) and accompanying developer contributions (ranging from £1,000 to £7,000 per dwelling).
- 6.7.5 The final decision on the policy options will be one for the local planning authority and elected members to determine, depending on local priorities for meeting the affordable housing need and meeting the infrastructure funding gap. Some guidance to inform these decisions is set out below:
- The majority of the scenarios for the South Holland appraisals are viable at 25% affordable housing and able to contribute £1,000 to £5,000 towards S106 developer contributions. As the bulk of the Draft Local Plan growth is expected to be on greenfield sites, this could result in developer contributions of between £4,000 to £5,000 per dwelling, which reflects the plan level infrastructure assessment from the IDP.
  - The 25% affordable target takes account of the findings stemming from the IDP, and reflects the need to contribute up to £5,000 per dwelling towards S106. However, the actual S106 contribution will be assessed on a site-specific basis and will need to be compliant with CIL Regulation 122 requirements. It is possible that, in some instances, the scale of developer contributions required could be less than the £3,000 to £5,000 range assessed, or higher than this, depending on the site-specific assessment. The plan-wide assessment reflects the requirements of the bulk of the growth based on the current known information reflected in the IDP.
  - Most of the schemes that were reviewed at site-specific level on viability grounds in the last five years have resulted in developer contributions of between £3,000 to £5,000 and affordable housing contribution ranging from 20% to 25% (see Appendix B).

- The future sensitivity testing of the Spalding SUE appraisal findings (as set out in table 4.12 in chapter 4) shows it is able to support between 20% or 25% affordable housing delivery and S106 contributions of between £4,000 and £5,000 per dwelling. The appraisal includes a separate site-opening cost allowance of £350k per net ha (equivalent to £10k per dwelling contribution), which accounts for the developers site opening costs including the cost of the section of the SWRR serving the SUE site.
- The affordable housing policy could differentiate between brownfield and greenfield sites, to reflect the viability evidence. Alternatively, a single affordable policy target can be included, with flexibility to reflect site-specific variations in the brownfield sites.
- The plan policy should be scripted to allow for site-specific flexibility (reflecting variations in conditions) depending on appropriate viability evidence being submitted, and the affordable housing policy should be considered as a target.

Table 6.1 Summary of viability findings for South Holland District policy trade-offs between infrastructure and affordable housing

SHDC % of affordable housing	Greenfield S106	Rural S106	Brownfield S106	SUE (current) S106
30%	£4k Large sites viable with adjustment in density to 40 dph	£4k Large sites viable with adjustment in density to 35 dph	£1k viable	£2k viable
25%	£5k Large sites viable with adjustment in density to 40 dph	£5k Large sites viable with adjustment in density to 35dph	£1K viable	£3k viable
25%	£4k viable	£4k viable	£1k viable	£3k viable
20%	£6k viable	£6k viable	£3k viable	£4k viable
15%	£7k viable	£7k viable	£5k viable	£5k viable

Source PBA 2016

### Boston Borough summary appraisal findings

- 6.7.6 Table 6.2 overleaf shows the policy trade-off options between affordable housing (ranging from 10% to 25%) and accompanying developer contributions (ranging from £1,000 to £4,000 per dwelling).

Table 6.2 Summary of Boston Borough viability findings for policy trade-offs between infrastructure and affordable housing

BBC % of affordable	Greenfield S106	Rural S106	Brownfield S106	SUE S106
25%	£1k not viable	£1k not viable	£1k not viable	£1k not viable
20%	£2k viable	£2k not viable	£2k not viable	£2k not viable
15%	£3.5k viable	£2k viable with adjustment in density	£2k viable	£2k viable
10%	£4k viable	£3k viable with adjustment in density	£4k viable	£3k viable

Source: PBA 2016

6.7.7 The final decision on the policy options will be one for the local planning authority and elected members to decide, depending on local priorities for meeting the affordable housing need and meeting the infrastructure funding gap. Some guidance to inform these decisions is set out below.

- The majority of the greenfield scenarios for the Boston Borough appraisals are viable between 10% - 20% affordable housing and able to provide between £2,000 to £4,000 towards S106 developer contributions.
- Most of the schemes that were reviewed at site-specific level on viability grounds in the last five years have resulted in developer contributions of between £1,000 to £3,500 and affordable housing ranging from 0% to 27%, with the majority contributing S106 and securing around 15% to 20% affordable housing. The consented schemes also included a requirement for flood resilience measures and included schemes in rural areas (see Appendix B).
- If securing the delivery of planned growth is a priority, then a cautious approach to policy requirements would be appropriate, based on the general low value / high costs considerations affecting the planned growth in the area.
- The future sensitivity testing of the Boston SUE appraisal findings (as set out in table 4.11 in chapter 4) shows the scheme as viable and able to contribute up to 20% affordable housing whilst maintaining the £3,000 per dwelling developer contributions, or 15% affordable housing and £4,000 per dwelling in developer contributions. The appraisal includes a separate site-opening cost allowance of £350k per net ha (equivalent to £10k per dwelling contribution), which accounts for the developers site opening costs including the cost of the section of the BDR serving the site.
- The plan policy should be scripted to allow for site-specific flexibility (reflecting variations in conditions) based on submission of viability assessments, and the affordable policy should be considered as a target.

## 6.8 Implications of Starter Homes legislation

- 6.8.1 Although the secondary legislation is still awaited, given that Starter Homes are expected to take primacy over traditional affordable housing, further viability assessments have been undertaken to reflect the affordable housing and other policy requirements once 20 percent of all homes delivered are assessed as Starter Homes. The findings for a Starter Homes policy position and accompanying assumptions are set out in Appendix D based on information known at present.
- 6.8.2 Table D3 in Appendix D summarises the headline findings of the assessment. This considered three different affordable-housing tenure mixes. In summary, the viability assessment shows the following:
- South Holland District can support 30% affordable housing (of which 20% is Starter Homes and 10% is other types of affordable housing) in all the scenarios assessed.
  - Boston Borough can support 23% affordable housing (of which 20% is Starter Homes and 3% is other types of affordable housing ) and then varying scenarios become unviable as the percentage of other types of affordable housing is increased.
- 6.8.3 A watching brief should be maintained on the emerging Starter Homes secondary legislation and the implications of this on the affordable housing policy should be reflected in the Local Plan.

## 6.9 Possible implication of the national review of CIL

- 6.9.1 The outcome of the national review of the CIL charging mechanism is expected imminently. The expectation is that a much more simplified system will be introduced, with strategic sites dealt with via s106, whilst other sites may include a simpler CIL charge.
- 6.9.2 To reflect a possible future introduction of a simplified CIL charge for smaller sites, we have included an appraisal that considers the scope for a CIL overage from small sites (up to ten dwellings) to contribute to a possible nationally-prescribed set CIL charge. Appendix E sets out the appraisal findings.
- 6.9.3 Tables E2 and E3 in Appendix E show that the appraisal for each charging authority has a positive overage for the scenarios of up to ten dwellings to support a set CIL charge. The actual amount should be guided by the outcome of the national review of CIL and any follow-up amendments to legislation.
- 6.9.4 A watching brief should be maintained on the outcome of the national CIL review. Any simplified mechanism that enables the two charging authorities to capture some contribution towards addressing the cumulative impact on infrastructure from the smaller schemes would be worth considering.



## Appendix A Developer consultations

- A.1.1 We are grateful for the time taken by the various developers, agents and Registered Providers and the various local authority officers who either attended the developer workshop, participated in case study interviews or worked alongside us to provide a wealth of viability information and provided valuable insight into the local market context and unique local issues affecting this area. This has helped to shape the study delivery and viability assumptions and study conclusions
- A.1.2 Various developer surgeries took place with the representative of the strategic site promoters – Broadgate Homes and Chestnut Homes. This allowed us to discuss in more detail the assumptions informing the case studies for the Sustainable Urban Extensions case study sites in Spalding and Boston. During these surgeries we were able to interrogate further issues relating to flood mitigation, rate of sales, infrastructure delivery sensitivity testing and possible approaches to developer funding. Although the assumptions adopted for this study do not reflect the precise approach and values adopted by each developer for their site-specific assessments, the developers were broadly in agreement of the key assumptions and outputs.
- A.1.3 A developer workshop involving various developers, agents and landowners took place on 24<sup>th</sup> June 2015. Notes of the meeting are included overleaf.



## NOTES

**Study:** South East Lincolnshire Plan Viability Study  
**Date:** 24<sup>th</sup> June 2015 held at South Holland District Council Office  
**Subject:** **Developer viability workshop**  
**Attendees** List of attendees attached at the end of this note  
**Presenter** Shilpa Rasaiah PBA, Stuart Cook PBA and Gary Alexander South East Lincolnshire Joint Policy Unit Manager

### Purpose of workshop

The purpose of the workshop was to set out the objectives and approach to the plan viability study and seek developer input into the emerging viability assumptions. This note sets out a summary of the questions and comments made at the workshop.

Topic	Question / comment
Study objectives, NPPF requirements for plan viability, approach to study. Work on planning policy will inform this assessment	No comments were raised to NPPF requirement, approach and development context assessment.
Current affordable housing policy, wider S106 requirements, and delivery.	Developers require clarity over the 'full ask' to clearly assess whether a scheme is viable and whether to proceed. The issue rose due to the uncertain position at present on wider S106 contributions being sought towards infrastructure (particularly education) and fear of possible future 'add-ons' by other agencies.
Approach to assessment – high level development typologies to reflect area, supplemented by case studies for strategic sites. Based on appropriate available information at the time.	No comment on typologies.
Focus of past delivery and future growth is in Spalding and Boston, though some growth delivery elsewhere. Predominant delivery has been for two and three-bed housing and some larger properties.	Although, historically, brownfield delivery was important to Boston, this was due to lack of greenfield sites being allocated. Going forward, the focus of delivery in Boston and Spalding is likely to be on greenfield sites and on strategic sites.
<b>Residential viability assumptions</b>	
<b>Residential scenario's</b> to be tested (brownfield and greenfield): <ul style="list-style-type: none"> <li>• 1 unit</li> <li>• 2 units</li> <li>• 10 units</li> <li>• 30 units</li> <li>• 150 units</li> </ul> 20-unit flatted scheme in brownfield - Boston Strategic site case studies Boston and Spalding	Clarification provided that these scenarios are a broad representation of the type of schemes likely to come forward in the future, and recognising other scenarios will also come forward with more site-specific information to inform the planning application stage.  The 1, 2, and 10 unit scenarios represent schemes below the national affordable housing threshold.  Flatted schemes not seen as very common to delivery.



**NOTES**

<p><b>Sales values and average residential size and flood mitigation measures</b></p> <p>Analysis of Land Registry data of new build development for the past three years shows the same average sales value of £153k per dwelling for Boston and Spalding – based on Land Registry data.</p> <p>However a 'snapshot' of current new properties on the market (web search) suggests considerable differences in values, due mainly to differences in unit floor sizes.</p> <p>Spalding – SV range from £1,580 to £2,630 per sq.m</p> <p>Boston – SV range from £1,610 to £2,225</p> <p>Unit sizes vary with concentrations around 70sq.m in Spalding for the current market offer (May 2015) and 95 sq.m in Boston (May 2015).</p>	<p>General view that the sales values are slightly lower in Boston than Spalding.</p> <p>Past consented schemes may be skewing the size of schemes currently on the market in Boston.</p> <p>There was some discussion on how to treat additional inhabitable floorspace sometimes being created at ground-floor level in Boston as a flood mitigation measure.</p> <p>View was this type of three-storey scheme is not likely to make a significant contribution to the future delivery in Boston as flood mitigation was now being dealt with differently. Most likely to be a two-storey units. Average size is likely to be around 80sq.m to 100 sq.m.</p> <p>Additional cost to reflect flood mitigation needs to be factored into the assessment.</p>
<p>Affordable housing - views sought on percentage of affordable value.</p>	<p>Suggestions that values should be reduced to the following: 40% of OMV for Social Rent 60% of OMV for intermediate rent.</p>
<p>BCIS build costs rebased @ June 2015:</p> <ul style="list-style-type: none"> <li>• £980 psm Spalding</li> <li>• £1,010 psm for Boston</li> <li>• Lincolnshire general build cost is £1,000 psm</li> </ul> <p>Higher cost for Boston than Spalding could be due to additional flood mitigation costs.</p>	<p>No comment made on this</p>
<p>Density Assumed an average density of 30 dph.</p>	<p>No comment on density – will review further evidence from site visits and developer consultations.</p>
<p>Lead-in delivery time-scales (build to sale)</p> <ul style="list-style-type: none"> <li>• Small sites (up to 5): 9 months</li> <li>• Medium (30 - 60): 18 months</li> <li>• Large (100): 24 months</li> </ul>	<p>Suggestion to increase the lead-in time for the larger sites to 12 months.</p>
<p>Other cost assumptions</p> <ul style="list-style-type: none"> <li>• Professional fees: 8%</li> <li>• Contingency: 5%</li> <li>• Sale cost: 3% OM GDV</li> <li>• Finance: 7%</li> <li>• Time-scales (build to sale)                         <ul style="list-style-type: none"> <li>• Small sites (up to 5): 9 months</li> <li>• Medium (30 - 60): 18 months</li> <li>• Large (100): 24 months</li> </ul> </li> <li>• Profit: 17.5% to 20% OM GDV &amp; 5% Affordable GDV</li> </ul>	<p>No comment to this – identified evidence from DV to demonstrate developer profit around 17.5% of GDV for OM units and 5% for affordable housing.</p>
<p>Threshold land value based on a fully serviced site</p> <ul style="list-style-type: none"> <li>• Brownfield sites; £400k per net ha /£160K per net acre</li> </ul>	<p>PBA assumption is based on a fully serviced site – limited evidence available. Comment made – there are a lot of consented</p>



**NOTES**

<ul style="list-style-type: none"> <li>• Larger greenfield sites: £460k per net ha / £190k per net acre</li> <li>• Small greenfield sites (&lt;10): £800k per net ha / £325k per net acre</li> <li>• Strategic sites will have a different value to reflect site infrastructure costs – EUV of £10k per acre for agricultural use.</li> </ul>	<p>sites that are not being delivered. Studies such as this raise land value expectations</p> <p>Suggestion that the larger greenfield land (not strategic site) value should be treated the same as the smaller site at £325k per acre.</p>
<p><b>Commercial viability assumptions</b></p>	
<p>General context</p>	<p>The comments made during the workshop reflect one developer’s perspective based mainly on experience at Boston. No comment made on uses and typologies</p>
<p>Commercial threshold land values</p>	<p>Reduce land value assumptions as follows:</p> <ul style="list-style-type: none"> <li>• Business Park Land Value to £100k per acre/ £250k per ha</li> <li>• Industrial land value to £70k per acre / £173k per ha</li> </ul>
<p><b>General comments</b></p>	
<p>Flood mitigations costs can range from between £6k to £10k per unit. Increasing requirement for S106 contributions towards education – anything from £1k to £5k depending on size of scheme and requirement. Lincolnshire County Council is currently undertaking an infrastructure study which will inform the scale of S106 contributions required. The Plan Viability Study will be identify the overage available to contribute towards the cost of S106 and/or CIL as well as the affordable housing requirement.</p>	

Attendees were invited to submit any further comments on the PBA viability presentation to support any evidence on revisions to the assumptions highlighted in the presentation by 3<sup>rd</sup> July 2015.

**List of attendees at the developer workshop:**

- Alan Finch - Seagate Homes
- Howard King - Seagate Homes
- Jessica Sargeant - Seagate Homes
- Ronan T. Kirrane - Persimmon Homes
- Ian Dove - Ashley King Developments
- Ian Canham - Broadgate Homes
- Simon Liquorish - Broadgate Homes
- Richard Fidler - Development Manager, South Holland District Council
- Brendan Gallagher – Principal Planning Officer, Lincolnshire County Council
- Peter Udy - Forward Planning Officer, Boston Borough Council
- Lucy Buttery - Planning Policy Officer, South Holland District Council
- Matthew Hogan - Strategic Housing Manager, South Holland District Council
- James Heaton - Housing Enabling Officer, Breckland Council

## Appendix B Residential market research

### B.1 Boston Borough development context

B.1.1 Table B1 includes an extract of recently consented / completed schemes. It shows the variety of unit size, urban /rural location and average scheme density estimate. This shows that densities vary considerably and are frequently around 60 – 100 dph (presumably for flatted schemes), whilst other densities range from 30dph to 45 dph.

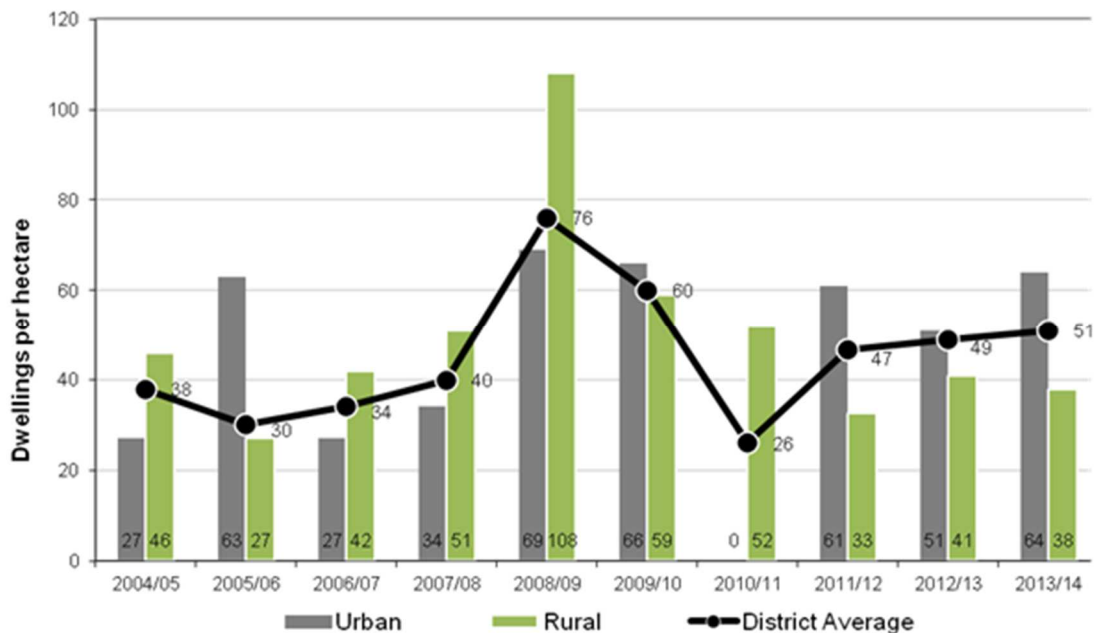
**Table B1 Recent consented schemes in Boston Borough area**

Boston development context	Urban or Rural	Year	Units	Density
Rear of 4-20 Sleaford Road	Urban	2012/13	12	60
Roseberry Meadows Extension	Urban	2012/13	120	26
Jewsons Tattershall Road	Urban	2012/13	23	72
Tytton Lane Wyberton	Urban	2012/13	28	45
Station Road Swineshead	Rural	2012/13	14	41
Rear 126 London Road	Urban	2012/13	33	43
Former Post Office Wide Bargate	Urban	2013/14	10	91
Broadfield Lane	Urban	2013/14	200	38
Church Road Old Leake	Rural	2013/14	21	31
Abbey Road P2 Swineshead	Rural	2013/14	19	30
Kime & Co Main Road Wrangle	Rural	2013/14	27	52
South of White Horse Lane	Urban	2013/14	10	100
Adj Railway Line Tattershall Road	Urban	2013/14	10	100
Rear of 4-20 Sleaford Road	Urban	2013/14	12	71
Greenacres Sutterton	Rural	2013/14	20	30
65 Abbey Road P1 Swineshead	Rural	2013/14	21	35
Blue Street	Urban	2014/15	41	65
Roseberry Meadows Extension	Urban	2014/15	106	23
Argyle Street	Urban	2014/15	13	100
Threadneedle Street	Urban	2014/15	12	200
Broadfield Lane P1	Urban	2014/15	48	46
The Qudrant Wyberton	Urban	2014/15	502	34
Boston Road Kirton	Rural	2014/15	140	22
Phoenix Poultry Farm Wberton	Rural	2014/15	10	10
Jewsons Tattershall Road	Urban	2014/15	23	72
Adj Railway Line Tattershall Road	Urban	2014/15	10	100
School Lane/Church Road Old Leake	Rural	2015/16	34	34

Source: Boston Borough Council Summer 2015

B.1.2 Figure B1 overleaf shows the average densities per hectare on sites of ten or more dwellings that have received planning consent in the last nine years.

Figure B1 Average density of housing on large schemes approved in Boston Borough



Source: Draft Annual monitoring report 2013-2014

## B.2 Past affordable housing and S106 developer contributions

B.2.1 Table B2 overleaf is a summary of all recent planning consents showing the scale of developer contributions and affordable housing contributions secured in Boston Borough Council. Most of the schemes included have been accompanied with a site-specific viability assessment.

**Table B2 Affordable housing and developer contributions agreed as part of planning applications for BBC**

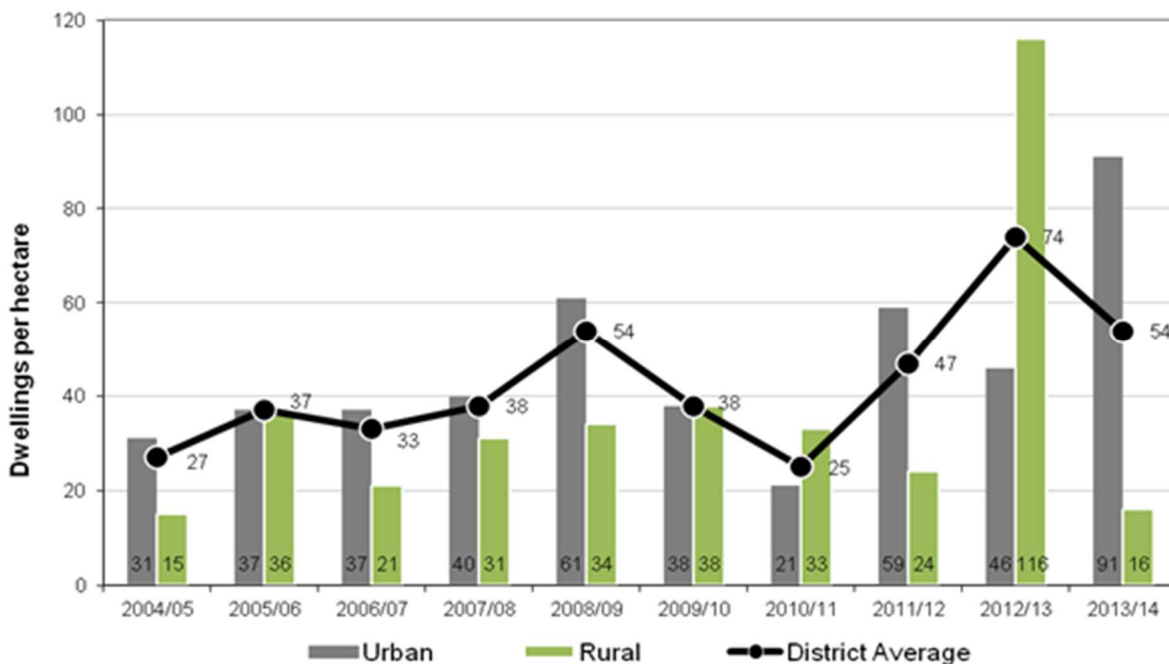
Year approved	Site location	Land use	Total number of units on development	S106 or planning condition (PC)	S106 developer contributions	S106 per unit	Affordable housing as a % of total	Affordable housing units under construction
2016/17	Land off Punchbowl Lane, Boston	Greenfield	100	PC		£0	20%	Not yet
2016	Norwood Yard, Fishtoft	Brownfield	20	PC	Education £50,974; £19,420 play	£3,520	15%	Not yet
2015/16	Land adj to Hawthorn Tree School on east side of Toot Lane with Childrens centre	Greenfield	79	PC		£0	27%	Not yet
2015/16	Boston College De Montford Campus	Brownfield	110	S106	Sports provision £80,000	£727	14%	15
2015/16	Sutterton garage and adjacent land, Station Road, Sutterton	Brownfield	21	S106	Education £45,105	£2,147	29%	Not yet
2015/16	Mani Firs, London Road, Kirton	Brownfield	105	PC	0	£0	20%	Not yet
2015/16	Land to the west of Toot Lane, Boston	Greenfield	340	PC	0	£0	25%	Not yet
2014/15	Quadrant, Tytton Lane, Boston.	Greenfield	500	S106	Education £857,009; Health £212,500; Other £150,000	£2,439	20%	Not yet
2014/15	Land West off Boston Road Kirton	Greenfield	140	PC	0	£0	26%	37
2013/14	Land off of Sir Isaac Newton Drive, Boston	Greenfield	32	PC	0	£0	19%	6
2012/13	Land to the north of Boston West Primary School, west of The Peter Paine Sports Centre and south of The North Forty Foot Drain.	Greenfield	106	PC	0	£0	29%	Not yet
2011/12	Abbey Road Swineshead (phase1)	Greenfield	21	S106	0	£0	90%	19
2014/15	Phoenix Poultry Farm	Brownfield	25	PC	Education £28,267	£1,131	24%	6
2015/16	Former Norton Lea site	Brownfield	60	PC	Education £135,317	£2,255	30%	16

Source: Boston Borough Council 2016

### B.3 South Holland District development context

- B.3.1 **Density** an assessment of planning permissions approved over the last two years show that on average residential densities are considerably higher within Spalding town (56 dwellings/hectare) than in South Holland's rural settlements (34 dwellings/hectare).
- B.3.2 The higher density is affected by two schemes that generate 92 dwellings per hectare and 100 dwellings per hectare. Both incorporate flats as well as houses, and are brownfield sites within 0.5km of the town centre. The other four schemes generate between 25-42 dwellings/hectare.
- B.3.3 Densities in the rural settlements vary markedly from a low of 5 dwellings/hectare to a high of 80 dwellings/hectare. In general, the three lowest density schemes are affected by site-specific circumstances. All are brownfield sites for houses only. The majority of the higher density schemes are 100% or partly flatted, including the scheme approved for 80 dwellings/hectare and are on brownfield land. However, even taking this into consideration, there is a greater variation in density between schemes in the rural settlements, although the edge of settlement, greenfield sites tend to be predominantly for houses/bungalows, whereas the sites closer to a village centre have a mix of flats and houses and are generally brownfield sites.
- B.3.4 Figure B2 shows the average densities per hectare on sites of ten or more dwellings that have received planning consent in the last nine years in South Holland District Council area.

Figure B2 Average density of housing on large schemes approved in South Holland District



Source: Draft Annual monitoring report 2013-2014

## B.4 Past affordable housing and S106 developer contributions

B.4.1 Table B3 shows a summary of all recent planning consents showing the scale of developer contributions and affordable housing contributions secured by South Holland District Council.



**Table B3 Developer contributions secured through planning application in SHDC area**

Date	Scheme	Land use	Total units	S106 contributions	S106 per unit	Affordable housing as % of total
Jul-14	Wardentree Lane, Pinchbeck	Greenfield	169	Education £848,916	£5,023	Policy compliant with 33.3% at 70/30 split in favour of affordable rent
Apr-15	Halmer Grange, Spalding	Brownfield	17	0	£0	0% affordable contribution
May-15	Northons Lane, Holbeach	Brownfield	35	Education £188,035	£5,372	31% affordable contribution
Jun-15	Peterborough Road, Crowland	Greenfield	50	Public open space £57,500	£1,150	32% affordable contributions
Oct-15	Backgate, Cowbit	Greenfield	37	Public open space £100,100	£2,705	16.22% at 70/30 split in favour of affordable rent
Oct-15	Westmoreland Road, Moulton	Greenfield	39	Public open space £67,500 Education £120,376	£4,817	18% at 70/30 split in favour of affordable rent
Jun-16	Station Street, Holbeach	Brownfield	12	0	£0	8% at 100% intermediate
Jul-16	Winsover Road, Spalding	Brownfield	27	Open space £10,465 Education £49,338	£2,215	0% affordable contribution
Aug-16	High Road, Whaplode	Greenfield	33	Education £67,965	£2,060	Policy compliant with 33.3% at 70/30 split in favour of affordable rent
Aug-16	Fleet Road, Holbeach	Brownfield	19	Education £56,534	£2,975	21% affordable contribution at 70/30 split in favour of intermediate
Aug-14	Little London, Spalding	Brownfield	14	0	£0	14% at 100% affordable rent
Oct-16	Backgate, Cowbit	Greenfield	37	Public open space £87,300	£2,359	8% at 67/33 in favour of affordable rent
Apr-16	Red Cow Hotel, Donington	Brownfield	31	0	£0	0
Oct-14	Church Street, Holbeach	Brownfield	19	0	£0	0
Sep-16	Peterborough Road, Crowland	Mixed	41	Public open space £45,000 Education £216,303	£6,373	20% at 50/50 tenure split
2015	Holland Park, Spalding	Greenfield	2250	On site provision for education & health facilities	£3,600	33.3% at 50/50 tenure split with social rent and intermediate
Oct-15	Small Drove, Weston	Greenfield	45	Unsure of other s106 costs		33.30%
Jun-14	Manor Farm, Holbeach	Greenfield	900	Town centre regeneration- £5000, Traffic improvements- £150,000, Education £2,159,920, Bus contribution £40,000	£2,617	33.3% at 70/30 tenure split in favour of affordable rent
Apr-16	Caultons Field west of Littleworth Drove, Deeping St Nicholas	Greenfield	66	Health care £444	£7.00	33.30%
Feb-16	High Road, Weston	Greenfield	57	Health £25,308	£444	33.30%
Jun-16	Land off Station Road, Surfleet	Greenfield	30	0	0	33.30%
Jul-15	Sunnydale Close, Surfleet	Greenfield	26	0	0	33.30%
May-16	Land between A17 & A151 Peppermint Junction	Greenfield	650	Education £3,998,151	£6,151	33.30%
Mar-16	Land off Dean Close, Small Drove, Weston	Greenfield	60	Health £26,640	£440	33.30%
Mar-16	Chapel Gate, Sutton St James	Agricultural	42	Education £137,367	£3,277	33.30%
Jun-16	Crease Drove, Crowland	Brownfield	50	Health £22,200	£444	33.30%
Jul-16	Millfield Nursery, Spalding Common	Brownfield	135	Health £59,940	£444	33.30%

Source: South Holland District Council Summer 2015

## B.5 South Holland District area sales values

Table B4 South Holland house sales values

South Holland District Council	Column Labels	
Land Registry average price 2014 - 15	New build	Secondhand stock
CLAYLAKE		£163,000
COWBIT		£207,930
CROWLAND	£131,560	£183,903
DEEPING ST NICHOLAS	£485,000	£191,500
DONINGTON		£154,519
FLEET		£168,256
FLEET HARGATE		£165,200
GEDNEY		£151,933
GEDNEY DROVE END		£129,333
GEDNEY DYKE		£186,625
GEDNEY HILL		£191,020
GOSBERTON		£173,600
GOSBERTON CLOUGH		£182,700
GOSBERTON RISEGATE		£189,500
GOSBERTON WESTHORPE		£180,000
GUTHRAM		£225,000
HOLBEACH	£128,703	£145,752
HOLBEACH BANK		£153,182
HOLBEACH CLOUGH		£182,290
HOLBEACH DROVE		£215,375
HOLBEACH FEN		£189,500
HOLBEACH HURN		£188,571
HOLBEACH ST JOHNS		£206,416
HOLBEACH ST MARKS		£151,244
HOP POLE		£298,500
LITTLE SUTTON		£98,750
LONG SUTTON	£131,833	£160,001
LOW FULNEY		£110,000
LUTTON		£171,309
LUTTON MARSH		£253,667
MOULTON		£210,606
MOULTON CHAPEL		£171,579
MOULTON EAUGATE		£207,725
MOULTON MARSH		£125,000
MOULTON SEAS END		£172,269
PINCHBECK	£144,010	£161,894
PODE HOLE		£126,375
QUADRING		£191,381
QUADRING FEN		£183,833
SARACENS HEAD	£179,950	£165,231
SHEPEAU STOW		£177,250
SPALDING MARSH		£122,500
SURFLEET		£164,515
SUTTON BRIDGE	£116,707	£128,906
SUTTON ST EDMUND		£229,494
SUTTON ST JAMES		£163,550
TERRINGTON ST CLEMENT		£137,300
THROCKENHOLT		£152,833
TONGUE END		£154,090
TYDD		£695,500
TYDD GOTE		£111,125
TYDD ST MARY		£215,857
WALPOLE ST ANDREW		£178,000
WEST PINCHBECK		£166,277
WESTON	£105,000	£159,185
WESTON HILLS		£172,818
WHAPLODE	£122,500	£145,812
WHAPLODE DROVE		£168,499
WHAPLODE ST CATHERINE		£145,983
WHAPLODE ST CATHERINES		£173,940
WINGLAND		£122,475
WRAGG MARSH		£125,000
WYKEHAM		£239,000
(blank)	£160,172	£153,615
<b>Grand Total</b>	<b>£153,643</b>	<b>£161,443</b>

Source: Land Registry of properties (2015)

B.5.1 Table B4 above is a snapshot of sales values recorded by the Land Registry for new build and second hand property sales in South Holland.

## **B.6 South Holland new properties sales values per square meter**

B.6.1 Table B5 shows an analysis of properties on the market in South Holland during May 2015 and includes an estimation of the per sq.m sales value. This shows that sales values range from £1,580 to £2,600 per sq.m. The common size for a three bed unit is 70 Sq.m.

Table B5 New property sales value analysis

South Holland	Post code	Type	Bedrooms	Area (sq.m)	Price	Price per sq.m
Spalding	PE11	Detached	5	190	£300,000	£1,579
Spalding	PE11	Detached	4	125	£255,000	£2,040
Spalding	PE11	Detached	4	125	£245,000	£1,960
Spalding	PE11	Detached	4	110	£229,995	£2,091
Spalding	PE11	Detached	4	105	£227,995	£2,171
Spalding	PE11	Detached	4	105	£227,995	£2,171
Spalding	PE11	Detached	4	110	£225,000	£2,045
Spalding	PE11	Detached	3	95	£194,995	£2,053
Spalding	PE11	Detached	4	90	£187,995	£2,089
Spalding	PE11	Terraced	3	70	£184,995	£2,637
Spalding	PE11	Terraced	3	70	£184,995	£2,637
Spalding	PE11	Terraced	3	70	£184,995	£2,637
Spalding	PE11	Semi Detached	3	70	£183,995	£2,629
Spalding	PE11	Semi Detached	3	70	£183,995	£2,629
Spalding	PE11	Semi Detached	3	70	£183,995	£2,629
Spalding	PE11	Terraced	3	70	£179,995	£2,571
Spalding	PE11	Terraced	3	70	£176,995	£2,529
Spalding	PE11	Terraced	3	70	£174,995	£2,500
Spalding	PE11	Terraced	3	70	£172,500	£2,464
Spalding	PE11	Terraced	3	70	£171,995	£2,457
Spalding	PE11	Terraced	3	70	£171,995	£2,457
Spalding	PE11	Terraced	3	70	£171,995	£2,457
Spalding	PE11	Terraced	3	70	£170,995	£2,443
Spalding	PE11	Semi Detached	4	105	£172,500	£1,643
Spalding	PE11	Terraced	3	75	£169,995	£2,279
Spalding	PE11	Semi Detached	3	65	£159,995	£2,461
Holbeach	PE12	Town House	4	120	£285,950	£2,383
Holbeach	PE12	Town House	3	90	£209,950	£2,333
Holbeach	PE12	Cottage	3	85	£170,000	£2,000
Holbeach	PE12	Cottage	2	70	£160,000	£2,286
Holbeach	PE12	Cottage	2	70	£160,000	£2,286
Holbeach	PE12	Cottage	2	70	£159,950	£2,285
Holbeach	PE12	Cottage	2	70	£159,950	£2,285
Holbeach	PE12	Cottage	2	70	£152,500	£2,179
Holbeach	PE12	Cottage	2	70	£145,000	£2,071
Holbeach	PE12	Cottage	2	70	£145,000	£2,071
Holbeach	PE12	Terraced	2	65	£123,950	£1,907
Holbeach	PE13	Terraced	2	65	£123,950	£1,907
Sutton St James	PE12	Bungalow	3	109	£210,000	£1,927
Average price					£187,208	£2,261

Source: Rightmove May 2015

## B.7 Boston average sales prices

Table B6 Boston house sales values

<b>Boston Borough Council</b>			
<b>Land Registry average prices 2014 - 15</b>	<b>New build</b>	<b>Secondhand stock</b>	<b>Grand Total</b>
ALGARKIRK		£218,340	£218,340
AMBER HILL		£216,700	£216,700
BENINGTON		£122,488	£122,488
BICKER		£180,720	£180,720
BROTHERTOFT		£225,000	£225,000
BUTTERWICK	£47,500	£155,998	£153,414
COWBRIDGE		£102,000	£102,000
FISHTOFT		£130,905	£130,905
FOSDYKE		£157,556	£157,556
FRAMPTON		£193,950	£193,950
FRAMPTON FEN		£134,833	£134,833
FRAMPTON WEST		£198,736	£198,736
FREISTON		£152,433	£152,433
HOLLAND FEN		£105,167	£105,167
HUBBERTS BRIDGE		£166,400	£166,400
KIRTON	£78,125	£138,705	£136,782
KIRTON END		£182,833	£182,833
KIRTON HOLME		£186,250	£186,250
LEVERTON		£138,650	£138,650
OLD LEAKE	£153,500	£164,925	£164,290
SUTTERTON		£171,113	£171,113
SWINESHEAD		£152,295	£152,295
WIGTOFT		£143,454	£143,454
WRANGLE	£120,000	£175,187	£170,170
WYBERTON		£138,292	£138,292
WYBERTON FEN		£259,475	£259,475
(blank)	£166,322	£132,046	£134,982
<b>Grand Total</b>	<b>£160,329</b>	<b>£141,854</b>	<b>£142,879</b>

Source: Land Registry (2015)

B.7.1 Table B6 above is a snapshot of sales values recorded by the Land Registry for new build and second hand property sales in Boston District.

## B.8 Boston borough new properties sales values per square meter

B.8.1 Table B7 overleaf shows an analysis of properties on the market in Boston Borough during 2015 and an estimation of the per sq.m sales value. This shows that sales values range from £1,610 to £2,190 per sq.m. The common size for the three bed units is 95 sq.m.

**Table B7: New property sales value analysis**

Town	Post code	Type	Bedrooms	Area (sq.m)	Price (£)	Price per sq.m	
Boston	PE21	Detached	5	155	£340,000	£2,194	
Boston		Detached	4	220	£298,000	£1,355	
Boston	PE21	Detached	4	130	£270,000	£2,077	
Boston	PE21	Detached	4	130	£235,000	£1,808	
Boston	PE21 7SG	Detached	4	125	£225,000	£1,800	
Boston	PE21	Detached	4	110	£220,000	£2,000	
Boston	PE21	Detached	4	110	£190,000	£1,727	
Boston	PE21	Terraced	3	95	£154,950	£1,631	
Boston	PE21	Terraced	3	95	£154,950	£1,631	
Boston	PE21	Terraced	3	95	£154,950	£1,631	
Boston	PE21	Terraced	3	95	£154,950	£1,631	
Boston	PE21	Terraced	3	95	£154,950	£1,631	
Boston	PE21	Terraced	3	95	£154,950	£1,631	
Boston	PE21	Terraced	3	95	£154,950	£1,631	
Boston	PE21	Terraced	3	95	£152,950	£1,610	
Boston	PE21	Terraced	3	95	£152,950	£1,610	
Boston	PE21	Terraced	3	95	£152,950	£1,610	
Boston	PE21	Terraced	3	95	£152,950	£1,610	
Boston	PE21	Terraced	3	95	£152,950	£1,610	
Boston	PE21	Terraced	3	95	£152,950	£1,610	
Boston	PE21	Terraced	3	95	£152,950	£1,610	
Boston	PE21	Terraced	3	95	£152,950	£1,610	
Boston	PE21	Terraced	3	95	£152,950	£1,610	
Freiston	PE22	Detached	5	200	£350,000	£1,751	
				Aver. values	115	£196,683	£1,704

Source: Rightmove May 2015

## B.9 Longer term sales value forecasts

B.9.1 Research by Savills on longer term house price forecasts as shown in figure B3 below informs sensitivity testing.

**Figure B3 Longer term residential forecasts of sales values by Savills**

### Residential forecasts

	2016	2017	2018	2019	2020	5-year
<b>UK House Prices</b>	5.0%	3.0%	3.0%	2.5%	2.5%	<b>17.0%</b>
<b>Prime Central London Prices</b>	0.0%	2.0%	5.0%	6.5%	6.5%	<b>21.5%</b>
<b>Total (m)</b>	1.245	1.280	1.300	1.300	1.305	

Five-year change to end of 2020

Scotland	14.2%	Yorkshire & Humber	14.2%
North West	13.7%	East Midlands	17.0%
Wales	14.8%	East	21.0%
West Midlands	16.5%	London	15.3%
South West	19.9%	South East	21.6%
North East	12.0%		



Source Saville Research - Spotlight-key themes for UK real estate 2016

## B.10 Land values

B.10.1 There is very little published data on land values. In our approach we have derived land value from market evidence adjusted for policy and existing value plus landowner premium and taken account of viability evidence submitted to the two local authorities in recent years. Existing use value calculation has looked at employment land value and agricultural land values.

Table B8 Study threshold land values

Scenario		net developable ha	Price per plot	
Greenfield - Spalding	<b>Houses</b>	£550,000	£19,500	
Greenfield - Boston	<b>Houses</b>	£500,000	£16,000	
Brownfield - Spalding	<b>Houses</b>	£385,000	£11,000	
Brownfield - Boston	<b>Houses</b>	£385,000	£11,000	
Brownfield - Spalding	<b>Flats</b>	£350,000		
Brownfield - Boston	<b>Flats</b>	£240,000		
Scenario		net developable ha	Gross to net	gross developable ha
Strategic Site Spalding	<b>Houses</b>	£300,000	70%	£210,000
Strategic Site Boston (Q2)	<b>Houses</b>	£262,500	80%	£210,000

## B.11 Employment land values

B.11.1 The Harman Report recommends existing use value plus premium. As set out in table B9 below, employment land value range between £74,000 and £396,000 per ha.

B.11.2 It is generally accepted in the market that a premium is required to incentivise land to come forward for development. Adopting an uplift of 20% over existing use generates a threshold value range of between £88,000 and £475,000 per ha over existing use value for employment. It should also be noted that many of the comparisons in employment land value table related to prime employment sites and we do not expect prime employment land to come forward for residential development.

Table B9 Quoted employment land value sites on the market

Address	Site Area (Ha)	Lease Notes	Price/ Ha
Various plots available Gilbert Drive, Boston, PE21 7TR	0.22 – 1.75	Design and build options are available.	£199,738 - £336,962
Riverside Industrial Estate Marsh Lane Boston PE21 7SJ	2.43	The available site comprises approximately 6 acres of land suitable for development. The site benefits from B1 planning permission.	£113,257
Holbeach Technology Park, Park Road, Holbeach, PE12 7PT	0.71	Suitable for B1 use.	£282,406
Spalding Road, Boston, PE20 2ET	0.82		£396,000
Sutterton Roundabout, Boston, PE20 2LG	3.04		£74,132
Various plots, The Business Park, Waldentree Lane, Spalding, PE11 3UF	0.81- 1.26		£308,881 - £397,253
Various plots, Wash Road, Boston, PE20 1QG	0.57	The available space comprises a plot of vacant land with B1, B2 and B8 use class within the Kirton Distribution Park.	£186,423 - £247,105
<b>Average including high quality employment sites</b>		£74,000 - £400,000 per ha	<b>£277,464</b>

Source: PBA web research summer 2015

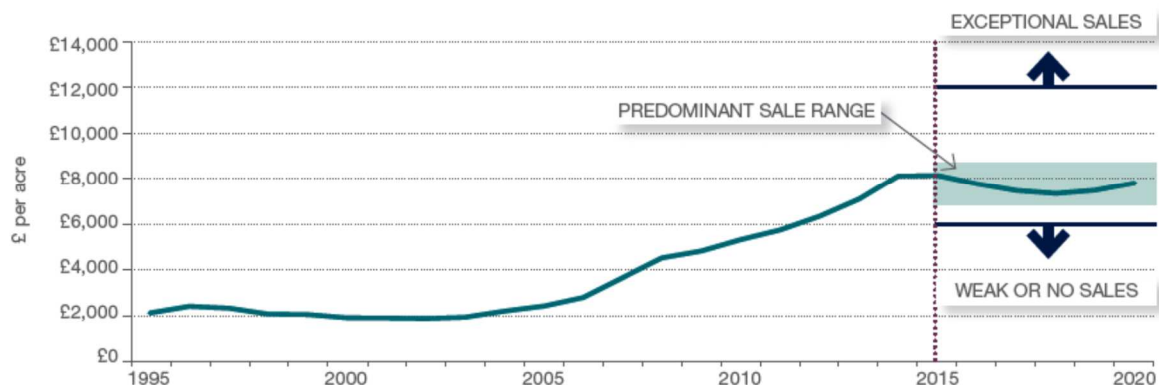
## B.12 Agricultural land values

- B.12.1 Savills Research quotes the following in relation to agricultural land values ‘forecasting future values for the farmland sales market is far from easy, particularly following a year when a wide range of sale prices were achieved. Agricultural incomes are under pressure. Debt may increase the number of farms coming to the market’.
- B.12.2 As shown in figure B4, in 2015, Savills research recorded falls in arable land values in the eastern counties of England, where values have been highest.



Figure B4 Savills farmland value forecasts

### Farmland value forecasts



B.12.3 Savills Research forecasts for the short to medium term for farmland values to be much more varied. Exceptional prices may be achieved if all the right factors come together, but conversely it is very likely that there will be more farms where potential sale prices fail to reach expectations or they fail to sell as illustrated in the figure above.

B.12.4 Multipliers on agricultural values are higher in comparison to commercial values as the base value is lower. Existing agricultural value for premium sites in SE Lincolnshire is assumed at around £20,000 per gross hectare. As set out in the table B10 below, when we apply a multiplier to the agricultural land value This provides a site value of between £550,000 per net hectare for a fully serviced site, or a price per plot range of £14,000 to £16,000 based on a 35 dph / 40 dph density.

Table B10 Agricultural value and uplift

Description	Existing use value per gross ha plus premium of x10	Opening up costs, say £10,000 per unit @ 35 dph	Assumed fully serviced greenfield value per net ha	Price per plot
Agricultural values plus uplift and adjusted for site servicing	£200,000	£350,000	£550,000	£14,000 - £16,000

## B.13 Residential land values

B.13.1 Market evidence of residential land values is very limited in South East Lincolnshire. Evidence of advertised sites (set out in the table B11 overleaf) shows that values can vary considerably. The range of values of between £400,000 and £933,000 per gross hectare, depending on site size. Note that the majority of sites on the market are below the existing policy thresholds of units and so are likely to reflect a higher price than if there was a policy requirement.

B.13.2 There is one scheme that would be required to meet policy requirements and this site is being marketed with the benefit of planning consent at just under £400,000 per ha.

Table B11 Residential land values vary considerably

Address	Site Area (Ha)	Notes	Market Price (£)	Price per gross Ha
Little London, Long Sutton, Spalding	6.27	Site which comprises land and buildings which were formerly the Butterfly and Wildlife Park Approved Planning for 87 low density scheme of high energy efficient homes to with energy renewable systems.	£2,500,000	£398,597
Workshop to the Rear of 72 Granville Street, Boston, Lincolnshire, PE21 8PF	0.08	The property comprises a disused two storey workshop with full planning consent for its demolition and re-construction as a two bedroomed house.	£33,000	£423,077
MILESTONE LANE, PINCHBECK, SPALDING, LINCOLNSHIRE PE11 3XR	0.15	Two building plots with planning consent granted for 2 x 3 bedroomed detached houses with garages.	£140,000	£933,333
Water Gate, PE11	0.19	The site benefits from outline consent for 6 affordable homes.	£95,000	£510,753

Source: PBA web research during summer 2015

## B.14 Examples of residential viability summaries and appraisals

B.14.1 Table B12 to B24 provide a summary of the viability appraisal assessment and examples of viability appraisals for the various typologies that have informed the assessment in chapter 4..

Table B12 @ 0% affordable housing and £0 S106

affordable at 0%, S106 @ £0 for BBC and £0 for SHDC				Total floor space	Residual land value		Threshold land value		overage
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
<b>Spalding</b>									
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411
Houses –	30	0.86	35	2,700	£1,056,725	£335	£535,000	£170	£521,725
Houses –	150	4.29	35	13,500	£1,011,829	£321	£535,000	£170	£476,829
<b>South Holland District rural</b>									
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105
Houses –	30	1.00	30	3,000	£1,006,405	£335	£535,000	£178	£471,405
Houses –	150	5.00	30	15,000	£963,646	£321	£535,000	£178	£428,646
<b>Boston</b>									
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817
Houses –	30	0.86	35	2,700	£844,489	£268	£500,000	£159	£344,489
Houses –	150	4.29	35	13,500	£810,052	£257	£500,000	£159	£310,052
<b>Boston Borough rural</b>									
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595
Houses –	30	1.00	30	3,000	£602,145	£201	£500,000	£167	£102,145
Houses –	150	5.00	30	15,000	£579,310	£193	£500,000	£167	£79,310
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		overage
<b>Spalding</b>	No of dwellings	Net site area ha	Density	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872
Houses –	30	0.86	35	2,700	£754,273	£239	£350,000	£111	£404,273
Houses –	150	4.29	35	13,500	£725,013	£230	£350,000	£111	£375,013
Flats -	20	0.25	80	1,200	£265,020	£55	£350,000	£73	£-615,020
<b>Boston</b>									
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668
Houses –	30	0.86	35	2,700	£547,788	£174	£240,000	£76	£307,788
Houses –	150	4.29	35	13,500	£523,236	£166	£240,000	£76	£283,236
Flats -	20	0.25	80	1,200	£830,395	£173	£240,000	£50	£-1,070,395
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		overage
Boston	1,800	51.43	35	162,000	£540,533	£172	£262,500	£83	£278,033
Spalding	3,750	107.14	35	337,500	£884,413	£281	£300,000	£95	£584,413

Table B13 @ 10% affordable housing S106 various

affordable at 10%, S106 @ £4,000 for BBC and £7,000 for SHDC				Total floor space	Residual land value		Threshold land value		overage
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
<b>Spalding</b>									
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411
Houses –	30	0.86	35	2,640	£712,995	£231	£535,000	£174	£177,995
Houses –	150	4.29	35	13,200	£673,225	£219	£535,000	£174	£138,225
<b>South Holland District rural</b>									
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105
Houses –	30	1.00	30	2,910	£701,715	£241	£535,000	£184	£166,715
Houses –	150	5.00	30	14,550	£663,778	£228	£535,000	£184	£128,778
<b>Boston</b>									
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817
Houses –	30	0.86	35	2,640	£596,972	£194	£500,000	£162	£96,972
Houses –	150	4.29	35	13,200	£567,809	£184	£500,000	£162	£67,809
<b>Boston Borough rural</b>									
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£128,299
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595
Houses –	30	1.00	30	2,910	£406,425	£140	£500,000	£172	£-93,575
Houses –	150	5.00	30	14,550	£383,175	£132	£500,000	£172	£-116,825
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		overage
<b>Spalding</b>	No of dwellings	Net site area ha	Density	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872
Houses –	30	0.86	35	2,640	£414,898	£135	£350,000	£114	£64,898
Houses –	150	4.29	35	13,200	£386,409	£125	£350,000	£114	£36,409
Flats -	20	0.25	80	1,210	£-865,570	£-179	£350,000	£72	£-1,215,570
<b>Boston</b>									
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668
Houses –	30	0.86	35	2,640	£297,644	£97	£240,000	£78	£57,644
Houses –	150	4.29	35	13,200	£280,993	£91	£240,000	£78	£40,993
Flats -	20	0.25	80	1,210	£-1,195,422	£-247	£240,000	£50	£-1,435,422
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		overage
Boston	1,800	51.43	35	158,400	£256,887	£83	£262,500	£85	£-5,613
Spalding	3,750	107.14	35	330,000	£328,920	£107	£300,000	£97	£28,920

Table B14 – 30 dwelling greenfield Boston scenario @ 10% affordable housing and £4,000 S106

Greenfield scenarios		Houses –	30	Units	Boston	
<b>ITEM</b>						
Net Site Area	0.86	Residual value		£596,972 per ha		
	Total No. of units	No. of market units	No. of starter hom	No. of affordable units		
	30	27.00	0.00	3.00		
<b>1.0 Development Value</b>						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Houses –	27.00	90	2,430	£1,800	£4,374,000
		27.00		2430		
1.2	Affordable housing %	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Starter Homes	0.00	70	0	£1,440	£0
	Afordable homes	3.00	70	210	£1,029	£215,985
		3.00		210		
<b>Gross Development Value</b>		<b>30.00</b>		<b>2640</b>		<b>£4,589,985</b>
<b>2.0 Development Cost</b>						
<b>2.1 Site Acquisition</b>						
2.1.1	Gross residual land value					£542,907
			Less Purchaser Costs			5.75%
<b>Net residual land value</b>						<b>£511,690</b>
<b>2.3 Build Costs</b>						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Houses	27.00	90	2,430	£911	£2,213,730
		27.00		2430		
2.3.2	Affordable housing %	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Affordable + Starter Homes	3.00	70	210	£911	£191,310
		3.00		210		
		<b>30.00</b>		<b>2640</b>		<b>£2,405,040</b>
<b>2.4 Externals</b>						
2.4.1	Plot external		10%			£240,504
2.4.2	Brownfield remediation		£0	per net developable ha		£0
						<b>£240,504</b>
<b>2.5 Professional Fees</b>						
2.5.1	as percentage of build costs		7%			£168,353
						<b>£168,353</b>
<b>2.6 Contingency</b>						
2.6.1	Based upon percentage of build costs		3%			£72,151
						<b>£72,151</b>
<b>2.7 Developer contributions</b>						
2.7.1	S106 for Boston BC at £3k on 11 units or more		£4,000	per unit		£120,000
2.7.2	Spalding SUE		£0	per unit		£0
2.7.3	Boston SUE		£0	per unit		£0
						<b>£120,000</b>
<b>2.8 Sale cost</b>						
2.8.1	Sales and marketing fees		3%	open market units		£131,220.00
						<b>£131,220</b>
<b>TOTAL DEVELOPMENT COSTS</b>						<b>3,680,175</b>
<b>3.0 Developers' Profit</b>						
3.1	Profit on market units		17.5%	market GDV		£765,450
3.2	Profit on affordable units		6%	affordable GDV		£12,959
3.2	Profit on Starter homes units		6%	affordable GDV		£0
						<b>£778,409</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>						<b>£4,458,584</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>						<b>£131,401</b>
4.00	Finance Costs		APR 6.00%	PCM 0.487%		-£131,401
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>						<b>£4,589,985</b>

This appraisal has been prepared by Peter Brett Associates on behalf of South Holland District Council and Boston Borough Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform South Holland District Council and Boston Borough Council the impact of planning policy has on viability at a strategic level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.

Table B15 @ 15% affordable housing S106 various

affordable at 15%, S106 @ £2,000 for BBC and £5,000 for SHDC				Total floor space	Residual land value		Threshold land value		overage
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
<b>Spalding</b>									
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411
Houses –	30	0.86	35	2,610	£721,682	£237	£535,000	£176	£186,682
Houses –	150	4.29	35	13,050	£684,476	£225	£535,000	£176	£149,476
<b>South Holland District rural</b>									
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105
Houses –	30	1.00	30	2,865	£704,129	£246	£535,000	£187	£169,129
Houses –	150	5.00	30	14,325	£668,604	£233	£535,000	£187	£133,604
<b>Boston</b>									
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817
Houses –	30	0.86	35	2,610	£604,524	£199	£500,000	£164	£104,524
Houses –	150	4.29	35	13,050	£577,998	£190	£500,000	£164	£77,998
<b>Boston Borough rural</b>									
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595
Houses –	30	1.00	30	2,865	£419,117	£146	£500,000	£175	£-80,883
Houses –	150	5.00	30	14,325	£397,660	£139	£500,000	£175	£-102,340
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		overage
<b>Spalding</b>	No of dwellings	Net site area ha	Density	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872
Houses –	30	0.86	35	2,610	£423,677	£139	£350,000	£115	£73,677
Houses –	150	4.29	35	13,050	£397,660	£131	£350,000	£115	£47,660
Flats -	20	0.25	80	1,215	£-733,545	£-151	£350,000	£72	£-1,083,545
<b>Boston</b>									
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668
Houses –	30	0.86	35	2,610	£305,277	£100	£240,000	£79	£65,277
Houses –	150	4.29	35	13,050	£291,182	£96	£240,000	£79	£51,182
Flats -	20	0.25	80	1,215	£-1,063,633	£-219	£240,000	£49	£-1,303,633
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		overage
Boston	1,800	51.43	35	156,600	£292,373	£96	£262,500	£86	£29,873
Spalding	3,750	107.14	35	326,250	£385,909	£127	£300,000	£99	£85,909

**Table B16 - 30 dwelling rural South Holland scenario with affordable housing @ 15% and S106 @ £5,000**

Rural scenario	Houses –	30	Units	Spalding		
<b>ITEM</b>						
Net Site Area		1.00		Residual value		£704,129 per ha
	Total No. of units	30	No. of market units	25.50	No. of starter hom	0.00
				No. of affordable units		4.50
<b>1.0 Development Value</b>						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Houses –	25.50	100	2,550	£1,900	£4,845,000
		25.50		2550		
1.2	Affordable housing %	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Starter Homes	0.00	70	0	£1,520	£0
	Affordable homes	4.50	70	315	£1,150	£362,093
		4.50		315		
<b>Gross Development Value</b>		<b>30.00</b>		<b>2865</b>		<b>£5,207,093</b>
<b>2.0 Development Cost</b>						
2.1	<b>Site Acquisition</b>					
2.1.1	Gross residual land value					£747,086
	Less Purchaser Costs					5.75%
<b>Net residual land value</b>						<b>£704,129</b>
<b>2.3 Build Costs</b>						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Houses	25.50	100	2,550	£911	£2,323,050
		25.50		2550		
2.3.2	Affordable housing %	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Affordable + Starter Homes	4.50	70	315	£911	£286,965
		4.50		315		
		<b>30.00</b>		<b>2865</b>		<b>£2,610,015</b>
<b>2.4 Externals</b>						
2.4.1	Plot external		10%			£261,002
2.4.2	Brownfield remediation		£0	per net developable ha		£0
						<b>£261,002</b>
<b>2.5 Professional Fees</b>						
2.5.1	as percentage of build costs		7%			£182,701
						<b>£182,701</b>
<b>2.6 Contingency</b>						
2.6.1	Based upon percentage of build costs		3%			£78,300
						<b>£78,300</b>
<b>2.7 Developer contributions</b>						
2.7.1	S106 for S Holland at £5k on 11 units or more		£5,000	per unit		£150,000
2.7.2	Spalding SUE		£0	per unit		£0
2.7.3	Boston SUE		£0	per unit		£0
						<b>£150,000</b>
<b>2.8 Sale cost</b>						
2.8.1	Sales and marketing fees		3%	open market units		£145,350.00
						<b>£145,350</b>
<b>TOTAL DEVELOPMENT COSTS</b>						<b>4,174,454</b>
<b>3.0 Developers' Profit</b>						
3.1	Profit on market units		17.5%	market GDV		£847,875
3.2	Profit on affordable units		6%	affordable GDV		£21,726
3.2	Profit on Starter homes units		6%	affordable GDV		£0
						<b>£869,601</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>						<b>£5,044,055</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>						<b>£163,038</b>
4.00	Finance Costs		APR	PCM		-£163,038
			6.00%	0.487%		
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>						<b>£5,207,093</b>
This appraisal has been prepared by Peter Brett Associates on behalf of South Holland District Council and Boston Borough Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform South Holland District Council and Boston Borough Council the impact of planning policy has on viability at a strategic level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.						

Table B17 @ 20% affordable housing S106 various

affordable at 20%, S106 @ £2,000 for BBC and £6,000 for SHDC				Total floor space	Residual land value		Threshold land value		overage
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
<b>Spalding</b>									
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411
Houses –	30	0.86	35	2,580	£631,885	£210	£535,000	£178	£96,885
Houses –	150	4.29	35	12,900	£597,243	£198	£535,000	£178	£62,243
<b>South Holland District rural</b>									
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105
Houses –	30	1.00	30	2,820	£622,128	£221	£535,000	£190	£87,128
Houses –	150	5.00	30	14,100	£589,015	£209	£535,000	£190	£54,015
<b>Boston</b>									
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817
Houses –	30	0.86	35	2,580	£552,218	£183	£500,000	£166	£52,218
Houses –	150	4.29	35	12,900	£522,532	£174	£500,000	£166	£22,532
<b>Boston Borough rural</b>									
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595
Houses –	30	1.00	30	2,820	£374,935	£133	£500,000	£177	£-125,065
Houses –	150	5.00	30	14,100	£355,868	£126	£500,000	£177	£-144,132
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		overage
<b>Spalding</b>	No of dwellings	Net site area ha	Density	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872
Houses –	30	0.86	35	2,580	£332,928	£111	£350,000	£116	£-17,072
Houses –	150	4.29	35	12,900	£310,428	£103	£350,000	£116	£-39,572
Flats -	20	0.25	80	1,220	£-837,319	£-172	£350,000	£72	£-1,187,319
<b>Boston</b>									
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668
Houses –	30	0.86	35	2,580	£251,734	£84	£240,000	£80	£11,734
Houses –	150	4.29	35	12,900	£235,716	£78	£240,000	£80	£-4,284
Flats -	20	0.25	80	1,220	£-1,089,157	£-223	£240,000	£49	£-1,329,157
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		overage
Boston	1,800	51.43	35	154,800	£239,202	£79	£262,500	£87	£-23,298
Spalding	3,750	107.14	35	322,500	£260,314	£86	£300,000	£100	£-39,686



**Table B18 @ 30 dwelling Boston brownfield scenario @ 20% affordable housing and £2,000 S106**

Brownfield scenarios		Houses –	30	Units	Boston	
<b>ITEM</b>						
Net Site Area	0.86		Residual value £251,734 per ha			
	Total No. of units	No. of market units	No. of starter hom	No. of affordable units		
	30	24.00	0.00	6.00		
<b>1.0 Development Value</b>						
1.1	Private Units Houses –	No. of units 24.00 24.00	Size sq.m 90 2160	Total sq.m 2,160 2160	£psm £1,800	Total Value £3,888,000
1.2	Affordable housing % Starter Homes Affordable homes	No. of units 0.00 6.00 6.00	Size sq.m 70 70 420	Total sq.m 0 420 420	£psm £1,440 £1,029	Total Value £0 £431,970
<b>Gross Development Value</b>		<b>30.00</b>	<b>2580</b>		<b>£4,319,970</b>	
<b>2.0 Development Cost</b>						
<b>2.1 Site Acquisition</b>						
2.1.1	Gross residual land value					£221,874
Less Purchaser Costs						2.75%
<b>Net residual land value</b>						<b>£215,772</b>
<b>2.3 Build Costs</b>						
2.3.1	Private units Houses	No. of units 24.00 24.00	Size sq.m 90 2160	Total sq.m 2,160 2160	Cost per sq.m £911	Total Costs £1,967,760
2.3.2	Affordable housing % Affordable + Starter Homes	No. of units 6.00 6.00	Size sq.m 70 420	Total sq.m 420 420	Cost per sq.m £911	Total Costs £382,620
		<b>30.00</b>	<b>2580</b>		<b>£2,350,380</b>	
<b>2.4 Externals</b>						
2.4.1	Plot external	10%				£235,038
2.4.2	Brownfield remediation	£350,000 per net developable ha				£300,000
						<b>£535,038</b>
<b>2.5 Professional Fees</b>						
2.5.1	as percentage of build costs	7%				£164,527
						<b>£164,527</b>
<b>2.6 Contingency</b>						
2.6.1	Based upon percentage of build costs	3%				£70,511
						<b>£70,511</b>
<b>2.7 Developer contributions</b>						
2.7.1	S106 for Boston BC at £3k on 11 units or more	£2,000 per unit				£60,000
2.7.2	Spalding SUE	£0 per unit				£0
2.7.3	Boston SUE	£0 per unit				£0
						<b>£60,000</b>
<b>2.8 Sale cost</b>						
2.8.1	Sales and marketing fees	3% open market units				£116,640.00
						<b>£116,640</b>
<b>TOTAL DEVELOPMENT COSTS</b>						<b>3,518,970</b>
<b>3.0 Developers' Profit</b>						
3.1	Profit on market units	17.5% market GDV				£680,400
3.2	Profit on affordable units	6% affordable GDV				£25,918
3.2	Profit on Starter homes units	6% affordable GDV				£0
						<b>£706,318</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>						<b>£4,225,288</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>						<b>£94,682</b>
4.00	Finance Costs	APR 6.00%	PCM 0.487%	-£94,682		
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>						<b>£4,319,970</b>

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Table B19 @ 25% affordable housing S106 various

affordable at 25%, S106 @ £1,000 for BBC and £4,000 for SHDC £3,000 for Spalding SUE				Total floor space	Residual land value		Threshold land value		overage
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
<b>Spalding</b>									
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411
Houses –	30	0.86	35	2,550	£640,560	£215	£535,000	£180	£105,560
Houses –	150	4.29	35	12,750	£608,458	£205	£535,000	£180	£73,458
<b>South Holland District rural</b>									
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105
Houses –	30	1.00	30	2,775	£624,542	£225	£535,000	£193	£89,542
Houses –	150	5.00	30	13,875	£593,831	£214	£535,000	£193	£58,831
<b>Boston</b>									
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817
Houses –	30	0.86	35	2,550	£526,675	£177	£500,000	£168	£26,675
Houses –	150	4.29	35	12,750	£499,873	£168	£500,000	£168	£-127
<b>Boston Borough rural</b>									
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595
Houses –	30	1.00	30	2,775	£359,190	£129	£500,000	£180	£-140,810
Houses –	150	5.00	30	13,875	£342,206	£123	£500,000	£180	£-157,794
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		overage
<b>Spalding</b>	No of dwellings	Net site area ha	Density	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872
Houses –	30	0.86	35	2,550	£341,695	£115	£350,000	£118	£-8,305
Houses –	150	4.29	35	12,750	£321,642	£108	£350,000	£118	£-28,358
Flats -	20	0.25	80	1,225	£-705,294	£-144	£350,000	£71	£-1,055,294
<b>Boston</b>									
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668
Houses –	30	0.86	35	2,550	£225,654	£76	£240,000	£81	£-14,346
Houses –	150	4.29	35	12,750	£213,057	£72	£240,000	£81	£-26,943
Flats -	20	0.25	80	1,225	£-1,036,081	£-211	£240,000	£49	£-1,276,081
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		overage
Boston	1,800	51.43	35	153,000	£230,357	£77	£262,500	£88	£-32,143
Spalding	3,750	107.14	35	318,750	£378,162	£127	£300,000	£101	£78,162

Table B20 Spalding SUE @ 25% affordable housing and S106 @ £3,000

Greenfield scenarios (includ		Houses –	3750	Units	Spalding		
<b>ITEM</b>							
Net Site Area		107.14		Residual value	£378,162	per ha	
	Total No. of units	No. of market units	No. of starter hom	No. of affordable units			
	3,750	2,812.50	0.00	937.50			
<b>1.0 Development Value</b>							
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Houses –	2812.50	90	253,125	£1,950	£493,593,750	
		2812.50		253125			
1.2	Affordable housing %	No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Starter Homes	0.00	70	0	£1,580	£0	
	Afordable homes	937.50	70	65,625	£1,150	£75,435,938	
		937.50		65625			
<b>Gross Development Value</b>		<b>3750.00</b>		<b>318750</b>		<b>£569,029,688</b>	
<b>2.0 Development Cost</b>							
2.1	<b>Site Acquisition</b>						
2.1.1	Gross residual land value					£42,989,212	
							Less Purchaser Costs
							5.75%
<b>Net residual land value</b>						<b>£40,517,333</b>	
<b>2.3 Build Costs</b>							
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Houses	2812.50	90	253,125	£911	£230,596,875	
		2812.50		253125			
2.3.2	Affordable housing %	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Affordable + Starter Homes	937.50	70	65,625	£911	£59,784,375	
		937.50		65625			
		<b>3750.00</b>		<b>318750</b>		<b>£290,381,250</b>	
<b>2.4 Externals</b>							
2.4.1	Plot external		10%			£29,038,125	
2.4.2	Spalding SUE		£350,000	per net developable ha		£37,500,000	
						<b>£66,538,125</b>	
<b>2.5 Professional Fees</b>							
2.5.1	as percentage of build costs		7%			£20,326,688	
						<b>£20,326,688</b>	
<b>2.6 Contingency</b>							
2.6.1	Based upon percentage of build costs		3%			£8,711,438	
						<b>£8,711,438</b>	
<b>2.7 Developer contributions</b>							
2.7.1	S106 for S Holland at £5k on 11 units or more		£0	per unit		£0	
2.7.2	Spalding SUE		£3,000	per unit		£11,250,000	
2.7.3	Boston SUE		£0	per unit		£0	
						<b>£11,250,000</b>	
<b>2.8 Sale cost</b>							
2.8.1	Sales and marketing fees		3%	open market units		£14,807,812.50	
						<b>£14,807,813</b>	
<b>TOTAL DEVELOPMENT COSTS</b>						<b>455,004,525</b>	
<b>3.0 Developers' Profit</b>							
3.1	Profit on market units		17.5%	market GDV		£86,378,906	
3.2	Profit on affordable units		6%	affordable GDV		£4,526,156	
3.2	Profit on Starter homes units		6%	affordable GDV		£0	
						<b>£90,905,063</b>	
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>						<b>£545,909,587</b>	
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>						<b>£23,120,100</b>	
4.00	Finance Costs		APR 6.00%	PCM 0.487%		-£23,120,100	
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>						<b>£569,029,688</b>	
<p>This appraisal has been prepared by Peter Brett Associates on behalf of South Holland District Council and Boston Borough Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform South Holland District Council and Boston Borough Council the impact of planning policy has on viability at a strategic level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.</p>							

Table B21 @ 30% affordable housing S106 various

affordable at 30%, S106 @ £1,000 for BBC and £4,000 for SHDC density adjusted				Total floor space	Residual land value		Threshold land value		overage
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
<b>Spalding</b>									
Houses –	1	0.03	40	90	£1,368,120	£380	£535,000	£149	£833,120
Houses –	2	0.05	40	180	£1,275,446	£354	£535,000	£149	£740,446
Houses –	10	0.25	40	900	£1,231,326	£342	£535,000	£149	£696,326
Houses –	30	0.75	40	2,520	£666,879	£198	£535,000	£159	£131,879
Houses –	150	3.75	40	12,600	£633,127	£188	£535,000	£159	£98,127
<b>South Holland District rural</b>									
Houses –	1	0.03	35	100	£1,330,117	£380	£535,000	£153	£795,117
Houses –	2	0.06	35	200	£1,240,017	£354	£535,000	£153	£705,017
Houses –	10	0.29	35	1,000	£1,197,123	£342	£535,000	£153	£662,123
Houses –	30	0.86	35	2,730	£665,736	£209	£535,000	£168	£130,736
Houses –	150	4.29	35	13,650	£632,707	£199	£535,000	£168	£97,707
<b>Boston</b>									
Houses –	1	0.03	40	90	£1,100,355	£306	£500,000	£139	£600,355
Houses –	2	0.05	40	180	£1,013,502	£282	£500,000	£139	£513,502
Houses –	10	0.25	40	900	£980,363	£272	£500,000	£139	£480,363
Houses –	30	0.75	40	2,520	£534,733	£159	£500,000	£149	£34,733
Houses –	150	3.75	40	12,600	£507,824	£151	£500,000	£149	£7,824
<b>Boston Borough rural</b>									
Houses –	1	0.03	35	100	£809,463	£231	£500,000	£143	£309,463
Houses –	2	0.06	35	200	£730,682	£209	£500,000	£143	£230,682
Houses –	10	0.29	35	1,000	£724,028	£207	£500,000	£143	£224,028
Houses –	30	0.86	35	2,730	£367,459	£115	£500,000	£157	£-132,541
Houses –	150	4.29	35	13,650	£350,422	£110	£500,000	£157	£-149,578
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		overage
<b>Spalding</b>	<b>No of dwellings</b>	<b>Net site area ha</b>	<b>Density</b>	<b>sq.m</b>	<b>Per Ha</b>	<b>Per £psm</b>	<b>Per Ha</b>	<b>Per £psm</b>	<b>Per Ha</b>
Houses –	1	0.03	40	90	£1,037,339	£288	£350,000	£97	£687,339
Houses –	2	0.05	40	180	£946,259	£263	£350,000	£97	£596,259
Houses –	10	0.25	40	900	£936,019	£260	£350,000	£97	£586,019
Houses –	30	0.75	40	2,520	£368,294	£110	£350,000	£104	£18,294
Houses –	150	3.75	40	12,600	£346,311	£103	£350,000	£104	£-3,689
Flats -	20	0.25	80	1,230	£-730,589	£-148	£350,000	£71	£-1,080,589
<b>Boston</b>									
Houses –	1	0.03	40	90	£769,575	£214	£240,000	£67	£529,575
Houses –	2	0.05	40	180	£684,316	£190	£240,000	£67	£444,316
Houses –	10	0.25	40	900	£679,786	£189	£240,000	£67	£439,786
Houses –	30	0.75	40	2,520	£233,882	£70	£240,000	£71	£-6,118
Houses –	150	3.75	40	12,600	£221,008	£66	£240,000	£71	£-18,992
Flats -	20	0.25	80	1,230	£-1,061,604	£-216	£240,000	£49	£-1,301,604
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		overage
Boston	1,800	45.00	40	151,200	£246,973	£74	£262,500	£78	£-15,527
Spalding	3,750	93.75	40	315,000	£473,120	£141	£300,000	£89	£173,120

**Table B22 South Holland rural 150 dwelling scenario @ 30% affordable housing and £4,000 S106 and density increased to 35 dph**

Greenfield scenarios (including)		Houses –	150	Units	Spalding	
<b>ITEM</b>						
Net Site Area		3.75		Residual value	£633,127	per ha
		Total No. of units	No. of market units	No. of starter hom	No. of affordable units	
		150	105.00	0.00	45.00	
<b>1.0 Development Value</b>						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Houses –	105.00	90	9,450	£1,900	£17,955,000
		105.00		9450		
1.2	Affordable housing %	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Starter Homes	0.00	70	0	£1,520	£0
	Affordable homes	45.00	70	3,150	£1,150	£3,620,925
		45.00		3150		
	<b>Gross Development Value</b>	<b>150.00</b>		<b>12600</b>		<b>£21,575,925</b>
<b>2.0 Development Cost</b>						
2.1	<b>Site Acquisition</b>					
2.1.1	Gross residual land value					£2,619,073
				Less Purchaser Costs		5.75%
	<b>Net residual land value</b>					<b>£2,374,226</b>
<b>2.3 Build Costs</b>						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Houses	105.00	90	9,450	£911	£8,608,950
		105.00		9450		
2.3.2	Affordable housing %	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Affordable + Starter Homes	45.00	70	3,150	£911	£2,869,650
		45.00		3150		
		<b>150.00</b>		<b>12600</b>		<b>£11,478,600</b>
<b>2.4 Externals</b>						
2.4.1	Plot external		10%			£1,147,860
2.4.2	Brownfield remediation		£0	per net developable ha		£0
						<b>£1,147,860</b>
<b>2.5 Professional Fees</b>						
2.5.1	as percentage of build costs		7%			£803,502
						<b>£803,502</b>
<b>2.6 Contingency</b>						
2.6.1	Based upon percentage of build costs		3%			£344,358
						<b>£344,358</b>
<b>2.7 Developer contributions</b>						
2.7.1	S106 for S Holland at £5k on 11 units or more		£4,000	per unit		£600,000
2.7.2	Spalding SUE		£0	per unit		£0
2.7.3	Boston SUE		£0	per unit		£0
						<b>£600,000</b>
<b>2.8 Sale cost</b>						
2.8.1	Sales and marketing fees		3%	open market units		£538,650.00
						<b>£538,650</b>
	<b>TOTAL DEVELOPMENT COSTS</b>					<b>17,432,043</b>
<b>3.0 Developers' Profit</b>						
3.1	Profit on market units		17.5%	market GDV		£3,142,125
3.2	Profit on affordable units		6%	affordable GDV		£217,256
3.2	Profit on Starter homes units		6%	affordable GDV		£0
						<b>£3,359,381</b>
	<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>					<b>£20,791,423</b>
	<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>					<b>£784,502</b>
4.00	Finance Costs		APR	PCM		
			6.00%	0.487%		-£784,502
	<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>					<b>£21,575,925</b>

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Table B23 @ 15% affordable housing S106 various

affordable at 15%, S106 @ £2,000 for BBC and £4,000 for SHDC				Total floor space	Residual land value		Threshold land value		overage
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
<b>Spalding</b>									
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411
Houses –	30	0.86	35	2,610	£754,509	£248	£535,000	£176	£219,509
Houses –	150	4.29	35	13,050	£717,304	£236	£535,000	£176	£182,304
<b>South Holland District rural</b>									
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105
Houses –	30	1.00	30	2,865	£732,267	£256	£535,000	£187	£197,267
Houses –	150	5.00	30	14,325	£696,742	£243	£535,000	£187	£161,742
<b>Boston</b>									
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817
Houses –	30	0.86	35	2,610	£604,524	£199	£500,000	£164	£104,524
Houses –	150	4.29	35	13,050	£577,998	£190	£500,000	£164	£77,998
<b>Boston Borough rural</b>									
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595
Houses –	30	1.00	30	2,865	£419,117	£146	£500,000	£175	£-80,883
Houses –	150	5.00	30	14,325	£397,660	£139	£500,000	£175	£-102,340
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		overage
<b>Spalding</b>	No of dwellings	Net site area ha	Density	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872
Houses –	30	0.86	35	2,610	£456,853	£150	£350,000	£115	£106,853
Houses –	150	4.29	35	13,050	£430,488	£141	£350,000	£115	£80,488
Flats -	20	0.25	80	1,215	£-654,945	£-135	£350,000	£72	£-1,004,945
<b>Boston</b>									
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668
Houses –	30	0.86	35	2,610	£305,277	£100	£240,000	£79	£65,277
Houses –	150	4.29	35	13,050	£291,182	£96	£240,000	£79	£51,182
Flats -	20	0.25	80	1,215	£-1,063,633	£-219	£240,000	£49	£-1,303,633
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		overage
Boston	1,800	51.43	35	156,600	£292,373	£96	£262,500	£86	£29,873
Spalding	3,750	107.14	35	326,250	£446,770	£147	£300,000	£99	£146,770

Table B24 Boston SUE @ 15% affordable housing and £2,000 S106

Greenfield scenarios (inclu		Houses –	1800	Units	Boston	
<b>ITEM</b>						
Net Site Area		51.43		Residual value	£292,373	per ha
	Total No. of units	No. of market units	No. of starter hom	No. of affordable units		
	1,800	1,530.00	0.00	270.00		
<b>1.0 Development Value</b>						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	Epsm	Total Value
	Houses –	1530.00	90	137,700	£1,800	£247,860,000
		1530.00		137700		
1.2	Affordable housing %	No. of units	Size sq.m	Total sq.m	Epsm	Total Value
	Starter Homes	0.00	70	0	£1,440	£0
	Afordable homes	270.00	70	18,900	£1,089	£20,582,100
		270.00		18900		
<b>Gross Development Value</b>						<b>£268,442,100</b>
<b>2.0 Development Cost</b>						
<b>2.1 Site Acquisition</b>						
2.1.1	Gross residual land value					£15,953,680
				Less Purchaser Costs		5.75%
<b>Net residual land value</b>						<b>£15,036,343</b>
<b>2.3 Build Costs</b>						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Houses	1530.00	90	137,700	£911	£125,444,700
		1530.00		137700		
2.3.2	Affordable housing %	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Affordable + Starter Homes	270.00	70	18,900	£911	£17,217,900
		270.00		18900		
						<b>£142,662,600</b>
<b>2.4 Externals</b>						
2.4.1	Plot external		10%			£14,266,260
2.4.2	Abnormals/Opening up costs		£350,000	per net developable ha		£18,000,000
						<b>£32,266,260</b>
<b>2.5 Professional Fees</b>						
2.5.1	as percentage of build costs		7%			£9,986,382
						<b>£9,986,382</b>
<b>2.6 Contingency</b>						
2.6.1	Based upon percentage of build costs		3%			£4,279,878
						<b>£4,279,878</b>
<b>2.7 Developer contributions</b>						
2.7.1	S106 for Boston BC at £3k on 11 units or more		£0	per unit		£0
2.7.2	Spalding SUE		£0	per unit		£0
2.7.3	Boston SUE		£2,000	per unit		£3,600,000
						<b>£3,600,000</b>
<b>2.8 Sale cost</b>						
2.8.1	Sales and marketing fees		3%	open market units		£7,435,800.00
						<b>£7,435,800</b>
<b>TOTAL DEVELOPMENT COSTS</b>						<b>216,184,600</b>
<b>3.0 Developers' Profit</b>						
3.1	Profit on market units		17.5%	market GDV		£43,375,500
3.2	Profit on affordable units		6%	affordable GDV		£1,234,926
3.2	Profit on Starter homes units		6%	affordable GDV		£0
						<b>£44,610,426</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>						<b>£260,795,026</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>						<b>£7,647,074</b>
4.00	Finance Costs		APR	PCM		-£7,647,074
			6.00%	0.487%		
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>						<b>£268,442,100</b>

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## Appendix C Commercial viability market research and appraisals

Table C1 Boston industrial rents

Building Name	Street Name	Town	Use Class	Rent Sq M	Days on Market
Fen Road Depot	Fen Road	Boston	B2 (general Industrial)	£18.84	634
Fen Road Depot	Fen Road	Boston	B2 (general Industrial)	£18.84	634
	Field Street	Boston	Not Specified	NQ	980
	Fishtoft Road	Boston	B2 (general Industrial)	£13.67	882
	Fishtoft Road	Boston	B2 (general Industrial)	£45.10	874
Engineering Workshop	Fishtoft Road	Boston	B1 (business)	£22.50	1810
Ind Unit	Great Fen Road	Boston	Not Specified	n/a	780
The Old Smithy	Highgate	Boston	Not Specified	n/a	438
	Hurns End Road	Boston	B2 (general Industrial)	£25.62	2938
	Lealand Way	Boston	Not Specified	n/a	836
Food Manufacturing Complex	London Road	Boston	Not Specified	n/a	1204
Food Manufacturing Complex	London Road	Kirton	B2 (general Industrial)	£20.45	1090
Ingleborough Farm	Main Road	Boston	B2 (general Industrial)	£16.02	1753
Industrial Complex	Marsh Lane	Boston	B2 (general Industrial)	NQ	769
	Norfolk Street	Boston	B2 (general Industrial)	£43.05	2401
	Norfolk Street	Boston	Not Specified	£45.74	1412
	Norfolk Street	Boston	B2 (general Industrial)	£42.73	110
	Norfolk Street	Boston	B2 (general Industrial)	£45.85	257
	Norfolk Street	Boston	B2 (general Industrial)	£33.26	1412
	Norfolk Street	Boston	B2 (general Industrial)	£43.05	838
	Norfolk Street	Boston	B2 (general Industrial)	£37.67	2762
	Redstone Road	Boston	B1 (business)	£32.18	651
Redstone Industrial Estate	Redstone Road	Boston	B2 (general Industrial)	£34.44	126
North End Business Park	Station Road	Boston	Not Specified	n/a	111
	Station Road	Boston	B2 (general Industrial)	£45.74	284
Jackson Building Centres	Tattershall Road	Boston	B2 (general Industrial)	£10.76	1256
Tulip Factory	West End Road	Boston	Not Specified	n/a	704

Source: Co Star Focus report June 2015

**Table C2 Spalding industrial rents**

Building Name	Street Name	Town	Use Class	Rent Sq M	Days on Market
	Benner Road	Spalding	B2 (general Industrial)	NQ	235
	Benner Road	Spalding	B2 (general Industrial)	NQ	235
Bars Bridge	Bourne Road	Spalding	Not Specified	£35	1425
	Edison Court	Spalding	Not Specified	n/a	157
	Fleet Road Industrial Estate	Spalding	B2 (general Industrial)	£45	241
	Hawthorn Road	Spalding	B2 (general Industrial)	NQ	1132
	Hawthorn Road	Skegness	B2 (general Industrial)	NQ	1132
	Hawthorn Road	Spalding	B2 (general Industrial)	NQ	1132
	Hawthorn Road	Spalding	Not Specified	n/a	1046
	Hawthorn Road	Spalding	Not Specified	n/a	1046
	Hawthorn Road	Skegness	Not Specified	n/a	1046
	Hawthorn Road	Spalding	Not Specified	n/a	1046
	Hawthorn Road	Spalding	B2 (general Industrial)	NQ	1132
	Park Lane	Spalding	Not Specified	n/a	194
	Plover Court	Spalding	B2 (general Industrial)	£48	12
Browns Yard	Seas End Road	Spalding	B2 (general Industrial)	£47	18
Millfield Nursery	Spalding Common	Spalding	B2 (general Industrial)	£26	145
	St James Road	Spalding	B8 (storage And Distribution)	£24	497
Whitaker Court	Wardentree Lane	Spalding	Not Specified	n/a	1095
Whitaker Court	Wardentree Lane	Spalding	Not Specified	n/a	1095
Whitaker Court	Wardentree Lane	Spalding	Not Specified	NQ	1676
Whitaker Court	Wardentree Lane	Spalding	Not Specified	NQ	1676
Whitaker Court	Wardentree Lane	Spalding	Not Specified	n/a	1095
Whitaker Court	Wardentree Lane	Spalding	Not Specified	NQ	1676
Travis Perkins	Wardentree Lane	Spalding	Not Specified	NQ	117
Whitaker Court	Wardentree Lane	Spalding	Not Specified	n/a	1095
Whitaker Court	Wardentree Lane	Spalding	Not Specified	NQ	1676
Mayden House	Wardentree Lane	Spalding	B2 (general Industrial)	£123	381

Source: Co Star Focus report June 2015

Table C3 Boston retail rentals

Building Name/Park	Address	Town	Rent (pa)
Pickwick Wine Bar	Bridge Street	Boston	N/A
The Ship Tavern	Custom House Lane	Boston	N/A
The Wheatsheaf Inn	Drainside	Boston	N/A
	Emery Lane	Boston	£12,000
The New Castle Inn	Fydell Street	Boston	N/A
Retail Warehouse	George Street	Boston	£125,000
Retail Warehouse	George Street	Boston	N/A
The Old Chapel	Grove Street West	Boston	N/A
The Old Chapel	Grove Street West	Boston	£25,000
	High Street	Boston	£25,000
	High Street	Boston	£27,500
	High Street	Boston	N/A
	High Street	Boston	N/A
Boston Shopping Park, Unit 6a	Horncastle Road	Boston	£60,900
The Duke Of York	Lincoln Lane	Boston	N/A
Proposed Trade Counter Unit, Unit 2	Lister Way	Boston	N/A
Proposed Trade Counter Unit, Unit 1	Lister Way	Boston	N/A
Golden Fleece	Main Rd, Wigtoft	Boston	N/A
	Main Ridge	Boston	N/A
	Market Place	Boston	£27,500
	Market Place	Boston	N/A
	Market Place	Boston	£20,000
	Market Place	Boston	£45,000
The Exchange Buildings	Market Place	Boston	£19,000
	Market Place	Boston	N/A
Pescod Hall	Mitre Lane	Boston	£25,000
	New Street	Boston	£27,500
Pescod Square Shopping Centre, Unit 13	Pescod Square	Boston	Not Quoting
Pescod Square Shopping Centre, Unit 16	Pescod Square	Boston	£27,500
	School Lane	Boston	N/A
Unit 4	Skirbeck Road	Boston	£17,500
	Strait Bargate	Boston	£195,000
	West Street	Boston	£6,500
	West Street	Boston	N/A
	West Street	Boston	£25,000
	West Street	Boston	N/A
	West Street	Boston	N/A
	West Street	Boston	£7,800
	Wide Bargate	Boston	N/A
	Wide Bargate	Boston	£12,500
	Wide Bargate	Boston	£27,500
	Wide Bargate	Boston	N/A
	Wide Bargate	Boston	N/A
	Wide Bargate	Boston	N/A
	Wide Bargate	Boston	N/A
	Wide Bargate	Boston	N/A
The Merry Monk	Willington Road	Boston	£28,500
	Wormgate	Boston	N/A
	Wormgate	Boston	N/A
	Wormgate	Boston	£5,000

Source: Co Star Focus report June 2015

Table C4 Spalding retail rents

Building Name/Park	Street Name	Town	Rent (pa)	Term
	Broad Street	Spalding	£8,500	pa
The Wildfowler On The	Gedney Drove End	Spalding	N/A	
	Hall Place	Spalding	N/A	
	Hall Street	Spalding	N/A	
	High Street	Spalding	N/A	
	High Street	Spalding	£20,000	pa
Arc Car Wash	Holbeach Road	Spalding	N/A	
	Knight Street	Spalding	N/A	
	Market Place	Spalding	£6,000	pa
	Market Street	Spalding	N/A	
	New Road	Spalding	£5,750	pa
	Red Lion Street	Spalding	N/A	
	Station Street	Spalding	£15,500	pa
Long Sutton Indoor Bo	The Chase	Spalding	N/A	
Long Sutton Indoor Bo	The Chase	Spalding	£32,000	pa
	West End	Spalding	N/A	
	Winsover Road	Spalding	£11,500	pa
Brennans Bar	Winsover Road	Spalding	N/A	

Source: Co Star Focus report June 2015

Table C5 Retail appraisal

Retail convenience							
ITEM							
Net site area	0.08	residual value £2,370,843		per ha			
<b>1.0 Development Value</b>							
1.1	Retail convenience	No. of units 1	Size sq.m 450	Rent £200	Yield 6.00%	Value per Unit £1,500,000	Total Value £1,500,000
					No. of months	Rent free period 6	Adjusted for rent free £1,456,928.79
						Less Purchaser Costs	£86,250.00
						Adjusted cap value	£1,370,679
		1	450				£1,370,678.79
<b>2.0 Development Cost</b>							
<b>2.1 Site Acquisition</b>							
2.1	Site value (gross residual land value)						£203,157
						Less Purchaser Costs	2.75%
	Net residual land value						£197,570
<b>2.2 Build Costs</b>							
2.2.1	Retail convenience	No. of units 1	Size sq.m 500	Cost per sq m £1,342			Total Costs £671,000
							£671,000
<b>2.3 Externals</b>							
2.3.1	as percentage of build costs		15.0%				£100,650
							£100,650
<b>2.4 Professional Fees</b>							
2.4.1	as percentage of build costs & externals		8%				£61,732
							£61,732
<b>2.5 Contingency</b>							
2.5.1	Based upon percentage of construction costs		5%				£41,669
							£41,669
<b>2.6 Section 106 Obligations convenience retail</b>							
2.6.1					psm		£0
							£0
<b>2.7 Sale costs</b>							
2.7.1	Marketing costs		£25,000				£25,000
2.7.2	Letting agent fee		10% of rent				£9,000
2.7.3	Letting legal fees		5% of rent				£4,500
							£38,500
<b>TOTAL DEVELOPMENT COSTS</b>							<b>£1,116,708</b>
<b>3.0 Developers' Profit</b>							
3.1	Based upon percentage of total development costs		Rate 20%				£223,341.63
							£223,342
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>							<b>£1,340,050</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>							<b>£30,629</b>
<b>4.00 Finance Costs</b>							
			APR 7.00%			PCM 0.566%	-£30,629
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>							<b>£1,370,679</b>

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Table C6 Light industrial appraisal

Light industrial		Main land appraisal					
ITEM							
Net Site Area	0.25	residual value		-£1,888,473		per ha	
<b>1.0 Development Value</b>							
1.1	Light industrial	No. of units	Size sq.m	Rent	Yield	Value per Unit	Total Value
		1	1000	£45.00	8.0%	£562,500	£562,500
					No. of months	Rent free period	Adjusted for rent free
						5	£544,748
						Less Purchaser Costs	£32,344
						Adjusted cap value	£512,405
		1	1,000				£512,405
<b>2.0 Development Cost</b>							
<b>2.1 Site Acquisition</b>							
2.1.1	Site value (gross residual land value)						-£480,527
						Less Purchaser Costs	1.75%
	Net residual land value						-£472,118
<b>2.2 Build Costs</b>							
2.2.1	Light industrial	No. of units	Size sq.m	Cost per sq m			Total Costs
		1	1,000	£549			£549,000
							£549,000
<b>2.3 Externals</b>							
2.3.1	External works as a percentage of build costs			15.0%			£82,350
							£82,350
<b>2.4 Professional Fees</b>							
2.4.1	as percentage of build costs & externals			8%			£50,508
							£50,508
<b>2.5 Contingency</b>							
2.5.1	Based upon percentage of construction costs			5%			£34,093
							£34,093
<b>2.6 Sale costs</b>							
2.6.1	Marketing costs			£25,000			£25,000
2.6.2	Letting agent fee			10%	of rent		£4,500
2.6.3	Letting legal fees			5%	of rent		£2,250
							£31,750
<b>TOTAL DEVELOPMENT COSTS</b>							£267,173
<b>3.0 Developers' Profit</b>							
3.1	Based upon percentage of total development costs			Rate	20%		£53,435
							£239,923
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>							£507,097
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>							£5,308
<b>4.00 Finance Costs</b>							
			APR		PCM		
			7.00%		0.565%		-£5,308
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>							£512,405
<p>This appraisal has been prepared by Peter Brett Associates on behalf of the South East Lincolnshire Authorities. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform the South East Lincolnshire Authorities, as to the impact of planning policy has on viability at a strategic level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.</p>							

## Appendix D Starter Homes viability assessment

- D.1.1 Starter Homes is the Government's initiative specifically aimed at meeting the housing needs of younger generations. The Housing and Planning Act 2016 (the Act) sets out the legislative framework within which starter homes will be delivered by Local Planning Authorities in England. Starter Homes will apply to new dwellings, the qualifying first-time buyers are young people who don't already own a home and who are aged 23-40, and to be sold at a discount of at least 20% of their market value, and always for less than the price cap.
- D.1.2 This appendix sets out the results of assessing the impact of the possible introduction of Starter Homes to inform the possible direction of future affordable housing policy for South Holland Borough and Boston District.

### Scope of Starter Homes assessment

- D.1.3 To test for 23%, 27% and 30% affordable housing, but in fact, 20% in all cases will be Starter Homes, so the appraisals are for all scenarios to include 20% Starter Homes and then 3%, 7% and 10% affordable housing in the following mixes:
- **Scenario 1** – tenure split of 85% affordable rented and 15% intermediate. This represents the South Holland tenure split within the Peterborough Sub-Regional SHMA.
  - **Scenario 2** – tenure split of 75% affordable rented and 25% intermediate. This represents the Boston tenure split within the Boston SHMA.
  - **Scenario 3** – tenure split of 65% affordable rented and 35% intermediate. This represents an alternative tenure split, not linked to evidence, but with a higher % of LCHO and therefore more in keeping with the national government policy direction and potentially, also, RP appetite for s.106.

### Assumptions informing the assessment

- D.1.4 Details around the Starter Homes have not been finalised in secondary legislation, however, the current assumptions have been based on known published information included in the DCLG Starter Homes Regulations technical consultation (March 2016).
- D.1.5 Developer's profit margin for Starter Homes, based on discussion with client team is set at 6% of GDV (i.e. to be treated in the same way as the other affordable housing product).
- D.1.6 10 and fewer properties have been exempt from the Starter Homes. S106 is levied on market and affordable dwellings over ten units at £5,000 per dwelling for SHDC and £3,000 per dwelling for BBC, the same assumptions are adopted for the SUEs (BBC SUE at £3,000 per dwelling and SHDC SUE at £5,000 per dwelling).
- D.1.7 The wider assumptions around land values, contingency, externals allowances etc. are the same as in the main Viability Study and reflect a review of site-specific viability appraisals for each local authority, market research and stakeholder consultations undertaken to inform the Viability Study during 2015.
- D.1.8 The following affordable housing transfer value assumptions were adopted after consulting with client team, Ian Penn of Longhurst group and Andy Parker of Waterloo Housing in 2016. The OMV assumptions to be tested are as shown overleaf.

Affordable housing type	SHDC % of Market value	BBC % of Market value
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Starter Homes	80%	80%
Affordable rent	40%	50%
Intermediate	70%	70%

D.1.9 The main variance for affordable rent between the two local authorities reflects the consultation responses and comment from the Registered Providers who stated that one of the noticeable aspects of Boston Borough is that rent levels are relatively high in terms of Lincolnshire but sales values can be quite low. This does mean that the % of OMV can be slightly higher than other areas where rents maybe around the same level but OMV are higher.

## D.2 Starter Homes assessment findings

D.2.1 Table D3 summarises the findings from the three affordable housing tenure mix assessments. The summary findings for each scenario are presented in tables D4 to D12.

D.2.2 The findings are presented in the summary tables below. The key points to note from the findings are as follows:

- Across all scenarios, the 80% market value of the Starter Homes product improves the gross development value of the schemes. With developer profit assumption set at 6% for all affordable housing (including Starter Homes), the combined effect improves overall viability.
- As the percentage mix of intermediate housing increases from 15%, 25% to 35% this has a positive effect on viability.
- Based on the assessment, it is possible to move towards a 30% affordable housing target for SHDC based on a developer contribution of £5,000 per dwelling.
- Based on the assessment it is possible to move towards a 23% affordable housing target for BBC, though the rural scenarios will require some adjustment in density or scale of developer contributions sought.

D.2.3 Note the assessment is based on information known at present on Starter Homes, this will need to be refined once the secondary legislation governing Starter Homes is published.



### D.3 Summary of all Starter Home scenario assessments

<b>Scenario 1: 85% – 15% affordable rent and intermediate housing tenure mix</b>		
<b>% affordable</b>	<b>South Holland DC</b>	<b>Boston BC</b>
23% affordable – table D4	All scenarios are viable apart from flats	Greenfield, brownfield and SUE scenarios are viable Rural and flats scenarios unviable
27% affordable – table D5	All scenarios are viable apart from flats	Greenfield and brownfield scenarios are viable SUEs marginal rural and flat scenarios unviable
30% affordable – table D6	All scenarios are viable apart from flats	Greenfield viable brownfield marginal SUEs rural and flat unviable
<b>Scenario 2: 75% - 25% affordable rent and intermediate housing tenure mix</b>		
<b>% affordable</b>	<b>South Holland DC</b>	<b>Boston BC</b>
23% affordable – table D7	All scenarios are viable apart from flats	All scenarios are viable apart from rural and flats
27% affordable – table D8	All scenarios viable apart from flats	Greenfield and brownfield scenarios are viable SUEs marginal Rural and flat scenarios unviable
30% affordable – table D9	All scenarios are viable apart from flats	Greenfield viable brownfield marginal Rural, flat and SUE unviable
<b>Scenario 3: 65% - 35% affordable rent and intermediate housing tenure mix</b>		
<b>% affordable</b>	<b>South Holland DC</b>	<b>Boston BC</b>
23% affordable – table D10	All scenarios are viable apart from flats	All greenfield, brownfield and SUE scenarios are viable Rural marginal, flats unviable
27% affordable – table D11	All scenarios are viable apart from flats	All greenfield and brownfield scenarios are viable SUEs marginal rural and flats scenario unviable
30% affordable – table D12	All scenarios are viable apart from flats	All greenfield viable brownfield marginal Rural, flats and SUE unviable

Source: PBA 2016

### D.4 Scenario 1:23% affordable (85% affordable rent and 15% intermediate)

Scenario 1:23% affordable				Total floor space	Residual land value (ha)		Threshold land value per ha		Residual	
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
<b>Spalding</b>										
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105	£210
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015	£184
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411	£172
Houses –	30	0.86	35	2,562	£768,265	£257	£535,000	£179	£233,265	£96
Houses –	150	4.29	35	12,810	£728,145	£244	£535,000	£179	£193,145	£80
<b>South Holland District rural</b>										
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100	£202
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871	£176
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105	£164
Houses –	30	1.00	30	2,793	£736,032	£264	£535,000	£192	£201,032	£87
Houses –	150	5.00	30	13,965	£698,347	£250	£535,000	£192	£163,347	£71
<b>Boston</b>										
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811	£147
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814	£123
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817	£114
Houses –	30	0.86	35	2,562	£633,030	£212	£500,000	£167	£133,030	£55
Houses –	150	4.29	35	12,810	£602,868	£202	£500,000	£167	£102,868	£42
<b>Boston Borough rural</b>										
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825	£65
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299	£42
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595	£40
Houses –	30	1.00	30	2,793	£426,764	£153	£500,000	£179	£-73,236	£-32
Houses –	150	5.00	30	13,965	£402,924	£144	£500,000	£179	£-97,076	£-42
<b>Brownfield</b>				<b>Total Floor Space</b>	<b>Residual land value</b>		<b>Threshold land value</b>		<b>Residual</b>	
<b>Spalding</b>	<b>No of dwellings</b>	<b>Net site area ha</b>	<b>Density</b>	<b>sq.m</b>	<b>Per Ha</b>	<b>Per £psm</b>	<b>Per Ha</b>	<b>Per £psm</b>	<b>Per Ha</b>	<b>Per £psm</b>
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324	£164
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829	£139
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872	£136
Houses –	30	0.86	35	2,562	£470,755	£157	£350,000	£117	£120,755	£50
Houses –	150	4.29	35	12,810	£441,330	£148	£350,000	£117	£91,330	£38
Flats -	20	0.25	80	1,223	£-419,060	£-86	£350,000	£72	£-769,060	£-208
<b>Boston</b>										
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030	£124
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628	£101
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668	£100
Houses –	30	0.86	35	2,562	£334,085	£112	£240,000	£80	£94,085	£39
Houses –	150	4.29	35	12,810	£316,052	£106	£240,000	£80	£76,052	£31
Flats -	20	0.25	80	1,223	£-862,289	£-176	£240,000	£49	£-1,102,289	£-298
<b>SUEs</b>				<b>Floor Space per sq.m</b>	<b>Residual land value</b>		<b>Threshold land value</b>		<b>Residual</b>	
Boston	1,800	51.43	35	153,720	£296,992	£99	£262,500	£88	£34,492	£14
Spalding	3,750	107.14	35	320,250	£442,884	£148	£300,000	£100	£142,884	£59

## D.5 Scenario 1:27% affordable (85% affordable rent and 15% intermediate)

Scenario 1:27% affordable				Total floor space	Residual land value (ha)		Threshold land value per ha		Residual	
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
<b>Spalding</b>										
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105	£210
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015	£184
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411	£172
Houses –	30	0.86	35	2,538	£714,520	£241	£535,000	£181	£179,520	£78
Houses –	150	4.29	35	12,690	£676,868	£229	£535,000	£181	£141,868	£62
<b>South Holland District rural</b>										
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100	£202
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871	£176
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105	£164
Houses –	30	1.00	30	2,757	£685,938	£249	£535,000	£194	£150,938	£69
Houses –	150	5.00	30	13,785	£660,539	£236	£535,000	£194	£115,539	£53
<b>Boston</b>										
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811	£147
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814	£123
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817	£114
Houses –	30	0.86	35	2,538	£579,237	£196	£500,000	£169	£79,237	£34
Houses –	150	4.29	35	12,690	£551,556	£186	£500,000	£169	£51,556	£22
<b>Boston Borough rural</b>										
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825	£65
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299	£42
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595	£40
Houses –	30	1.00	30	2,757	£385,085	£140	£500,000	£181	£-114,915	£-52
Houses –	150	5.00	30	13,785	£363,543	£132	£500,000	£181	£-136,457	£-62
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		Residual	
<b>Spalding</b>				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324	£164
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829	£139
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872	£136
Houses –	30	0.86	35	2,538	£416,440	£141	£350,000	£118	£66,440	£29
Houses –	150	4.29	35	12,690	£390,052	£132	£350,000	£118	£40,052	£17
Flats -	20	0.25	80	1,227	£-460,091	£-94	£350,000	£71	£-810,091	£-231
<b>Boston</b>										
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030	£124
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628	£101
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668	£100
Houses –	30	0.86	35	2,538	£279,722	£94	£240,000	£81	£39,722	£17
Houses –	150	4.29	35	12,690	£264,741	£89	£240,000	£81	£24,741	£11
Flats -	20	0.25	80	1,227	£-901,390	£-184	£240,000	£49	£-1,141,390	£-326
<b>SUEs</b>				Total floor space	Residual land value		Threshold land value		Residual	
Boston	1,800	51.43	35	152,280	£246,560	£83	£262,500	£89	£-15,940	£-7
Spalding	3,750	107.14	35	317,250	£382,597	£129	£300,000	£101	£82,597	£36

**Scenario 1:30% affordable (85% affordable rent and 15% intermediate)**

Scenario 1:30 % affordable				Total floor space	Residual land value (ha)		Threshold land value per ha		Residual		
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm	
<b>Spalding</b>											
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105	£210	
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015	£184	
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411	£172	
Houses –	30	0.86	35	2,520	£674,212	£229	£535,000	£182	£139,212	£63	
Houses –	150	4.29	35	12,600	£638,409	£217	£535,000	£182	£103,409	£47	
<b>South Holland District rural</b>											
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100	£202	
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871	£176	
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105	£164	
Houses –	30	1.00	30	2,730	£648,368	£237	£535,000	£196	£113,368	£54	
Houses –	150	5.00	30	13,650	£614,683	£225	£535,000	£196	£79,683	£38	
<b>Boston</b>											
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811	£147	
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814	£123	
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817	£114	
Houses –	30	0.86	35	2,520	£544,610	£185	£500,000	£170	£44,610	£20	
Houses –	150	4.29	35	12,600	£513,073	£175	£500,000	£170	£13,073	£6	
<b>Boston Borough rural</b>											
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825	£65	
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299	£42	
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595	£40	
Houses –	30	1.00	30	2,730	£353,826	£130	£500,000	£183	£-146,174	£-70	
Houses –	150	5.00	30	13,650	£334,008	£122	£500,000	£183	£-165,992	£-79	
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		Residual		
<b>Spalding</b>				No of dwellings	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324	£164	
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829	£139	
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872	£136	
Houses –	30	0.86	35	2,520	£375,704	£128	£350,000	£119	£25,704	£12	
Houses –	150	4.29	35	12,600	£351,593	£120	£350,000	£119	£1,593	£1	
Flats -	20	0.25	80	1,230	£-490,864	£-100	£350,000	£71	£-840,864	£-250	
<b>Boston</b>											
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030	£124	
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628	£101	
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668	£100	
Houses –	30	0.86	35	2,520	£243,966	£83	£240,000	£82	£3,966	£2	
Houses –	150	4.29	35	12,600	£226,257	£77	£240,000	£82	£-13,743	£-6	
Flats -	20	0.25	80	1,230	£-930,793	£-189	£240,000	£49	£-1,170,793	£-348	
<b>SUEs</b>				Total Floor Space	Residual land value		Threshold land value		Residual		
Boston	1,800	51.43	35	151,200	£208,736	£71	£262,500	£89	£-53,764	£-24	
Spalding	3,750	107.14	35	315,000	£337,383	£115	£300,000	£102	£37,383	£17	

## D.6 Scenario 2: 23% affordable (75% affordable rent and 25% intermediate)

Scenario 2: 23% affordable				Total floor space	Residual land value		Threshold land value		Residual		
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm	
<b>Spalding</b>											
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105	£210	
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015	£184	
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411	£172	
Houses –	30	0.86	35	2,562	£768,265	£257	£535,000	£179	£233,265	£96	
Houses –	150	4.29	35	12,810	£728,145	£244	£535,000	£179	£193,145	£80	
<b>South Holland District rural</b>											
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100	£202	
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871	£176	
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105	£164	
Houses –	30	1.00	30	2,793	£736,032	£264	£535,000	£192	£201,032	£87	
Houses –	150	5.00	30	13,965	£698,347	£250	£535,000	£192	£163,347	£71	
<b>Boston</b>											
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811	£147	
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814	£123	
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817	£114	
Houses –	30	0.86	35	2,562	£633,030	£212	£500,000	£167	£133,030	£55	
Houses –	150	4.29	35	12,810	£602,868	£202	£500,000	£167	£102,868	£42	
<b>Boston Borough rural</b>											
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825	£65	
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299	£42	
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595	£40	
Houses –	30	1.00	30	2,793	£426,764	£153	£500,000	£179	-£73,236	-£32	
Houses –	150	5.00	30	13,965	£402,924	£144	£500,000	£179	-£97,076	-£42	
<b>Brownfield</b>											
Spalding		No of dwellings	Net site area ha	Density	Total Floor Space sq.m	Residual land value		Threshold land value		Residual	
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324	£164	
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829	£139	
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872	£136	
Houses –	30	0.86	35	2,562	£470,755	£157	£350,000	£117	£120,755	£50	
Houses –	150	4.29	35	12,810	£441,330	£148	£350,000	£117	£91,330	£38	
Flats -	20	0.25	80	1,223	-£419,060	-£86	£350,000	£72	-£769,060	-£208	
<b>Boston</b>											
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030	£124	
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628	£101	
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668	£100	
Houses –	30	0.86	35	2,562	£334,085	£112	£240,000	£80	£94,085	£39	
Houses –	150	4.29	35	12,810	£316,052	£106	£240,000	£80	£76,052	£31	
Flats -	20	0.25	80	1,223	-£862,289	-£176	£240,000	£49	-£1,102,289	-£298	
<b>SUEs</b>											
Boston				Total floor Space	153,720	£296,992	£99	£262,500	£88	£34,492	£14
Spalding				Total floor Space	320,250	£442,884	£148	£300,000	£100	£142,884	£59

### D.7 Scenario 2: 27% affordable (75% affordable rent and 25% intermediate)

Scenario 2: 27% affordable				Total floor space	Residual land value		Threshold land value		Residual		
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm	
<b>Spalding</b>											
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105	£210	
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015	£184	
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411	£172	
Houses –	30	0.86	35	2,538	£714,520	£241	£535,000	£181	£179,520	£78	
Houses –	150	4.29	35	12,690	£676,868	£229	£535,000	£181	£141,868	£62	
<b>South Holland District rural</b>											
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100	£202	
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871	£176	
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105	£164	
Houses –	30	1.00	30	2,757	£685,938	£249	£535,000	£194	£150,938	£69	
Houses –	150	5.00	30	13,785	£650,539	£236	£535,000	£194	£115,539	£53	
<b>Boston</b>											
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811	£147	
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814	£123	
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817	£114	
Houses –	30	0.86	35	2,538	£579,237	£196	£500,000	£169	£79,237	£34	
Houses –	150	4.29	35	12,690	£551,556	£186	£500,000	£169	£51,556	£22	
<b>Boston Borough rural</b>											
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825	£65	
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299	£42	
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595	£40	
Houses –	30	1.00	30	2,757	£385,085	£140	£500,000	£181	£-114,915	£-52	
Houses –	150	5.00	30	13,785	£363,543	£132	£500,000	£181	£-136,457	£-62	
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		Residual		
<b>Spalding</b>		No of dwellings	Net site area ha	Density	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Houses –	1	0.03	35	35	90	£866,324	£275	£350,000	£111	£516,324	£164
Houses –	2	0.06	35	35	180	£786,829	£250	£350,000	£111	£436,829	£139
Houses –	10	0.29	35	35	900	£778,872	£247	£350,000	£111	£428,872	£136
Houses –	30	0.86	35	35	2,538	£416,440	£141	£350,000	£118	£66,440	£29
Houses –	150	4.29	35	35	12,690	£390,052	£132	£350,000	£118	£40,052	£17
Flats -	20	0.25	80	80	1,227	£-460,091	£-94	£350,000	£71	£-810,091	£-231
<b>Boston</b>											
Houses –	1	0.03	35	35	90	£632,030	£201	£240,000	£76	£392,030	£124
Houses –	2	0.06	35	35	180	£557,628	£177	£240,000	£76	£317,628	£101
Houses –	10	0.29	35	35	900	£554,668	£176	£240,000	£76	£314,668	£100
Houses –	30	0.86	35	35	2,538	£279,722	£94	£240,000	£81	£39,722	£17
Houses –	150	4.29	35	35	12,690	£264,741	£89	£240,000	£81	£24,741	£11
Flats -	20	0.25	80	80	1,227	£-901,390	£-184	£240,000	£49	£-1,141,390	£-326
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		Residual		
Boston		1,800	51.43	35	152,280	£246,560	£83	£262,500	£89	£-15,940	£-7
Spalding		3,750	107.14	35	317,250	£382,597	£129	£300,000	£101	£82,597	£36

### D.8 Scenario 2: 30% affordable (75% affordable rent and 25% intermediate)

Scenario 2: 30% affordable				Total floor space	Residual land value		Threshold land value		Residual		
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm	
<b>Spalding</b>											
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105	£210	
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015	£184	
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411	£172	
Houses –	30	0.86	35	2,520	£674,212	£229	£535,000	£182	£139,212	£63	
Houses –	150	4.29	35	12,600	£638,409	£217	£535,000	£182	£103,409	£47	
<b>South Holland District rural</b>											
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100	£202	
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871	£176	
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105	£164	
Houses –	30	1.00	30	2,730	£648,368	£237	£535,000	£196	£113,368	£54	
Houses –	150	5.00	30	13,650	£614,683	£225	£535,000	£196	£79,683	£38	
<b>Boston</b>											
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811	£147	
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814	£123	
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817	£114	
Houses –	30	0.86	35	2,520	£544,610	£185	£500,000	£170	£44,610	£20	
Houses –	150	4.29	35	12,600	£513,073	£175	£500,000	£170	£13,073	£6	
<b>Boston Borough rural</b>											
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825	£65	
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299	£42	
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595	£40	
Houses –	30	1.00	30	2,730	£353,826	£130	£500,000	£183	£-146,174	£-70	
Houses –	150	5.00	30	13,650	£334,008	£122	£500,000	£183	£-165,992	£-79	
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		Residual		
<b>Spalding</b>		No of dwellings	Net site area ha	Density	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324	£164	
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829	£139	
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872	£136	
Houses –	30	0.86	35	2,520	£375,704	£128	£350,000	£119	£25,704	£12	
Houses –	150	4.29	35	12,600	£351,593	£120	£350,000	£119	£1,593	£1	
Flats -	20	0.25	80	1,230	£-490,864	£-100	£350,000	£71	£-840,864	£-250	
<b>Boston</b>											
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030	£124	
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628	£101	
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668	£100	
Houses –	30	0.86	35	2,520	£243,966	£83	£240,000	£82	£3,966	£2	
Houses –	150	4.29	35	12,600	£226,257	£77	£240,000	£82	£-13,743	£-6	
Flats -	20	0.25	80	1,230	£-930,793	£-189	£240,000	£49	£-1,170,793	£-348	
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		Residual		
Boston				151,200	£208,736	£71	£262,500	£89	£-53,764	£-24	
Spalding				315,000	£337,383	£115	£300,000	£102	£37,383	£17	

### D.9 Scenario 3: 23% affordable (65% affordable rent and 35% intermediate)

Scenario 3: 23% affordable				Total floor space	Residual land value		Threshold land value		Residual	
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
<b>Spalding</b>										
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105	£210
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015	£184
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411	£172
Houses –	30	0.86	35	2,562	£768,265	£257	£535,000	£179	£233,265	£96
Houses –	150	4.29	35	12,810	£728,145	£244	£535,000	£179	£193,145	£80
<b>South Holland District rural</b>										
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100	£202
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871	£176
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105	£164
Houses –	30	1.00	30	2,793	£736,032	£264	£535,000	£192	£201,032	£87
Houses –	150	5.00	30	13,965	£698,347	£250	£535,000	£192	£163,347	£71
<b>Boston</b>										
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811	£147
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814	£123
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817	£114
Houses –	30	0.86	35	2,562	£633,030	£212	£500,000	£167	£133,030	£55
Houses –	150	4.29	35	12,810	£602,868	£202	£500,000	£167	£102,868	£42
<b>Boston Borough rural</b>										
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825	£65
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299	£42
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595	£40
Houses –	30	1.00	30	2,793	£426,764	£153	£500,000	£179	£-73,236	£-32
Houses –	150	5.00	30	13,965	£402,924	£144	£500,000	£179	£-97,076	£-42
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		Residual	
<b>Spalding</b>										
	No of dwellings	Net site area ha	Density	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324	£164
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829	£139
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872	£136
Houses –	30	0.86	35	2,562	£470,755	£157	£350,000	£117	£120,755	£50
Houses –	150	4.29	35	12,810	£441,330	£148	£350,000	£117	£91,330	£38
Flats -	20	0.25	80	1,223	£-419,060	£-86	£350,000	£72	£-769,060	£-208
<b>Boston</b>										
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030	£124
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628	£101
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668	£100
Houses –	30	0.86	35	2,562	£334,085	£112	£240,000	£80	£94,085	£39
Houses –	150	4.29	35	12,810	£316,052	£106	£240,000	£80	£76,052	£31
Flats -	20	0.25	80	1,223	£-862,289	£-176	£240,000	£49	£-1,102,289	£-298
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		Residual	
Boston	1,800	51.43	35	153,720	£296,992	£99	£262,500	£88	£34,492	£14
Spalding	3,750	107.14	35	320,250	£442,884	£148	£300,000	£100	£142,884	£59



## D.10 Scenario 3: 27% affordable (65% affordable rent and 35% intermediate)

Scenario 3: 27% affordable				Total floor space	Residual land value		Threshold land value		Residual	
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
<b>Spalding</b>										
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105	£210
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015	£184
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411	£172
Houses –	30	0.86	35	2,538	£714,520	£241	£535,000	£181	£179,520	£78
Houses –	150	4.29	35	12,690	£676,868	£229	£535,000	£181	£141,868	£62
<b>South Holland District rural</b>										
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100	£202
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871	£176
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105	£164
Houses –	30	1.00	30	2,757	£685,938	£249	£535,000	£194	£150,938	£69
Houses –	150	5.00	30	13,785	£650,539	£236	£535,000	£194	£115,539	£53
<b>Boston</b>										
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811	£147
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814	£123
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817	£114
Houses –	30	0.86	35	2,538	£579,237	£196	£500,000	£169	£79,237	£34
Houses –	150	4.29	35	12,690	£551,556	£186	£500,000	£169	£51,556	£22
<b>Boston Borough rural</b>										
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825	£65
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299	£42
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595	£40
Houses –	30	1.00	30	2,757	£385,085	£140	£500,000	£181	£-114,915	£-52
Houses –	150	5.00	30	13,785	£363,543	£132	£500,000	£181	£-136,457	£-62
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		Residual	
<b>Spalding</b>	No of dwellings	Net site area ha	Density	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324	£164
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829	£139
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872	£136
Houses –	30	0.86	35	2,538	£416,440	£141	£350,000	£118	£66,440	£29
Houses –	150	4.29	35	12,690	£390,052	£132	£350,000	£118	£40,052	£17
Flats -	20	0.25	80	1,227	£-460,091	£-94	£350,000	£71	£-810,091	£-231
<b>Boston</b>										
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030	£124
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628	£101
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668	£100
Houses –	30	0.86	35	2,538	£279,722	£94	£240,000	£81	£39,722	£17
Houses –	150	4.29	35	12,690	£264,741	£89	£240,000	£81	£24,741	£11
Flats -	20	0.25	80	1,227	£-901,390	£-184	£240,000	£49	£-1,141,390	£-326
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		Residual	
Boston	1,800	51.43	35	152,280	£246,560	£83	£262,500	£89	£-15,940	£-7
Spalding	3,750	107.14	35	317,250	£382,597	£129	£300,000	£101	£82,597	£36

### D.11 Scenario 3: 30% affordable (65% affordable rent and 35% intermediate)

Scenario 3: 30% affordable				Total floor space	Residual land value		Threshold land value		Residual	
Greenfield				sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
<b>Spalding</b>										
Houses –	1	0.03	35	90	£1,197,105	£380	£535,000	£170	£662,105	£210
Houses –	2	0.06	35	180	£1,116,015	£354	£535,000	£170	£581,015	£184
Houses –	10	0.29	35	900	£1,077,411	£342	£535,000	£170	£542,411	£172
Houses –	30	0.86	35	2,520	£674,212	£229	£535,000	£182	£139,212	£63
Houses –	150	4.29	35	12,600	£638,409	£217	£535,000	£182	£103,409	£47
<b>South Holland District rural</b>										
Houses –	1	0.03	30	100	£1,140,100	£380	£535,000	£178	£605,100	£202
Houses –	2	0.07	30	200	£1,062,871	£354	£535,000	£178	£527,871	£176
Houses –	10	0.33	30	1,000	£1,026,105	£342	£535,000	£178	£491,105	£164
Houses –	30	1.00	30	2,730	£648,368	£237	£535,000	£196	£113,368	£54
Houses –	150	5.00	30	13,650	£614,683	£225	£535,000	£196	£79,683	£38
<b>Boston</b>										
Houses –	1	0.03	35	90	£962,811	£306	£500,000	£159	£462,811	£147
Houses –	2	0.06	35	180	£886,814	£282	£500,000	£159	£386,814	£123
Houses –	10	0.29	35	900	£857,817	£272	£500,000	£159	£357,817	£114
Houses –	30	0.86	35	2,520	£544,610	£185	£500,000	£170	£44,610	£20
Houses –	150	4.29	35	12,600	£513,073	£175	£500,000	£170	£13,073	£6
<b>Boston Borough rural</b>										
Houses –	1	0.03	30	100	£693,825	£231	£500,000	£167	£193,825	£65
Houses –	2	0.07	30	200	£626,299	£209	£500,000	£167	£126,299	£42
Houses –	10	0.33	30	1,000	£620,595	£207	£500,000	£167	£120,595	£40
Houses –	30	1.00	30	2,730	£353,826	£130	£500,000	£183	£-146,174	£-70
Houses –	150	5.00	30	13,650	£334,008	£122	£500,000	£183	£-165,992	£-79
<b>Brownfield</b>				Total Floor Space	Residual land value		Threshold land value		Residual	
<b>Spalding</b>	No of dwellings	Net site area ha	Density	sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
Houses –	1	0.03	35	90	£866,324	£275	£350,000	£111	£516,324	£164
Houses –	2	0.06	35	180	£786,829	£250	£350,000	£111	£436,829	£139
Houses –	10	0.29	35	900	£778,872	£247	£350,000	£111	£428,872	£136
Houses –	30	0.86	35	2,520	£375,704	£128	£350,000	£119	£25,704	£12
Houses –	150	4.29	35	12,600	£351,593	£120	£350,000	£119	£1,593	£1
Flats -	20	0.25	80	1,230	£-490,864	£-100	£350,000	£71	£-840,864	£-250
<b>Boston</b>										
Houses –	1	0.03	35	90	£632,030	£201	£240,000	£76	£392,030	£124
Houses –	2	0.06	35	180	£557,628	£177	£240,000	£76	£317,628	£101
Houses –	10	0.29	35	900	£554,668	£176	£240,000	£76	£314,668	£100
Houses –	30	0.86	35	2,520	£243,966	£83	£240,000	£82	£3,966	£2
Houses –	150	4.29	35	12,600	£226,257	£77	£240,000	£82	£-13,743	£-6
Flats -	20	0.25	80	1,230	£-930,793	£-189	£240,000	£49	£-1,170,793	£-348
<b>SUEs</b>				Total floor Space	Residual land value		Threshold land value		Residual	
Boston	1,800	51.43	35	151,200	£208,736	£71	£262,500	£89	£-53,764	£-24
Spalding	3,750	107.14	35	315,000	£337,383	£115	£300,000	£102	£37,383	£17

## Appendix E CIL charge assessment

- E.1.1 The outcome of the national review of the CIL charging mechanism is expected imminently - the expectation is that a much more simplified system will be introduced, with strategic sites dealt with via s106, whilst other sites may include a simpler CIL charge.
- E.1.2 Based on this anticipated outcome of the national CIL review, the view from members and officers informing the discussion on CIL or S106 at the November 2016 IDP meeting, was not to pursue a CIL charging mechanism for the time being and instead to proceed on the basis of S106 and explore how to ensure the pooling restrictions of the S106 are not exceeded. This latest decision taken in November 2016 has informed the iterative process to this Viability Study.
- E.1.3 To reflect a possible future policy which might introduce a simpler CIL charge for smaller sites, we have included an appraisal that considers the scope for a CIL overage from small sites to contribute to a possible nationally prescribed set CIL charge.
- E.1.4 Tables E2 and E3 below show that both charging authorities have a positive overage for the scenarios of up to ten dwellings to support a set CIL charge. The actual amount should be guided by the outcome of the national review of CIL and any follow up amendments to legislation.

### E.2 Table showing CIL overage for SHDC for up to 10 dwellings

CIL overage for upto 10 units - SHDC				Total floor space	CIL Chargeable Floor Space per sq.m	Residual land value		Threshold land value		CIL overage		
Greenfield				sq.m	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm	
<b>Spalding</b>												
Houses –	1	0.03	35	90	90	£1,197,105	£380	£535,000	£170	£662,105	£210	
Houses –	2	0.06	35	180	180	£1,116,015	£354	£535,000	£170	£581,015	£184	
Houses –	10	0.29	35	900	900	£1,077,411	£342	£535,000	£170	£542,411	£172	
<b>South Holland District rural</b>												
Houses –	1	0.03	30	100	100	£1,140,100	£380	£535,000	£178	£605,100	£202	
Houses –	2	0.07	30	200	200	£1,062,871	£354	£535,000	£178	£527,871	£176	
Houses –	10	0.33	30	1,000	1,000	£1,026,105	£342	£535,000	£178	£491,105	£164	
Brownfield				Total Floor Space	CIL Chargeable Floor Space per sq.m	Residual land value		Threshold land value		CIL overage		
Spalding				No of dwellings	Net site area ha	Density	sq.m	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm
Houses –	1	0.03	35	90	90	£866,324	£275	£350,000	£111	£516,324	£164	
Houses –	2	0.06	35	180	180	£786,829	£250	£350,000	£111	£436,829	£139	
Houses –	10	0.29	35	900	900	£778,872	£247	£350,000	£111	£428,872	£136	

### E.3 Table showing CIL overage for BBC for up to 10 dwellings

CIL overage for upto 10 units - BBC				Total floor space	CIL Chargeable Floor Space per sq.m	Residual land value		Threshold land value		CIL overage	
Greenfield				sq.m	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
<b>Boston</b>											
Houses –	1	0.03	35	90	90	£962,811	£306	£500,000	£159	£462,811	£147
Houses –	2	0.06	35	180	180	£886,814	£282	£500,000	£159	£386,814	£123
Houses –	10	0.29	35	900	900	£857,817	£272	£500,000	£159	£357,817	£114
<b>Boston Borough rural</b>											
Houses –	1	0.03	30	100	100	£693,825	£231	£500,000	£167	£193,825	£65
Houses –	2	0.07	30	200	200	£626,299	£209	£500,000	£167	£126,299	£42
Houses –	10	0.33	30	1,000	1,000	£620,595	£207	£500,000	£167	£120,595	£40
Brownfield				Total Floor Space	CIL Chargeable Floor Space per sq.m	Residual land value		Threshold land value		CIL overage	
<b>Boston</b>											
Houses –	1	0.03	35	90	90	£632,030	£201	£240,000	£76	£392,030	£124
Houses –	2	0.06	35	180	180	£557,628	£177	£240,000	£76	£317,628	£101
Houses –	10	0.29	35	900	900	£554,668	£176	£240,000	£76	£314,668	£100

- E.3.1 The assessment in the Viability Study has been based on adopting S106 as the form of developer funding mechanism to inform the delivery of infrastructure. However, as part of the iterative process, the option of adopting a CIL has been considered.
- E.3.2 The findings in table E4 summarise the CIL coverage for SHDC based on the S106 contribution cost input being reduced to £500 per dwelling, and affordable housing requirement set at 25%.
- E.3.3 The results show that there is scope for varying amounts of CIL charge. A variable CIL charge could be considered of between £35 to £40 per sq. for the greenfield scenarios.
- E.3.4 Table E5 summarises the CIL coverage for BBC based on S106 set at £500 per dwelling, and affordable housing at 15%. There is limited scope for about £20 per sq.m CIL charge in greenfield areas only.

### E 4 Table showing scope for CIL in SHDC based on 25% affordable housing

SHDC CIL coverage - affordable at 25%, S106 at £500				Total floor space	CIL Chargeable Floor Space per sq.m	Residual land value		Threshold land value		CIL coverage			
Greenfield				sq.m	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm		
<b>Spalding</b>													
Houses –	1	0.03	35	90	90	£1,197,105	£380	£535,000	£170	£662,105	£210		
Houses –	2	0.06	35	180	180	£1,116,015	£354	£535,000	£170	£581,015	£184		
Houses –	10	0.29	35	900	900	£1,077,411	£342	£535,000	£170	£542,411	£172		
Houses –	30	0.86	35	2,550	2,025	£755,457	£254	£535,000	£180	£220,457	£93		
Houses –	150	4.29	35	12,750	10,125	£723,355	£243	£535,000	£180	£188,355	£80		
<b>South Holland District rural</b>													
Houses –	1	0.03	30	100	100	£1,140,100	£380	£535,000	£178	£605,100	£202		
Houses –	2	0.07	30	200	200	£1,062,871	£354	£535,000	£178	£527,871	£176		
Houses –	10	0.33	30	1,000	1,000	£1,026,105	£342	£535,000	£178	£491,105	£164		
Houses –	30	1.00	30	2,775	2,250	£723,026	£261	£535,000	£193	£188,026	£84		
Houses –	150	5.00	30	13,875	11,250	£692,314	£249	£535,000	£193	£157,314	£70		
<b>Brownfield</b>													
				Total Floor Space	Floor Space per sq.m	Residual land value		Threshold land value		CIL coverage			
<b>Spalding</b>				No of dwellings	Net site area ha	Density	sq.m	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	
Houses –	1	0.03	35	90	90			£866,324	£275	£350,000	£111	£516,324	£164
Houses –	2	0.06	35	180	180			£786,829	£250	£350,000	£111	£436,829	£139
Houses –	10	0.29	35	900	900			£778,872	£247	£350,000	£111	£428,872	£136
Houses –	30	0.86	35	2,550	2,025			£457,811	£154	£350,000	£118	£107,811	£46
Houses –	150	4.29	35	12,750	10,125			£436,539	£147	£350,000	£118	£86,539	£37
Flats -	20	0.25	80	1,225	900			-£430,194	-£88	£350,000	£71	-£780,194	-£217

### E. 5 Table showing scope for CIL in BBC based on 15% affordable housing

BBC CIL coverage - affordable at 15%, S106 at £500				Total floor space	CIL Chargeable Floor Space per sq.m	Residual land value		Threshold land value		CIL coverage	
Greenfield				sq.m	per sq.m	Per Ha	Per £psm	Per Ha	Per £psm	Per Ha	Per £psm
<b>Boston</b>											
Houses –	1	0.03	35	90	90	£962,811	£306	£500,000	£159	£462,811	£147
Houses –	2	0.06	35	180	180	£886,814	£282	£500,000	£159	£386,814	£123
Houses –	10	0.29	35	900	900	£857,817	£272	£500,000	£159	£357,817	£114
Houses –	30	0.86	35	2,610	2,295	£653,766	£215	£500,000	£164	£153,766	£57
Houses –	150	4.29	35	13,050	11,475	£627,240	£206	£500,000	£164	£127,240	£48
<b>Boston Borough rural</b>											
Houses –	1	0.03	30	100	100	£693,825	£231	£500,000	£167	£193,825	£65
Houses –	2	0.07	30	200	200	£626,299	£209	£500,000	£167	£126,299	£42
Houses –	10	0.33	30	1,000	1,000	£620,595	£207	£500,000	£167	£120,595	£40
Houses –	30	1.00	30	2,865	2,550	£461,771	£161	£500,000	£175	-£38,229	-£15
Houses –	150	5.00	30	14,325	12,750	£439,867	£154	£500,000	£175	-£60,133	-£24
<b>Brownfield</b>											
				Total Floor Space	per sq.m	Residual land value		Threshold land value		CIL coverage	
<b>Boston</b>											
Houses –	1	0.03	35	90	90	£632,030	£201	£240,000	£76	£392,030	£124
Houses –	2	0.06	35	180	180	£557,628	£177	£240,000	£76	£317,628	£101
Houses –	10	0.29	35	900	900	£554,668	£176	£240,000	£76	£314,668	£100
Houses –	30	0.86	35	2,610	2,295	£355,041	£117	£240,000	£79	£115,041	£43
Houses –	150	4.29	35	13,050	11,475	£340,424	£112	£240,000	£79	£100,424	£38
Flats -	20	0.25	80	1,215	1,020	-£945,733	-£195	£240,000	£49	-£1,185,733	-£291