BNP PARIBAS REAL ESTATE | Real Estate for a changing world

Local Plan - Sites Viability Assessment

Prepared for

Uttlesford District Council

March 2014

Contents

Appendices

Contact details:

Anthony Lee MRTPI MRICS
Senior Director – Development Consulting
BNP Paribas Real Estate
5 Aldermanbury Square
London EC2V 7BP

Tel: 020 7338 4061
Fax: 020 7404 2028
Email: anthony.lee@bnpparibas.com

1 Executive Summary

1.1 This report tests the viability of fourteen major proposed developments in Uttlesford District and their ability to meet planning policy requirements of Uttlesford District Council ('the Council'). The study tests the cumulative impact of the Council's requirements, in line with the requirements of the National Planning Policy Framework ('NPPF') and the Local Housing Delivery Group guidance '*Viability Testing Local Plans: Advice for planning practitioners*'.

Methodology

1.2 The study methodology compares the residual land values of the fourteen major developments to appropriate 'benchmark land values'. If a development incorporating the Council's policy requirements generates a higher residual land value than the benchmark land value, then it can be judged that the Council's requirements will not adversely impact on viability. Following the adoption of policies, developers will need to reflect policy requirements in their bids for sites, in line with requirements set out in the RICS Guidance on 'Financial Viability in Planning'[1] .

1.3 The study utilises the residual land value method of calculating the value of each development. This method is used by developers when determining how much to bid for land and involves calculating the value of the completed scheme and deducting development costs (construction, fees, finance, sustainability requirements) and developer's profit. The residual amount is the sum left after these costs have been deducted from the value of the development, and guides a developer in determining an appropriate offer price for the site.

1.4 The housing and commercial property markets are inherently cyclical and the Council is testing its proposed Local Plan policies at a time when the market is recovering after a severe recession. Residential values in Essex have recovered to within 7% of their 2008 peak levels. Forecasts for future house price growth point to continuing growth in mainstream UK markets. We have allowed for this by running a sensitivity analysis which varies the base sales values and build costs, with values increasing by 2% to 3% per annum in real terms.

1.5 This analysis is indicative only, but is intended to assist the Council in understanding the viability of key sites both in today's terms but also in the future.

Key findings

1.6 The key findings of the study are as follows:

- The results of this study are reflective of current market conditions, which are likely to improve over the medium term. It is therefore important that the Council keeps the viability situation under review so that policy requirements can be adjusted should conditions change markedly.

- The majority of schemes are viable at current values and are able to meet the Council's requirements in terms of affordable housing and sustainability.

[1] This guidance notes that when considering site-specific viability "*Site Value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan*". Providing therefore that Site Value does not fall below a site's existing use value, there should be no reason why policy requirements cannot be achieved.

- The four schemes that are not currently viable are likely to become viable over the medium term following modest real growth in sales values.

- A flexible approach to application of affordable housing targets will ensure the viability of developments is not adversely affected over the economic cycle.

- The Council will need to work closely with developers to ensure that land is acquired at an appropriate price to enable policy requirements to be met. Viability issues typically emerge as a result of landowners' unrealistic expectations.

- Our appraisals assume that grant funding for affordable housing is not available. This situation may change in the future and the Council should monitor this closely.

- The Council's existing sustainability requirements would not adversely impact on viability. However, adoption of higher sustainability standards would require flexible application in the short to medium term to strike an appropriate balance with other policy requirements.

2 Introduction

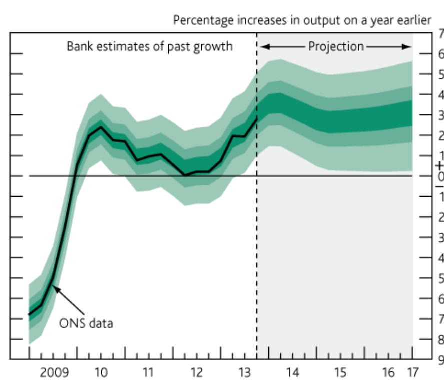
2.1 This study has been commissioned to contribute towards an evidence base to inform the Council's emerging Local Plan. The aim of the study is to assess the viability of key sites identified in the Council's draft Local Plan.

2.2 In terms of methodology, we adopted standard residual valuation approaches to test the impact on viability of the key sites. However, due to the extent and range of financial variables involved in residual valuations, they can only ever serve as a guide. Individual site characteristics (which are unique), mean that conclusions must always be tempered by a level of flexibility in application of policy requirements on a site by site basis.

Economic and housing market context

2.3 The historic highs achieved in the UK housing market by mid 2007 followed a prolonged period of real house price growth. However, a period of 'readjustment' began in the second half of 2007, triggered initially by rising interest rates and the emergence of the US sub prime lending problems in the last quarter of 2007. The subsequent reduction in inter-bank lending led to a general "credit crunch" including a tightening of mortgage availability. The real crisis of confidence, however, followed the collapse of Lehman Brothers in September 2008, which forced the government and the Bank of England to intervene in the market to relieve a liquidity crisis.

2.4 The combination of successive shocks to consumer confidence and the difficulties in obtaining finance led to a sharp reduction in transactions and a significant correction in house prices in the UK, which fell to a level some 21% lower than at their peak in August 2007 according to the Halifax House Price Index. Consequently, residential land values fell by some 50% from peak levels. One element of government intervention involved successive interest rate cuts and as the cost of servicing many people's mortgages is linked to the base rate, this financial burden has progressively eased for those still in employment. This, together with a return to economic growth early 2010 (see February 2014 Bank of England GDP fan chart below, showing the range of the Bank's predictions for GDP growth to 2017) has meant that consumer confidence has started to improve to some extent.



Source: Bank of England

2.5 Throughout the first half of 2010 there were some tentative indications that improved consumer confidence was feeding through into more positive interest from potential house purchasers. Against the background of a much reduced supply of new housing, this would lead one to expect some recovery in prices. However, this brief resurgence abated with figures falling and then fluctuating in

2011 and 2012, with the Halifax House Price Indices showing a fall of 0.6% in the year to March 2012. The Halifax attributed some of recovery during that period to first time buyers seeking to purchase prior to the reintroduction of Stamp Duty from 1 April 2012. The signs of improvement in the housing market towards the end of 2012 have continued in 2013 and both The Halifax and Nationwide have once again reported positively in their September 2013 Housing Price Index updates. They both refer to continued signs of an upturn in the housing market. In particular, Nationwide identifies that,

> *'There are also signs that the pickup is becoming increasingly broad-based. For the first time since 2007, all thirteen UK regions experienced annual house price growth in the third quarter of 2013.'*

2.6 The Halifax report identifies that prices in the three months to September 2013 are 2% higher than in the previous quarter, which were slightly lower than the increases recorded in June, July and August. However, the annual rate of increase has continued to rise and Halifax identifies that prices in the three months to September are 6.2% higher than in the same three months last year, and Nationwide reports process to be 5% higher than those in September 2012.

2.7 Both Halifax and Nationwide identify housing demand to have risen more quickly than supply in recent months, which has put upward pressure on prices. They attribute the improvement to the availability to two areas in particular, firstly *'a reduction in the cost of credit, partly as a result of policy measures, such as the Funding for Lending Scheme and Help to Buy'*. Secondly, a *'higher consumer confidence, underpinned by signs that the economy has begun a sustainable recovery'*.

2.8 Both reports also highlight signs that supply/house building is beginning to respond to the pick-up in demand, *'which if continued should help to constrain the upward pressure on prices*'. However, construction is identified to still be running well below what is likely to be required to keep up with demand. Nationwide identifies that, *'New housing starts in England were up 33% in Q2 compared to the same period of 2012, but this is still 36% below the levels prevailing in 2007, which were already below that required to keep pace with household formation.'*

2.9 On this basis, the outlook for the UK economy and house prices would appear to be expected to continue to rise during the remainder of 2014.

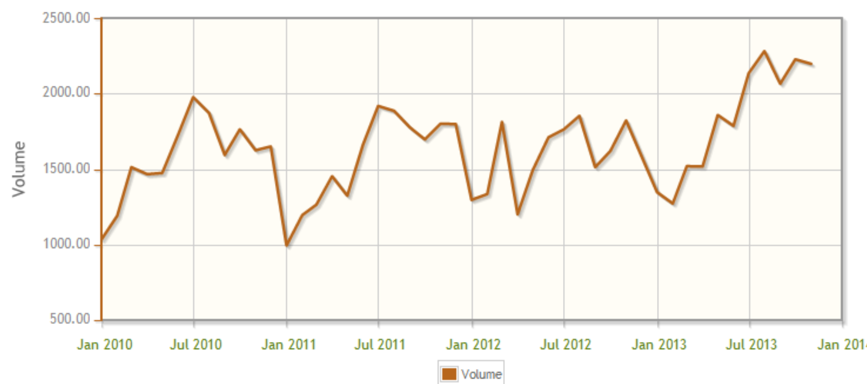
2.10 According to Land Registry data, residential sales values in Essex have recovered since the lowest point in the cycle in June 2009. Prices increased by 12.5% between June 2009 and January 2014. In January 2014, sales values had recovered to within 7% of their peak 2008 values.

2.11 The future trajectory of house prices is currently uncertain, although Savills' current prediction is that values are expected to increase over the next five years. Medium term predictions are that properties in mainstream London markets will grow over the period between 2014 to 2018[2]. Savills predict that values in mainstream UK markets (i.e. non-prime) will increase by 6.5% in 2014, 5% in 2015, 4.5% in 2016, 4% in 2017 and 3% in 2018. This equates to cumulative growth of 25.5% between 2014-2018 inclusive.

[2] Savills Research: Residential Property Focus, Quarter 4 2013

Figure 2.11.1: House prices in Essex

Figure 2.11.2: Sales volumes in Essex



Source: Land Registry

2.12 In common with other local authority areas, there are some variations in sales values between different parts of the District. Highest sales values are achieved in Great Chesterford (circa £3,450 per square metre) and Saffron Walden (circa £3,340 per square metre). Elsewhere in the District, values are slightly lower, with average values of £3,090 per square metre in Newport and Thaxted, and £2,885 per square metre in Elsenham.

National Policy Context

The National Planning Policy Framework

2.13 The National Planning Policy Framework ('NPPF') provides more in-depth guidance on viability of development than Planning Policy Statement 3, which limited its attention to requiring local planning authorities to test the viability of their affordable housing targets. The NPPF requires that local planning authorities have regard to the impact on viability of the cumulative effect of all their planning requirements on viability. Paragraph 173 of the NPPF requires that local planning authorities give careful attention "*to viability and costs in plan-making and decision-taking*". The NPPF requires that "*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*". After taking account of policy requirements, land values should be sufficient to "*provide competitive returns to a willing landowner and willing developer*".

2.14 The meaning of a "*competitive return*" has been the subject of considerable debate over the past year. For the purposes of testing the viability of a Local Plan, the Local Housing Delivery Group[3] has concluded that the current use value of a site (or a credible alternative use value) plus an appropriate uplift, represents a competitive return to a landowner. Some members of the RICS consider that a competitive return is determined by market value[4], although there is no consensus around this view.

Local Policy context

2.15 In addition to financing infrastructure, the Council expects residential developments to provide a mix of affordable housing tenures, sizes and types to help meet identified housing needs and contribute to the creation of mixed, balanced and inclusive communities. The Council expects developments of 5 to 14 units to incorporate 20% affordable housing, while sites of 15 units or more should incorporate 40% affordable housing.

Development context

2.16 Developments in Uttlesford range from small in-fill sites to major urban extensions. The bulk of development (in terms of volume of units) is expected to come forward on the fourteen sites tested in this study, with circa 1,000 units located in Saffron Walden; 1,700 units in Great Dunmow; 2,350 units in Elsenham; 100 units in Great Chesterford; 100 units in Newport; and 60 units in Thaxted. In addition to these planned developments, there is likely to be a modest amount of windfall development.

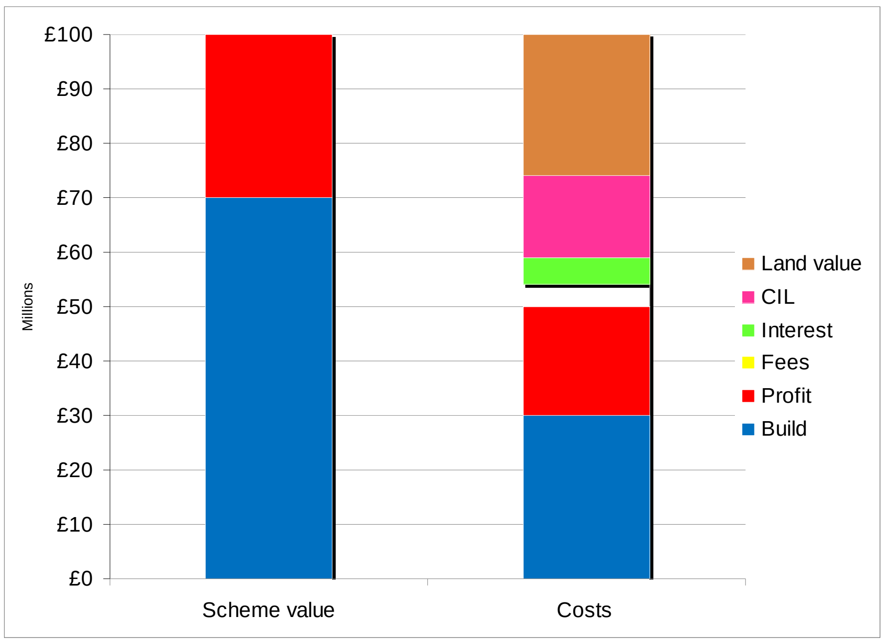
[3] Viability Testing Local Plans: Advice for planning practitioners, June 2012
[4] RICS Guidance Note: Financial Viability in Planning, August 2012

3 Methodology and appraisal inputs

3.1 Our methodology follows standard development appraisal conventions, using locally-based sites and assumptions that reflect local market and planning policy circumstances. The study is therefore specific to the major sites in Uttlesford and reflects the Council's planning policy requirements.

Approach to testing development viability

3.2 Appraisal models can be summarised via the following diagram. The total scheme value is calculated, as represented by the left hand bar. This includes the sales receipts from the private housing and the payment from a Registered Provider ('RP') for the completed affordable housing units. For a commercial scheme, scheme value equates to the capital value of the rental income. The model then deducts the build costs, fees, interest, CIL (at varying levels) and developer's profit. A 'residual' amount is left after all these costs are deducted – this is the land value that the Developer would pay to the landowner. The residual land value is represented by the brown portion of the right hand bar in the diagram.



3.3 The Residual Land Value is normally a key variable in determining whether a scheme will proceed. If a proposal generates sufficient positive land value (in excess of existing use value, discussed later), it will be implemented. If not, the proposal will not go ahead, unless there are alternative funding sources to bridge the 'gap'.

3.4 Problems with key appraisal variables can be summarised as follows:

- Development costs are subject to national and local monitoring and can be reasonably accurately assessed in 'normal' circumstances. However, some previously developed sites can sometimes encounter 'exceptional' costs such as decontamination. Such costs can be very difficult to anticipate before detailed site surveys are undertaken;
- Development value and costs will also be significantly affected by assumptions about the nature and type of affordable housing provision and

other Planning Obligations. In addition, on major projects, assumptions about development phasing; and infrastructure required to facilitate each phase of the development will affect residual values. Where the delivery of the obligations are deferred, the less the real cost to the applicant (and the greater the scope for increased affordable housing and other planning obligations). This is because the interest cost is reduced if the costs are incurred later in the development cashflow; and

- While Developer's Profit has to be assumed in any appraisal, its level is closely correlated with risk. The greater the risk, the higher the profit level required by lenders. While profit levels were typically up to around 15% of completed development value at the peak of the market in 2007, banks currently require schemes to show a higher profit to reflect the current risk. Typically developers and banks are targeting 20% profit on scheme value.

3.5 Ultimately, the landowner will make a decision on implementing a project on the basis of return and the potential for market change, and whether alternative developments might yield a higher value. The landowner's 'bottom line' will be achieving a residual land value that sufficiently exceeds 'existing use value[5]' or another appropriate benchmark to make development worthwhile. The margin above existing use value may be considerably different on individual sites, where there might be particular reasons why the premium to the landowner should be lower or higher than other sites.

3.6 Clearly, however, landowners have expectations of the value of their land which often exceed the value of the current use, particularly for agricultural sites. Ultimately, if landowners' expectations are not met, they will not voluntarily sell their land and (unless a Local Authority is prepared to use its compulsory purchase powers) some may simply hold on to their sites, in the hope that policy may change at some future point with reduced requirements. It is within the scope of those expectations that developers have to formulate their offers for sites. The task of formulating an offer for a site is complicated further still during buoyant land markets, where developers have to compete with other developers to secure a site, often speculating on increases in value.

Viability benchmark

3.7 The NPPF is not prescriptive on the type of methodology local planning authorities should use when assessing viability. The Local Housing Delivery Group published guidance in June 2012[6] which provides guidance on testing viability of Local Plan policies. The guidance notes that "*consideration of an appropriate Threshold Land Value [or viability benchmark] needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy*".

3.8 Government guidance provides no specific guidance on how local authorities should test the viability of their proposed housing sites. However, there is a range of good practice generated by both the Homes and Communities Agency and appeal decisions that assist in guiding planning authorities on how they should approach viability testing for planning policy purposes.

3.9 In 2009, the Homes and Communities Agency (HCA) published a good practice guidance manual 'Investment and Planning Obligations: Responding to the

[5] For the purposes of this report, existing use value is defined as the value of the site in its existing use, assuming that it remains in that use. We are not referring to the RICS Valuation Standards definition of 'Existing Use Value'.

[6] Viability Testing Local Plans: Advice for planning practitioners, Local Housing Delivery Group, Chaired by Sir John Harman, June 2012

Downturn'. This defines viability as follows: "*a viable development will support a residual land value at level sufficiently above the site's existing use value (EUV) or alternative use value (AUV) to support a land acquisition price acceptable to the landowner*".

3.10 The Local Housing Delivery Group published guidance in June 2012[7] which provides guidance on testing viability of Local Plan policies. The guidance notes that "*consideration of an appropriate Threshold Land Value [or viability benchmark] needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy*".

3.11 In light of the weaknesses in the market value approach, the Local Housing Delivery Group guidance recommends that benchmark land value "*is based on a premium over current use values*" with the "*precise figure that should be used as an appropriate premium above current use value [being] determined locally*". The guidance considers that this approach "*is in line with reference in the NPPF to take account of a "competitive return" to a willing land owner*".

3.12 The examination on the Mayor of London's CIL charging schedule considered the issue of an appropriate land value benchmark. The Mayor had adopted existing use value, while certain objectors suggested that 'Market Value' was a more appropriate benchmark. The Examiner concluded that:

"The market value approach…. while offering certainty on the price paid for a development site, suffers from being based on prices agreed in an historic policy context." (para 8) and that "*I don't believe that the EUV approach can be accurately described as fundamentally flawed or that this examination should be adjourned to allow work based on the market approach to be done*" (para 9).

3.13 In his concluding remark, the Examiner points out that

"the price paid for development land may be reduced [so that CIL may be accommodated]. *As with profit levels there may be cries that this is unrealistic, but* ***a reduction in development land value is an inherent part of the CIL concept****. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future. In any event in some instances it may be possible for contracts and options to be re-negotiated in the light of the changed circumstances arising from the imposition of CIL charges.* (para 32 – emphasis added).

3.14 It is important to stress, therefore, that there is no single threshold land value at which land will come forward for development. The decision to bring land forward will depend on the type of owner and, in particular, whether the owner occupies the site or holds it as an asset; the strength of demand for the site's current use in comparison to others; how offers received compare to the owner's perception of the value of the site, which in turn is influenced by prices achieved by other sites. Given the lack of a single threshold land value, it is difficult for policy makers to determine the minimum land value that sites should achieve.

[7] Viability Testing Local Plans: Advice for planning practitioners, Local Housing Delivery Group, Chaired by Sir John Harman, June 2012

3.15 The issue of viability benchmarks has been considered at length by the Local Housing Delivery Group. The Harman Guidance counsels against using market values in testing of planning policies and CIL. Relying upon historic transactions is a fundamentally flawed approach, as offers for these sites will have been framed in the context of current planning policy requirements, so an exercise using these transactions as a benchmark would tell the Council nothing about the potential for sites to absorb as yet unadopted policies. Various Local Plan inspectors and CIL examiners have accepted the key point that Local Plan policies and CIL will ultimately result in a reduction in land values, so benchmarks must consider a reasonable minimum threshold which landowners will accept. For local authority areas such as Uttlesford, where the bulk of land supply will be greenfield, the 'bottom line' in terms of land value will be the value of the site informed by the current use value, but likely to be a multiple of this value. This fundamental point is recognised by the RICS at paragraph 3.4.4. of their Guidance Note on 'Financial Viability in Planning":

"For a development to be financially viable, any uplift from current use value to residual land value that arises when planning permission is granted should be able to meet the cost of planning obligations while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering that project (the NPPF refers to this as 'competitive returns' respectively). The return to the landowner will be in the form of a land value in excess of current use value".

3.16 The Guidance goes on to state that "*it would be inappropriate to assume an uplift based on set percentages … given the diversity of individual development sites*".

3.17 For the reasons set out above, the approach of using current use values is a more reliable indicator of viability than using market values or prices paid for sites, as advocated by certain respondents. Our assessment follows this approach, as set out in paragraphs 5.27 to 5.29.

4 Baseline information on sites tested

4.1 We have appraised fourteen major developments identified by the Council, reflecting a range of sizes of development and densities of development across the District. The sites include wholly residential schemes and some residential-led mixed use schemes.

4.2 Baseline information on the fourteen sites is provided in Table 4.2.1. Sites 1 to 10 were included in the '*Consultation on Proposals for a Draft Local Plan, June 2012*' and sites 11 to 14 were included in the Council's '*Consultation on Additional Housing Numbers and Sites, November 2013*'.

Table 4.2.1: Sites tested in the study

Site no	ettlement	Location	Site area (ha)	Number of residential units
1	Saffron Walden 1	Radwinter Road/ Thaxted Road	79	800
2	Saffron Walden 2	Former Willis and Gambier Site	0.5	60
3	Great Dunmow 1	Land N of Stortford Road, W of Gt Dunmow	55	850
4	Great Dunmow 2	Land W of Chelmsford Road	16.5	300
5	Elsenham 2	Land W of Hall Road	6	115
6	Elsenham 3	Land S of Stanstead Road	12	130
7	Great Chesterford 1	New World Timber and Gt Chesterford Nursery	1	40
8	Great Chesterford 2	Land S of Stanley Road	2.3	60
9	Newport 1	Bury Water Lane/ Whiteditch Lane	15.2	300
10	Thaxted	Sampford Road	11	60
11	Additional site 1 – Saffron Walden	Ashdon Road Commercial Centre	13	167
12	Additional site 2 – Great Dunmow	Land West of Gt Dunmow, south of Stortford Road	17	400
13	Additional site 3 – Great Dunmow	Helena Romanes School Site	10.4	100
14	Additional site 4 – Elsenham	Land NE of Elsenham	131	2,100

4.3 Additional details on the Council's requirements for each site are provided at Appendix 1.

5 Appraisal inputs

5.1 In this section, we summarise the key inputs to our development appraisals of the fourteen sites.

Residential sales values

5.2 Residential values in the area reflect national trends in recent years but do of course vary between different sub-markets. We have considered comparable evidence of transacted properties in the area and also properties on the market to establish appropriate values for each scheme for testing purposes. This exercise indicates that the developments in the sample will attract average sales values ranging from circa £2,885 per square metre (£268 per square foot) to £3,450 per square metre (£320 per square foot).

Table 5.2.1: Sales values adopted in appraisals

Site no	ettlement	Location	Sales value per square metre
1	Saffron Walden 1	Radwinter Road/ Thaxted Road	£3,340
2	Saffron Walden 2	Former Willis and Gambier Site	£3,340
3	Great Dunmow 1	Land N of Stortford Road, W of Gt Dunmow	£3,090
4	Great Dunmow 2	Land W of Chelmsford Road	£3,090
5	Elsenham 2	Land W of Hall Road	£2,885
6	Elsenham 3	Land S of Stanstead Road	£2,885
7	Great Chesterford 1	New World Timber and Gt Chesterford Nursery	£3,450
8	Great Chesterford 2	Land S of Stanley Road	£3,450
9	Newport 1	Bury Water Lane/ Whiteditch Lane	£3,090
10	Thaxted	Sampford Road	£3,090
11	Additional site 1 – Saffron Walden	Ashdon Road Commercial Centre	£3,450
12	Additional site 2 – Great Dunmow	Land West of Gt Dunmow, south of Stortford Road	£3,090
13	Additional site 3 – Great Dunmow	Helena Romanes School Site	£3,090
14	Additional site 4 – Elsenham	Land NE of Elsenham	£2,885

5.3 As noted earlier in the report, Savills predict that sales values will increase over the medium term (i.e. the next five years). Whilst this predicted growth cannot be guaranteed, we have run a series of sensitivity analyses assuming growth in sales values of 2% to 3% in real terms per annum. These sensitivity analyses provide the Council with an indication of the impact of changes in values on scheme viability.

Affordable housing tenure and values

5.4 The Council's Draft Local Plan policy SP5 requires that developments comprised of 15 or more units should provide 40% affordable housing, while sites of between 5 to 14 units should provide 20% affordable housing. Schemes under 5 units are required to make a payment in lieu of on-site affordable housing.

5.5 Our appraisals assume that the rented housing is provided as affordable rent, but at rent levels that do not exceed the Local Housing Allowance. Given that some units can be let at rents of up to 80% of market rents, our appraisals reflect a cautious approach to the likely receipt from a Registered Provider. Affordable rent at higher rent levels than those we have assumed could therefore be adopted to improve scheme viability.

5.6 The CLG/HCA '*2011-2015 Affordable Homes Programme – Framework'* (February 2011) document clearly states that Registered Providers will not receive grant funding for any affordable housing provided through planning obligations. Consequently, all our appraisals assume nil grant. We recommend that the Council revisits this assumption when next reviewing its Local Plan policies.

5.7 For shared ownership units, we have assumed that Registered Providers will sell 35% initial equity stakes and charge 2.75% on the retained equity. A 10% charge for management is deducted from the rental income and the net amount is capitalised using a yield of 5%.

5.8 Additional Site 3 (Helena Romana School) is not required to provide affordable housing as the full development value is required to part fund the building of the new school.

Rents and yields for commercial floorspace

5.9 Where a scheme incorporates commercial floorspace, we have assumed that this will achieve a rent of £130 per square metre (£12 per square foot) which is at the lower end of the range for most likely development types. A 12 month rent free period is applied in all cases. We have adopted a yield of 7%, which again is likely to be cautious for most types of commercial floorspace.

Build costs

5.10 We have sourced build costs from the RICS Building Cost Information Service ('BCIS'), which is based on tenders for actual schemes. Base costs for houses are based on 'Estate Housing – Generally' which has a mean average cost of £920 per square metre including preliminaries but excluding external works. We have added a 15% allowance to the base cost for external works, which is reflective of levels of costs incurred on live developments.

5.11 An additional £7,672 per unit is included as an allowance across all housing tenures for meeting Code for Sustainable Homes level 4. This assumption is based on the 2010 CLG Study '*Code for Sustainable Homes: A cost review'* (2010). We note that more recent studies undertaken by local authorities indicate that costs have fallen over the past four years, so our assumption should be viewed as cautious.

5.12 Our appraisals incorporate an allowance of £600 per unit for the costs associated with Lifetime Homes, which is within the range identified by DCLG research on the costs of meeting Lifetime Homes standards.

5.13 We have incorporated an allowance of £250,000 per net developable hectare to allow for additional infrastructure (sewers etc) that will be required on greenfield sites.

Professional fees

5.14 In addition to base build costs, schemes will incur professional fees, covering design, valuation, and highways consultants and so on. Our appraisals incorporate a 10% allowance, which is at the middle to higher end of the range for most schemes.

Development finance

5.15 Our appraisals assume that development finance can be secured at a rate of 7%, inclusive of arrangement and exit fees, reflective of current funding conditions.

Marketing costs

5.16 Our appraisals incorporate an allowance of 3% for marketing costs, which includes show homes, agents' fees and sales legal fees.

Section 106 costs

5.17 The Council will need to raise funding for community infrastructure through Section 106 obligations on the major sites. Our appraisals incorporate an allowance of £10,000 per private housing unit to address these requirements which relate mainly to education requirements.

Highways impact mitigation costs

5.18 Essex County Council has produced a 'Highway Impact Assessment of Draft Local Plan to 2013' (March 2014). This indicates that the following mitigation works will be required to support new development in the District:

- Saffron Walden – mitigation measures costing £1 million;
- Elsenham – demand management, improvements to existing roads and a western link to the B1383 are potential options with an indicative costing £7 to £10 million excluding land purchase. We have included a notional allowance of £0.5 million for land purchase. Other options with lower costs are currently being considered.
- Strategic road network, including upgrading junction 8 of the M11, costing £5 million, and £1 million is to be financed by developments in the immediate area.

5.19 We have apportioned the £1 million mitigation requirements in Saffron Walden between the three sites based on unit numbers. This results in the following apportionment: Saffron Walden 1 - £780,000; Saffron Walden 2 - £60,000; and Additional Site 1 (Saffron Walden) - £160,000.

5.20 We have assumed that Additional Site 4 (Elsenham) will make a £1 million contribution towards strategic road network upgrading and will fund the entire cost of the western link road (assumed to total £10.5 million for both items and land purchase). As noted above, other lower cost options are being explored, so our appraisals adopt a worst case scenario.

Development and sales periods

5.21 Development and sales periods vary between type of scheme. However, our sales periods are based on an assumption of a sales rate of 3 private units per month. This is reflective of current market conditions, whereas in improved markets, a sales rate of up to 6 to 8 units per month might be expected.

Developer's profit

5.22 Developer's profit is closely correlated with the perceived risk of residential development. The greater the risk, the greater the required profit level, which helps to mitigate against the risk, but also to ensure that the potential rewards are sufficiently attractive for a bank and other equity providers to fund a scheme. In 2007, profit levels were at around 15-17% of development costs. However, following the impact of the credit crunch and the collapse in interbank lending and the various government bailouts of the banking sector, profit margins have increased. It is important to emphasise that the level of minimum profit is not necessarily determined by developers (although they will have their own view and the Boards of the major housebuilders will set targets for minimum profit).

5.23 The views of the banks which fund development are more important; if the banks decline an application by a developer to borrow to fund a development, it is very unlikely to proceed, as developers rarely carry sufficient cash to fund it themselves. Consequently, future movements in profit levels will largely be determined by the attitudes of the banks towards development proposals.

5.24 The near collapse of the global banking system in the final quarter of 2008 is resulting in a much tighter regulatory system, with UK banks having to take a much more cautious approach to all lending. In this context, and against the backdrop of the current sovereign debt crisis in the Eurozone, the banks may not allow profit levels to decrease much lower than their current level of 20%.

5.25 Our assumed return on the affordable housing GDV is 6%. A lower return on the affordable housing is appropriate as there is very limited sales risk on these units for the developer; there is often a pre-sale of the units to an RSL prior to commencement. Any risk associated with take up of intermediate housing is borne by the acquiring RSL, not by the developer. A reduced profit level on the affordable housing reflects the GLA 'Development Control Toolkit' guidance (February 2014) and Homes and Communities Agency's guidelines in its Development Appraisal Tool (August 2013).

Exceptional costs

5.26 Exceptional costs can be an issue for development viability on previously developed land. Exceptional costs relate to works that are 'atypical', such as remediation of sites in former industrial use and that are over and above standard build costs. However, in the absence of details site investigations, it is not possible to provide a reliable estimate of what exceptional costs might be. Our analysis therefore excludes exceptional costs, as to apply a blanket allowance would generate misleading results. An 'average' level of costs for abnormal ground conditions and some other 'abnormal' costs is already reflected in BCIS data, as such costs are frequently encountered on sites that form the basis of the BCIS data sample.

Benchmark land values

5.27 Benchmark land values, based on the existing use value or alternative use value of sites are key considerations in the assessment of development economics for testing planning policies and tariffs. Clearly, there is a point where the Residual Land Value (what the landowner receives from a developer) that results from a scheme may be less than the land's existing use value.

5.28 Existing use values can vary significantly, depending on the demand for the type of building relative to other areas. Similarly, subject to planning permission, the potential development site may be capable of being used in different ways – as a hotel rather than residential for example; or at least a different mix of uses. Existing use value or alternative use value are effectively the 'bottom line' in a financial sense and therefore a key factor in this study.

5.29 The bulk of the sites identified by the Council are in agricultural use, with an existing use value of circa £22,000 per hectare. Whilst agricultural land may trade at this level for on-going agricultural use, it is unlikely that landowners will accept a value at this level if a site is to be developed. Generally, a multiplier of 10 to 15 times the existing use value is applied to this type of site. Research undertaken on behalf of the Department for Communities and Local Government also suggests a range of £247,000 to £370,500 per gross hectare of greenfield land[8]. For agricultural land, we have adopted a benchmark land value of £350,000 per gross hectare, which is at the top end of the range identified. It is important to stress, however, that some landowners may still sell their land even if this benchmark is not achieved.

5.30 For sites in existing employment use (secondary industrial, timber yards, nurseries etc), we have adopted a benchmark land value of £0.7 million per gross hectare, which is reflective of the capital value of the existing uses. The benchmark land values for each site are summarised in Table 5.30.1.

Table 5.30.1: Benchmark Land Values

Site no	ettlement	xisting uses	Benchmark land value (£ millions per hectare)
1	Saffron Walden 1	Principally agricultural	0.35
2	Saffron Walden 2	Secondary industrial	0.70
3	Great Dunmow 1	Agricultural	0.35
4	Great Dunmow 2	Agricultural	0.35
5	Elsenham 2	Agricultural	0.35
6	Elsenham 3	Agricultural	0.35
7	Great Chesterford 1	Timber Yard/Nursery	0.70
8	Great Chesterford 2	Agricultural	0.35
9	Newport 1	Agricultural	0.35
10	Thaxted	Agricultural	0.35
11	Additional site 1 – Saffron Walden	Secondary warehouses and industrial units	0.70
12	Additional site 2 – Great Dunmow	Agricultural	0.35
13	Additional site 3 – Great Dunmow	School	0.70
14	Additional site 4 – Elsenham	Agricultural	0.35

[8] DCLG '*Cumulative impacts of regulations on house builders and landowners Research paper*' 2011

6 Appraisal results

6.1 This section sets out the results of our appraisals with the residual land values calculated for scenarios with sales values and capital values reflective of market conditions across the District. These RLVs are then compared to appropriate benchmark land values for each site.

6.2 The results of our appraisals are provided in full in Appendix 2 and the appraisals themselves are attached as Appendix 3.

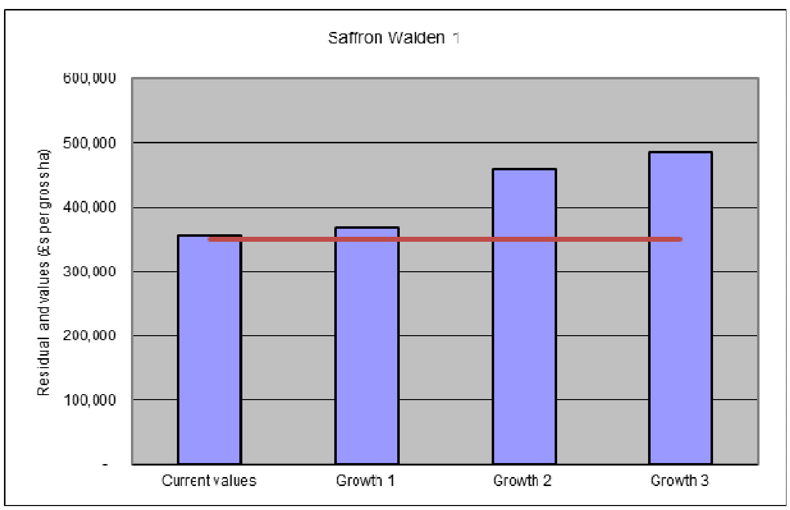
6.3 In the paragraphs below, the appraisal results are summarised in bar chart format which shows the residual values per gross hectare for each scheme at today's values, but also after the application of real growth to sales values. The benchmark land value is shown as a red line on each chart. If the residual values (represented by the bars) exceed the benchmark land value (represented by the red line), then the scheme can be considered viable. If the converse is true, the scheme may not come forward at the current time.

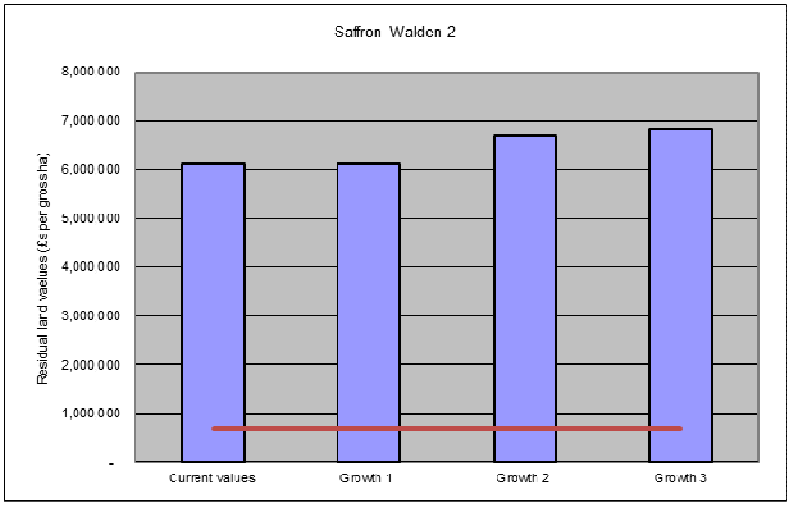
6.4 Our growth assumptions are summarised in Table 6.4.1. This growth is net of the impact of any increases in build costs, so is necessarily set at modest levels in comparison to the growth predicted by Savills (see paragraph 2.11).

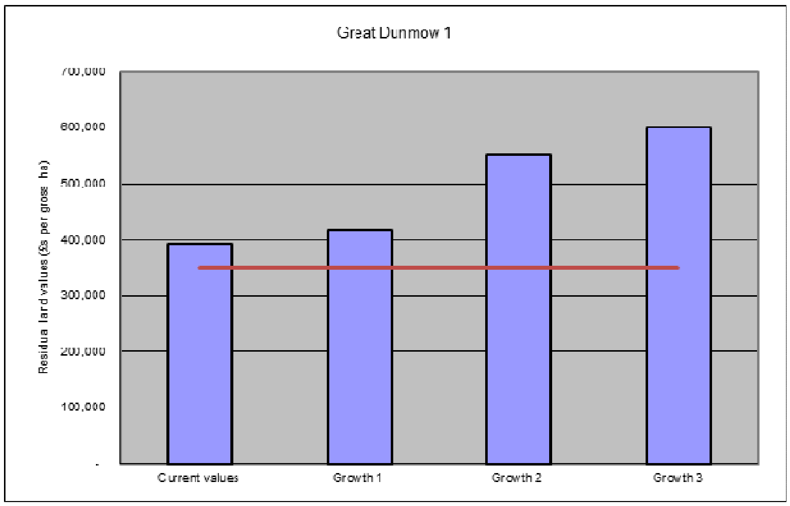
Table 6.4.1: Growth assumptions applied

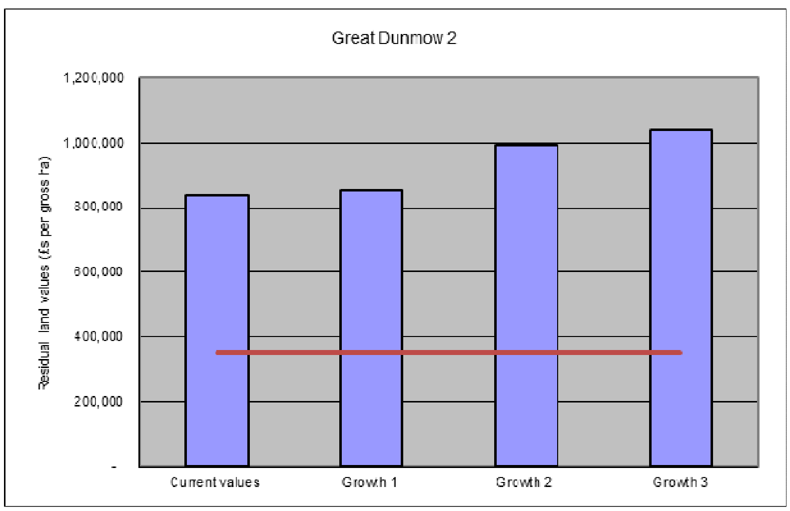
	Growth series 1	Growth series 2	Growth series 3
Apr 14 - Mar 16	0.00%	2.00%	2.50%
Apr 16 - Mar 18	0.00%	2.00%	2.50%
Apr 18 - Mar 20	2.00%	2.00%	3.00%
Apr 20 - Mar 22	2.00%	2.00%	3.00%
Apr 22 - Mar 24	2.00%	2.00%	3.00%
Apr 24 - Mar 26	2.00%	2.00%	3.00%

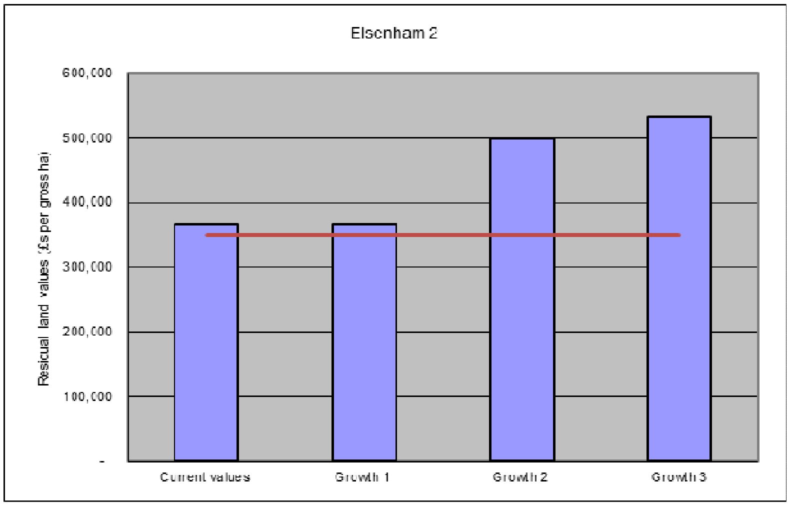
6.5 The summary charts for each site are provided below.

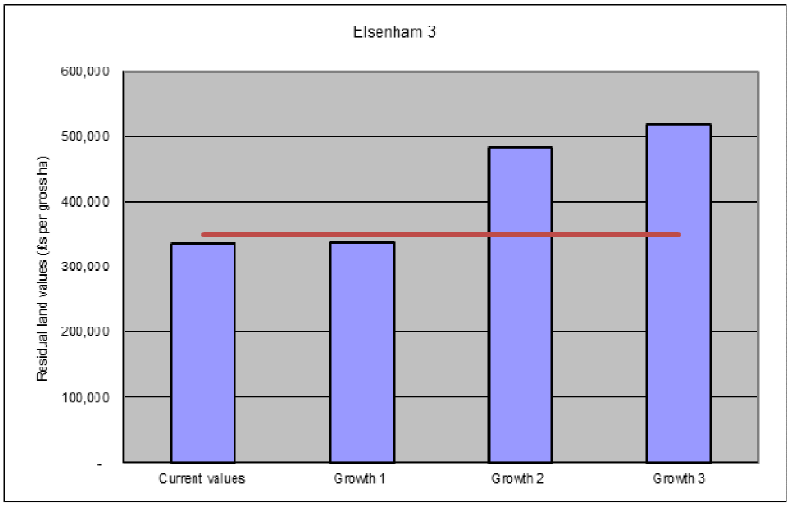


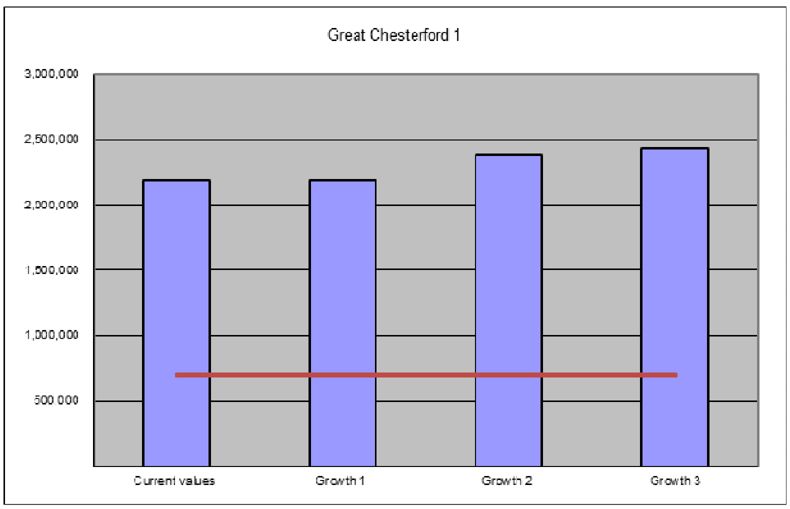

Saffron Walden 2
Residual land values (£s per gross ha)
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
Current values
Growth 1
Growth 2
Growth 3

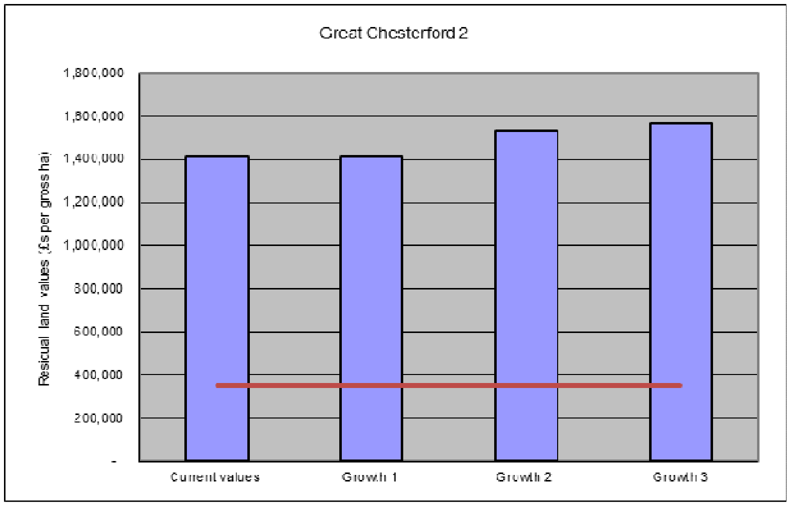

Great Dunmow 1
Residual land values (£s per gross ha)
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
Current values
Growth 1
Growth 2
Growth 3

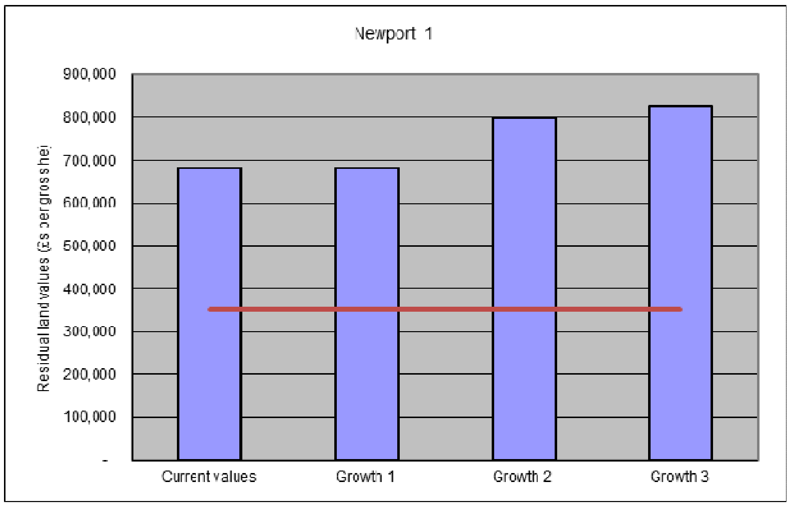

Great Dunmow 2
Residual land values (£s per gross ha)
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Current values
Growth 1
Growth 2
Growth 3

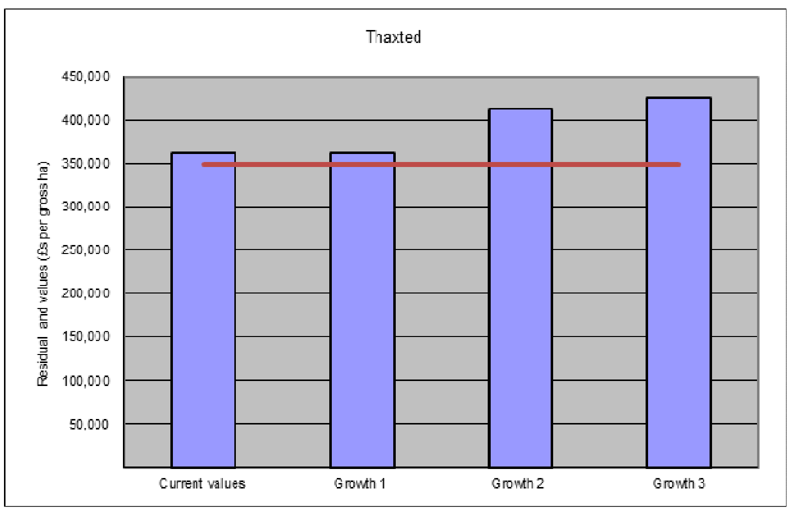

Elsenham 2
Residual land values (£s per gross ha)
600,000
500,000
400,000
300,000
200,000
100,000
-
Current values
Growth 1
Growth 2
Growth 3

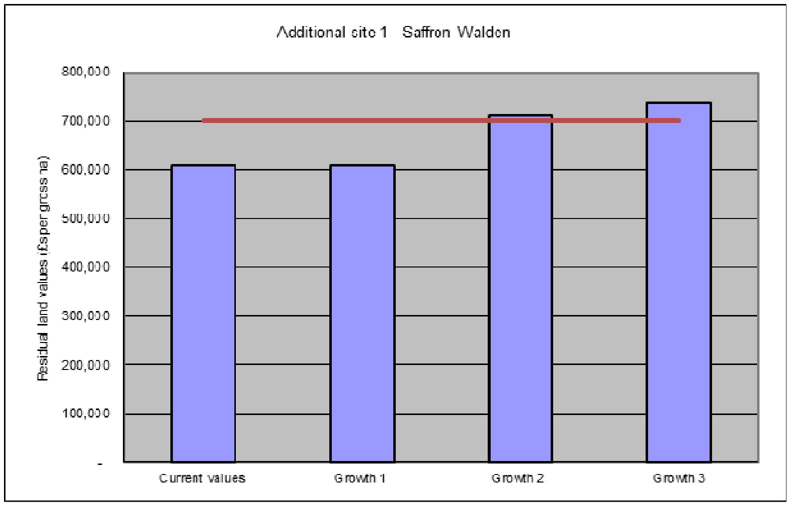

Elsenham 3
Residual land values (£s per gross ha)
600,000
500,000
400,000
300,000
200,000
100,000
-
Current values
Growth 1
Growth 2
Growth 3


Great Chesterford 1
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
Current values
Growth 1
Growth 2
Growth 3

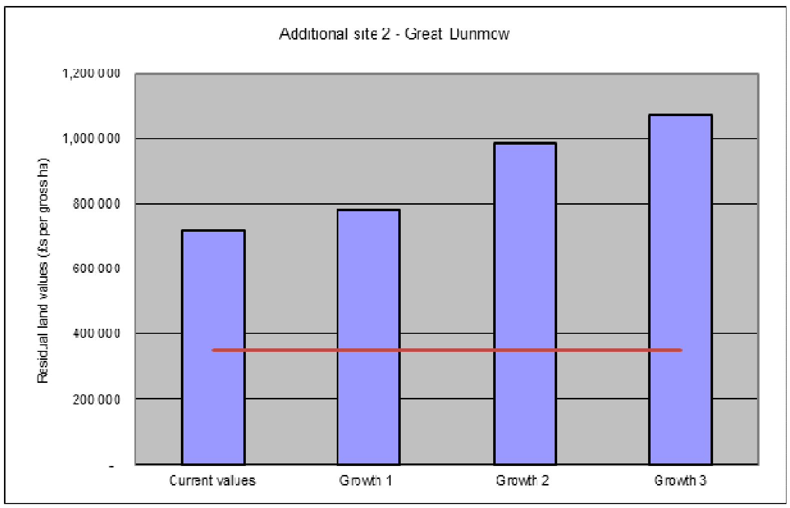

Great Chesterford 2
Residual land values (£s per gross ha)
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Current values
Growth 1
Growth 2
Growth 3


Newport 1
Residual land values (£s per gross ha)
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
Current values
Growth 1
Growth 2
Growth 3

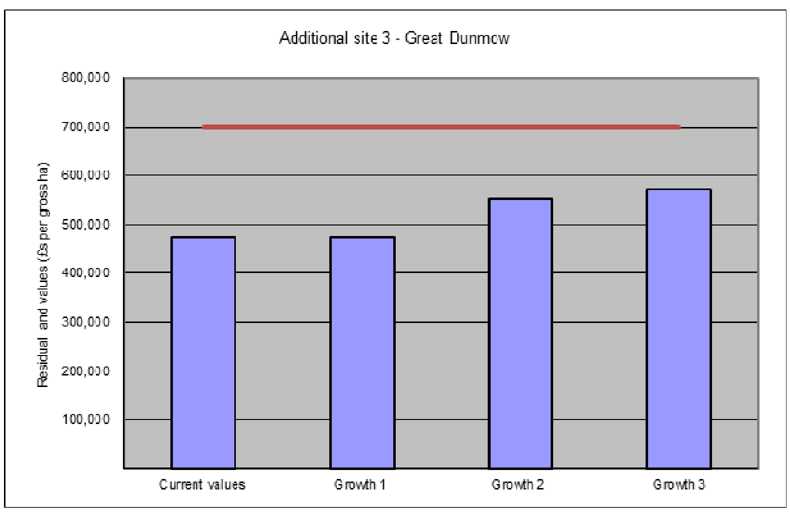

Thaxted
Residual land values (£s per gross ha)
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
Current values
Growth 1
Growth 2
Growth 3



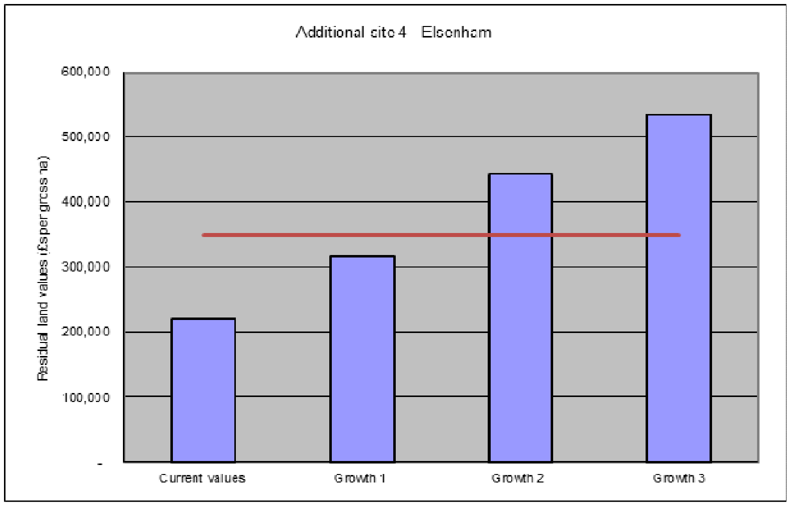
Additional site 1 Saffron Walden
Residual land values (£s per gross ha)
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
Current values
Growth 1
Growth 2
Growth 3



Additional site 2 - Great Dunmow
Residual land values (£s per gross ha)
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Current values
Growth 1
Growth 2
Growth 3



Additional site 3 - Great Dunmow
Residual land values (£s per gross ha)
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
Current values
Growth 1
Growth 2
Growth 3



6.6 The results of our appraisals indicate that most of the sites will be able to come forward at current values. Many of these sites generate residual land values that far exceed the benchmark land values, so we can conclude that the Council's policy requirements do not put land supply at risk.

6.7 At current sales values, four sites generate residual land values that are lower than the benchmark land value (Elsenham 3, Additional Site 1 (Saffron Walden), Additional Site 3 (Great Dunmow) and Additional Site 4 (Elseham). Additional Site 4 is assumed to fund a £10.5 million contribution towards a new western link and strategic transport and consequently the residual land value is relatively low on a per hectare basis (£220,000 per gross hectare). It should be noted that this is only one of several options under consideration, but at this stage this is the only option that has been costed. We understand that the other options are likely to attract considerably lower costs. Our appraisals therefore adopt a worst case scenario. Clearly if other options can reduce costs, scheme viability would improve.

6.8 When growth series 2 is applied, Elsenham 3, Additional Site 1 and Additional Site 4 all become viable. This indicates that the schemes are currently only marginally unviable and have reasonable prospects of becoming viable in the near future. Additional Site 4 is the largest site and will be developed over a number of years. Some flexibility on affordable housing may be required in early phases, with any shortfall being recovered in later phases.

6.9 Additional site 3 (Great Dunmow) generates a residual land value of £474,000 at current sales values and £573,000 when growth series 3 is applied. As noted in paragraph 5.8, the Council has indicated that this site is to be treated as an 'enabling' development to reprovide the existing Helena Romana School on an alternative site. Consequently, no affordable housing is to be required, so that capital receipts can be maximised to fund the school. Although this site is shown as generating a land value below the benchmark, it can still be considered viable as it will assist in achieving the aim of generating cross subsidy for the new school.

7 Conclusions and recommendations

7.1 The NPPF states that the cumulative impact of local planning authority standards and policies "*should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle*". This report and its supporting appendices test this proposition in the District of Uttlesford.

7.2 We have tested the impact of the Council's affordable housing policies and other requirements as a base position at current sales values. The results generated by this base position indicate that in the majority of cases the Council's requirements will not adversely impact on viability of developments.

7.3 The appraisals indicate that developments that are not currently viable are likely to become viable over the economic cycle.

7.4 The results of our appraisals indicate that the Council's target of 40% affordable housing on sites of 15 units or more should be deliverable on the majority of sites that are expected to come forward over the life of the Development Plan. However, it is critical that developers do not over-pay for sites such that the value generated by developments is paid to the landowner, rather than being used to provide affordable housing. The Council should work closely with developers to ensure that landowners' expectations of land value are appropriately framed within the local policy context.

7.5 Our appraisals do not consider the potential impact that grant funding might have on scheme viability. This is a realistic assumption for the short term, given the constraints on public spending and the significant drop in funding during the current spending round. Levels of grant funding may change in the future and an increase in subsidy would clearly improve viability. The Council should therefore monitor the situation closely over the medium term.

7.6 Our appraisals indicate that current requirements to develop housing that meets CSH level 4 are unlikely to have an adverse impact on viability. However, moving to the higher levels of CSH level 6 is likely to have a significant knock-on effect on the ability of schemes to be viably developed alongside other policy requirements. Over time, it is anticipated that the extra-over costs of achieving CSH level 6 will fall.

Appendix 1 - Scheme details

Uttlesford Major sites

Settlement	Location	Size (ha)	Existing use	Formal open space (ha)	Landspace buffer (ha)	Allotments (ha)	No of resi units	Employ-ment (ha)	B1 R&D (ha)	B1, B2, B8 (ha)	Health centre (sqm)
Saffron Walden 1	Radwinter Rd / Thaxted Rd etc	79	Principally agricultrual	7.8	8	2	800	6			
Saffron Walden 2	Fmr Willis and Gambier Site	0.5	Industrial buildings	0.5	0	0	60	0			
Great Dunmow 1	Land N of Stortford Rd, W of Gt Dunmow	55	Agricultural	Yes - no area	15	3	850	0			
Great Dunmow 2	Land W of Chelmsford Rd	16.5	Agricultural	Yes - no area	0	0	300	3			
Elsenham 2	Land W of Hall Rd	6	Agricultural	Yes - no area	0	0	115	0			
Elsenham 3	Land S of Stanstead Rd	12	Agricultural	Yes - no area	Yes - no area	1	130	0			
Gt Chesterford 1	New World Timber & Gt C'ford Nursery	1	Timber Yard/Nursery	Yes - no area	0	0	40	0			
Gt Chesterford 2	Land S of Stanley Rd	2.3	Agricultural	Yes - no area	0	1	60	0			
Newport 1	Bury Water Lane/Whiteditch Lane	15.2	Agricultural	Yes - no area		1	300	0			
Thaxted	Sampford Road	11	Agricultural	Yes - no area	0	1	60	0			
Additional Site 1 - Saffron Walden	Ashdon Road Commercial Centre	13	Secondary warehouses and industrial units	Yes - no area	4		167	0.47	0.40	1.16	
Additional Site 2 - Great Dunmow	Land West of Gt Dunmow, south of Stortford Road	17	Agricultural and health centre	No	0	-	400				1,800
Additional Site 3 - Great Dunmow	Helena Romanes School	10.4	School	Yes - no area	1.8		100				
Additional Site 4 - Elsenham	Land north east of Elsenham	131	Agricultural	Yes - no area			2,100	4.00			

Uttlesford Major sites

Settlement	Retail warehousing (sqm)	Primary School land (ha)	Secondary school land (ha)	Post 16 Ed centre	Local centre	Store in Local store (sqm)	Additional requirements
Saffron Walden 1	4,500	2.1	No		Yes	790	Link Road, Off-site highways works, off-site highways works, public transport cont
Saffron Walden 2	0	0	No		No	0	Contributions to cycle/footway and public transport cont
Great Dunmow 1	0	2.1	No	Yes	Yes	0	None
Great Dunmow 2	0	1.7	No	No	No	0	Junction improvements, public transport conts
Elsenham 2	0	1 (land onl	No	No	No	0	Public transport, contribution to community centre
Elsenham 3	0	0	No	No	No	0	Public transport, contribution to community centre
Gt Chesterford 1	0	0	No	No	No	0	NA
Gt Chesterford 2	0	2.1	No	No	No	0	Pedestrian and cycle links
Newport 1	0	0	No	No	No	0	Highways improvements, Playing field for Grammar School; provision of GP surgery
Thaxted	0	0	No	No	No	0	NA
Additional Site 1 - Saffron Walden				No	0.86		
Additional Site 2 - Great Dunmow		0	-	No	-	-	
Additional Site 3 - Great Dunmow		No	No	No	No	-	
Additional Site 4 - Elsenham		Yes	Yes	No	Yes		

Appendix 2 - Appraisal results

UTTLESFORD DISTRICT COUNCIL - STRATEGIC SITES VIABILITY TESTING

	Residual Land Values					Residual Land Values (per hectare)			
Site	Current values	Growth 1	Growth 2	Growth 3		Current values	Growth 1	Growth 2	Growth 3
Saffron Walden 1	28,010,774	29,098,079	36,401,622	38,347,631	Saffron Walden 1	354,567	368,330	460,780	485,413
Saffron Walden 2	3,053,577	3,053,577	3,340,509	3,412,794	Saffron Walden 2	6,107,154	6,107,154	6,681,018	6,825,588
Great Dunmow 1	21,557,127	22,945,563	30,407,935	33,080,838	Great Dunmow 1	391,948	417,192	552,872	601,470
Great Dunmow 2	13,836,379	14,071,121	16,402,196	17,115,645	Great Dunmow 2	838,568	852,795	994,072	1,037,312
Elsenham 2	2,200,414	2,200,414	2,990,892	3,192,876	Elsenham 2	366,736	366,736	498,482	532,146
Elsenham 3	2,222,593	2,237,676	3,182,841	3,432,425	Elsenham 3	336,757	339,042	482,249	520,064
Gt Chesterford 1	2,193,021	2,193,021	2,382,828	2,430,602	Gt Chesterford 1	2,193,021	2,193,021	2,382,828	2,430,602
Gt Chesterford 2	3,250,266	3,250,266	3,534,976	3,606,637	Gt Chesterford 2	1,413,159	1,413,159	1,536,946	1,568,103
Newport 1	3,892,901	3,892,901	4,555,724	4,724,648	Newport 1	682,965	682,965	799,250	828,886
Thaxted	1,882,453	1,882,453	2,149,803	2,217,150	Thaxted	362,010	362,010	413,424	426,375
Additional Site 1 - Saffron Walden	7,918,069	7,923,157	9,238,600	9,577,007	Additional Site 1 - Saffron Walden	609,082	609,474	710,662	736,693
Additional Site 2 - Great Dunmow	12,220,159	13,273,948	16,778,080	18,263,363	Additional Site 2 - Great Dunmow	718,833	780,820	986,946	1,074,315
Additional Site 3 - Great Dunmow	4,933,516	4,933,516	5,754,296	5,963,003	Additional Site 3 - Great Dunmow	474,377	474,377	553,298	573,366
Additional Site 4 - Elsenham	28,829,025	41,549,326	58,263,576	70,015,457	Additional Site 4 - Elsenham	220,069	317,170	444,760	534,469

Appendix 3 - Development appraisals (current values)

APPRAISAL SUMMARY					**BNP PARIBAS REAL ESTATE**

Saffron Walden 1

Summary Appraisal for Phase 1

REVENUE					
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**		
PD units	44,160.00	£3,340.00	147,494,400		
AH units	29,440.00	£1,508.00	44,395,520		
Totals	73,600.00		191,889,920	**191,889,920**	
Rental Area Summary	**m²**	**Rate m²**	**Gross MRV**		
Employment floorspace	30,000.00	£130.00	3,900,000		
Retail outlet	790.00	£200.00	158,000		
Totals	30,790.00		4,058,000		
Investment Valuation					
Employment floorspace					
Market Rent	3,900,000	YP @	7.0000%	14.2857	
(1yr 1mth Unexpired Rent Free)		PV 1yr 1mth @	7.0000%	0.9293	51,776,673
Retail outlet					
Market Rent	158,000	YP @	7.0000%	14.2857	
(1yr 1mth Unexpired Rent Free)		PV 1yr 1mth @	7.0000%	0.9293	2,097,619
					53,874,292
GROSS DEVELOPMENT VALUE				245,764,212	
NET REALISATION				**245,764,212**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (79.00 Ha £354,566.75 pHect)			28,010,774		
Stamp Duty		4.00%	1,120,431		
Agent Fee		1.00%	280,108		
Legal Fee		0.80%	224,086		
				29,635,398	
CONSTRUCTION COSTS					
Construction	**m²**	**Rate m²**	**Cost**		
Employment floorspace	36,000.00	£748.00	26,928,000		
Retail outlet	929.41	£1,000.00	929,412		
PD units	44,160.00	£1,058.00	46,721,280		
AH units	29,440.00	£941.00	27,703,040		
Totals	110,529.41		102,281,732	**102,281,732**	
Developers Contingency		5.00%	3,721,216		
Infrastructure works	59.10 m²	250,000.00 pm²	14,775,000		
Statutory/LA	480.00 units	10,000.00 /un	4,800,000		
Lifetime Homes	800.00 units	600.00 /un	480,000		
Code for Sustainable Homes Leve	800.00 units	7,672.00 /un	6,137,600		
Highways contribution			780,000		
				30,693,816	
Other Construction					
Profit on PD		20.00%	40,273,738		
Profit on AH		6.00%	2,663,731		
				42,937,470	
PROFESSIONAL FEES					
Professional fees		10.00%	10,228,173		
				10,228,173	
MARKETING & LETTING					
Marketing		3.00%	4,424,832		
Letting Agent Fee		10.00%	405,800		
Letting Legal Fee		5.00%	202,900		
				5,033,532	
DISPOSAL FEES					
Sales Legal Fee	480.00 units	650.00 /un	312,000		

Saffron Walden 1

			312,000
FINANCE			
Debit Rate 7.00% Credit Rate 0.00% (Nominal)			
Land		13,523,563	
Construction		7,795,165	
Other		3,323,361	
Total Finance Cost			24,642,090
TOTAL COSTS			**245,764,211**
PROFIT			
			1
Performance Measures			
Profit on Cost%	0.00%		
Profit on GDV%	0.00%		
Profit on NDV%	0.00%		
Development Yield% (on Rent)	1.65%		
Equivalent Yield% (Nominal)	7.00%		
Equivalent Yield% (True)	7.32%		
Gross Initial Yield%	7.53%		
Net Initial Yield%	7.53%		
	6.82%		
Rent Cover	0 yrs 0 mths		
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths		

Saffron Walden 2

Summary Appraisal for Phase 1

REVENUE				
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	
PD units	3,312.00	£3,340.00	11,062,080	
AH units	2,208.00	£1,508.00	3,329,664	
Totals	5,520.00		14,391,744	**14,391,744**
NET REALISATION				**14,391,744**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (0.50 Ha £6,107,154.63 pHect)			3,053,577	
Stamp Duty		4.00%	122,143	
Agent Fee		1.00%	30,536	
Legal Fee		0.80%	24,429	
				3,230,685
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
PD units	3,312.00	£1,058.00	3,504,096	
AH units	2,208.00	£1,058.00	2,336,064	
Totals	5,520.00		5,840,160	**5,840,160**
Developers Contingency		5.00%	292,008	
Infrastructure works	0.50 m²	250,000.00 pm²	125,000	
Statutory/LA	36.00 units	10,000.00 /un	360,000	
Lifetime Homes	60.00 units	600.00 /un	36,000	
Code for Sustainable Homes Leve	60.00 units	7,672.00 /un	460,320	
Highways			60,000	
				1,333,328
Other Construction				
Profit on PD		20.00%	2,212,416	
Profit on AH		6.00%	199,780	
				2,412,196
PROFESSIONAL FEES				
Professional fees		10.00%	584,016	
				584,016
MARKETING & LETTING				
Marketing		3.00%	331,862	
				331,862
DISPOSAL FEES				
Sales Legal Fee	36.00 units	650.00 /un	23,400	
				23,400
FINANCE				
Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			270,711	
Construction			116,480	
Other			248,906	
Total Finance Cost				636,097
TOTAL COSTS				**14,391,744**
PROFIT				
				0
Performance Measures				
Profit on Cost%		0.00%		
Profit on GDV%		0.00%		
Profit on NDV%		0.00%		
		6.36%		
Profit Erosion (finance rate 7.000%)		N/A		

APPRAISAL SUMMARY — BNP PARIBAS REAL ESTATE

Great Dunmow 1

Summary Appraisal for Phase 1

REVENUE				
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	
PD units	49,680.00	£3,090.00	153,511,200	
AH units	33,120.00	£1,359.00	45,010,080	
Totals	82,800.00		198,521,280	**198,521,280**
NET REALISATION				**198,521,280**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (55.00 Ha £391,947.77 pHect)			21,557,127	
Stamp Duty		4.00%	862,285	
Agent Fee		1.00%	215,571	
Legal Fee		0.80%	172,457	
				22,807,441
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
PD units	49,680.00	£1,058.00	52,561,440	
AH units	33,120.00	£1,058.00	35,040,960	
Totals	82,800.00		87,602,400	**87,602,400**
Developers Contingency		5.00%	4,380,120	
Infrastructure works	30.00 m²	250,000.00 pm²	7,500,000	
Statutory/LA	540.00 units	10,000.00 /un	5,400,000	
Lifetime Homes	900.00 units	600.00 /un	540,000	
Code for Sustainable Homes Leve	900.00 units	7,672.00 /un	6,904,800	
				24,724,920
Other Construction				
Profit on PD		20.00%	30,702,240	
Profit on AH		6.00%	2,700,605	
				33,402,845
PROFESSIONAL FEES				
Professional fees		10.00%	11,830,464	
				11,830,464
MARKETING & LETTING				
Marketing		3.00%	4,605,336	
				4,605,336
DISPOSAL FEES				
Sales Legal Fee	540.00 units	650.00 /un	351,000	
				351,000
FINANCE				
Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			10,847,638	
Construction			1,727,703	
Other			621,533	
Total Finance Cost				13,196,874
TOTAL COSTS				**198,521,280**
PROFIT				
				0
Performance Measures				
Profit on Cost%		0.00%		
Profit on GDV%		0.00%		
Profit on NDV%		0.00%		
		6.62%		
Profit Erosion (finance rate 7.000%)		N/A		

Great Dunmow 2

Summary Appraisal for Phase 1

REVENUE					
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**		
PD units	16,560.00	£3,090.00	51,170,400		
AH units	11,040.00	£1,359.00	15,003,360		
Totals	27,600.00		66,173,760	**66,173,760**	
Rental Area Summary	**m²**	**Rate m²**	**Gross MRV**		
Employment floorspace	15,300.00	£130.00	1,989,000		
Investment Valuation					
Employment floorspace					
Market Rent	1,989,000	YP @	7.0000%	14.2857	
		PV 6yrs 6mths @	7.0000%	0.6442	18,303,839
GROSS DEVELOPMENT VALUE				84,477,599	
NET REALISATION				**84,477,599**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (16.50 Ha £838,568.41 pHect)			13,836,379		
Stamp Duty		4.00%	553,455		
Agent Fee		1.00%	138,364		
Legal Fee		0.80%	110,691		
				14,638,889	
CONSTRUCTION COSTS					
Construction	**m²**	**Rate m²**	**Cost**		
Employment floorspace	18,000.00	£748.00	13,464,000		
PD units	16,560.00	£1,058.00	17,520,480		
AH units	11,040.00	£1,058.00	11,680,320		
Totals	45,600.00		42,664,800	**42,664,800**	
Developers Contingency		5.00%	2,133,240		
Infrastructure works	13.15 m²	250,000.00 pm²	3,287,500		
Statutory/LA	180.00 units	10,000.00 /un	1,800,000		
Lifetime Homes	300.00 units	600.00 /un	180,000		
Code for Sustainable Homes Leve	300.00 units	7,672.00 /un	2,301,600		
				9,702,340	
Other Construction					
Profit on PD		20.00%	10,234,080		
Profit on AH		6.00%	900,202		
				11,134,282	
PROFESSIONAL FEES					
Professional fees		10.00%	2,920,080		
				2,920,080	
MARKETING & LETTING					
Marketing		3.00%	1,535,112		
				1,535,112	
DISPOSAL FEES					
Sales Legal Fee	180.00 units	650.00 /un	117,000		
				117,000	
FINANCE					
Debit Rate 7.00% Credit Rate 0.00% (Nominal)					
Land			1,580,095		
Construction			134,636		
Other			50,366		
Total Finance Cost				1,765,097	
TOTAL COSTS				**84,477,599**	

Great Dunmow 2

PROFIT

0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	2.35%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	10.87%
Net Initial Yield%	10.87%
	5.69%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

Elsenham 2

Summary Appraisal for Phase 1

REVENUE				
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	
PD units	6,624.00	£2,885.00	19,110,240	
AH units	4,416.00	£1,359.00	6,001,344	
Totals	11,040.00		25,111,584	**25,111,584**
NET REALISATION				**25,111,584**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (6.00 Ha £366,735.68 pHect)			2,200,414	
Stamp Duty		4.00%	88,017	
Agent Fee		1.00%	22,004	
Legal Fee		0.80%	17,603	
				2,328,038
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
PD units	6,624.00	£1,058.00	7,008,192	
AH units	4,416.00	£1,058.00	4,672,128	
Totals	11,040.00		11,680,320	**11,680,320**
Developers Contingency		5.00%	584,016	
Infrastructure works	4.40 m²	250,000.00 pm²	1,100,000	
Statutory/LA	72.00 units	10,000.00 /un	720,000	
Lifetime Homes	120.00 units	600.00 /un	72,000	
Code for Sustainable Homes Leve	120.00 units	7,672.00 /un	920,640	
				3,396,656
Other Construction				
Profit on PD		20.00%	3,822,048	
Profit on AH		6.00%	360,081	
				4,182,129
PROFESSIONAL FEES				
Professional fees		10.00%	1,168,032	
				1,168,032
MARKETING & LETTING				
Marketing		3.00%	573,307	
				573,307
DISPOSAL FEES				
Sales Legal Fee	72.00 units	650.00 /un	46,800	
				46,800
FINANCE				
Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			362,294	
Construction			650,980	
Other			723,028	
Total Finance Cost				1,736,302
TOTAL COSTS				**25,111,584**
PROFIT				
				0
Performance Measures				
Profit on Cost%		0.00%		
Profit on GDV%		0.00%		
Profit on NDV%		0.00%		
		6.64%		
Profit Erosion (finance rate 7.000%)		N/A		

APPRAISAL SUMMARY — BNP PARIBAS REAL ESTATE

Elsenham 3

Summary Appraisal for Phase 1

REVENUE				
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	
PD units	7,176.00	£2,885.00	20,702,760	
AH units	4,784.00	£1,359.00	6,501,456	
Totals	11,960.00		27,204,216	**27,204,216**
NET REALISATION				**27,204,216**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (6.60 Ha £336,756.45 pHect)			2,222,593	
Stamp Duty		4.00%	88,904	
Agent Fee		1.00%	22,226	
Legal Fee		0.80%	17,781	
				2,351,503
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
PD units	7,176.00	£1,058.00	7,592,208	
AH units	4,784.00	£1,058.00	5,061,472	
Totals	11,960.00		12,653,680	**12,653,680**
Developers Contingency		5.00%	632,684	
Infrastructure works	4.20 m²	250,000.00 pm²	1,050,000	
Statutory/LA	78.00 units	10,000.00 /un	780,000	
Lifetime Homes	130.00 units	600.00 /un	78,000	
Code for Sustainable Homes Leve	130.00 units	7,672.00 /un	997,360	
				3,538,044
Other Construction				
Profit on PD		20.00%	4,140,552	
Profit on AH		6.00%	390,087	
				4,530,639
PROFESSIONAL FEES				
Professional fees		10.00%	1,265,368	
				1,265,368
MARKETING & LETTING				
Marketing		3.00%	621,083	
				621,083
DISPOSAL FEES				
Sales Legal Fee	78.00 units	650.00 /un	50,700	
				50,700
FINANCE				
Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			413,501	
Construction			792,433	
Other			987,265	
Total Finance Cost				2,193,199
TOTAL COSTS				**27,204,216**
PROFIT				
				0
Performance Measures				
Profit on Cost%		0.00%		
Profit on GDV%		0.00%		
Profit on NDV%		0.00%		
		6.71%		
Profit Erosion (finance rate 7.000%)		0 yrs 0 mths		

Gt Chesterford 1

Summary Appraisal for Phase 1

REVENUE				
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	
PD units	2,208.00	£3,450.00	7,617,600	
AH units	1,472.00	£1,543.00	2,271,296	
Totals	3,680.00		9,888,896	**9,888,896**
NET REALISATION				**9,888,896**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (1.00 Ha £2,193,021.02 pHect)			2,193,021	
Stamp Duty		4.00%	87,721	
Agent Fee		1.00%	21,930	
Legal Fee		0.80%	17,544	
				2,320,216
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
PD units	2,208.00	£1,058.00	2,336,064	
AH units	1,472.00	£1,058.00	1,557,376	
Totals	3,680.00		3,893,440	**3,893,440**
Developers Contingency		5.00%	194,672	
Infrastructure works	0.80 m²	250,000.00 pm²	200,000	
Statutory/LA	24.00 units	10,000.00 /un	240,000	
Lifetime Homes	40.00 units	600.00 /un	24,000	
Code for Sustainable Homes Leve	40.00 units	7,672.00 /un	306,880	
				965,552
Other Construction				
Profit on PD		20.00%	1,523,520	
Profit on AH		6.00%	136,278	
				1,659,798
PROFESSIONAL FEES				
Professional fees		10.00%	389,344	
				389,344
MARKETING & LETTING				
Marketing		3.00%	228,528	
				228,528
DISPOSAL FEES				
Sales Legal Fee	24.00 units	650.00 /un	15,600	
				15,600
FINANCE				
Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			195,487	
Construction			77,332	
Other			143,600	
Total Finance Cost				416,418
TOTAL COSTS				**9,888,896**
PROFIT				
				0
Performance Measures				
Profit on Cost%		0.00%		
Profit on GDV%		0.00%		
Profit on NDV%		0.00%		
		6.32%		
Profit Erosion (finance rate 7.000%)		0 yrs 0 mths		

Gt Chesterford 2

Summary Appraisal for Phase 1

REVENUE				
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	
PD units	3,312.00	£3,450.00	11,426,400	
AH units	2,208.00	£1,543.00	3,406,944	
Totals	5,520.00		14,833,344	**14,833,344**
NET REALISATION				**14,833,344**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (2.30 Ha £1,413,158.94 pHect)			3,250,266	
Stamp Duty		4.00%	130,011	
Agent Fee		1.00%	32,503	
Legal Fee		0.80%	26,002	
				3,438,781
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
PD units	3,312.00	£1,058.00	3,504,096	
AH units	2,208.00	£1,058.00	2,336,064	
Totals	5,520.00		5,840,160	**5,840,160**
Developers Contingency		5.00%	292,008	
Infrastructure works	1.07 m²	250,000.00 pm²	267,500	
Statutory/LA	36.00 units	10,000.00 /un	360,000	
Lifetime Homes	60.00 units	600.00 /un	36,000	
Code for Sustainable Homes Leve	60.00 units	7,672.00 /un	460,320	
				1,415,828
Other Construction				
Profit on PD		20.00%	2,285,280	
Profit on AH		6.00%	204,417	
				2,489,697
PROFESSIONAL FEES				
Professional fees		10.00%	660,398	
				660,398
MARKETING & LETTING				
Marketing		3.00%	342,792	
				342,792
DISPOSAL FEES				
Sales Legal Fee	36.00 units	650.00 /un	23,400	
				23,400
FINANCE				
Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			289,715	
Construction			117,174	
Other			215,399	
Total Finance Cost				622,288
TOTAL COSTS				**14,833,344**
PROFIT				
				0
Performance Measures				
Profit on Cost%		0.00%		
Profit on GDV%		0.00%		
Profit on NDV%		0.00%		
		6.32%		
Profit Erosion (finance rate 7.000%)		0 yrs 0 mths		

APPRAISAL SUMMARY **BNP PARIBAS REAL ESTATE**

Newport 1

Summary Appraisal for Phase 1

REVENUE				
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	
PD units	5,520.00	£3,090.00	17,056,800	
AH units	3,680.00	£1,501.00	5,523,680	
Totals	9,200.00		22,580,480	**22,580,480**
NET REALISATION				**22,580,480**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (5.70 Ha £682,965.04 pHect)			3,892,901	
Stamp Duty		4.00%	155,716	
Agent Fee		1.00%	38,929	
Legal Fee		0.80%	31,143	
				4,118,689
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
PD units	5,520.00	£1,058.00	5,840,160	
AH units	3,680.00	£1,058.00	3,893,440	
Totals	9,200.00		9,733,600	**9,733,600**
Developers Contingency		5.00%	486,680	
Statutory/LA	60.00 units	10,000.00 /un	600,000	
Lifetime Homes	100.00 units	600.00 /un	60,000	
Code for Sustainable Homes Leve	100.00 units	7,672.00 /un	767,200	
				1,913,880
Other Construction				
Profit on PD		20.00%	3,411,360	
Profit on AH		6.00%	331,421	
				3,742,781
PROFESSIONAL FEES				
Professional fees		10.00%	973,360	
				973,360
MARKETING & LETTING				
Marketing		3.00%	511,704	
				511,704
DISPOSAL FEES				
Sales Legal Fee	60.00 units	650.00 /un	39,000	
				39,000
FINANCE				
Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			550,560	
Construction			328,530	
Other			668,376	
Total Finance Cost				1,547,466
TOTAL COSTS				**22,580,480**
PROFIT				
				0
Performance Measures				
Profit on Cost%		0.00%		
Profit on GDV%		0.00%		
Profit on NDV%		0.00%		
		6.63%		
Profit Erosion (finance rate 7.000%)		N/A		

APPRAISAL SUMMARY **BNP PARIBAS REAL ESTATE**

Thaxted

Summary Appraisal for Phase 1

REVENUE				
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	
PD units	3,312.00	£3,090.00	10,234,080	
AH units	2,208.00	£1,467.00	3,239,136	
Totals	5,520.00		13,473,216	**13,473,216**
NET REALISATION				**13,473,216**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (5.20 Ha £362,010.28 pHect)			1,882,453	
Stamp Duty		4.00%	75,298	
Agent Fee		1.00%	18,825	
Legal Fee		0.80%	15,060	
				1,991,636
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
PD units	3,312.00	£1,058.00	3,504,096	
AH units	2,208.00	£1,058.00	2,336,064	
Totals	5,520.00		5,840,160	**5,840,160**
Developers Contingency		5.00%	292,008	
Infrastructure works	3.10 m²	250,000.00 pm²	775,000	
Statutory/LA	36.00 units	10,000.00 /un	360,000	
Lifetime Homes	60.00 units	600.00 /un	36,000	
Code for Sustainable Homes Leve	60.00 units	7,672.00 /un	460,320	
				1,923,328
Other Construction				
Profit on PD		20.00%	2,046,816	
Profit on AH		6.00%	194,348	
				2,241,164
PROFESSIONAL FEES				
Professional fees		10.00%	584,016	
				584,016
MARKETING & LETTING				
Marketing		3.00%	307,022	
				307,022
DISPOSAL FEES				
Sales Legal Fee	36.00 units	650.00 /un	23,400	
				23,400
FINANCE				
Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			168,022	
Construction			164,410	
Other			230,058	
Total Finance Cost				562,490
TOTAL COSTS				**13,473,216**
PROFIT				
				0
Performance Measures				
Profit on Cost%		0.00%		
Profit on GDV%		0.00%		
Profit on NDV%		0.00%		
		6.32%		
Profit Erosion (finance rate 7.000%)		0 yrs 0 mths		

APPRAISAL SUMMARY — BNP PARIBAS REAL ESTATE

Additional Site 1 - Saffron Walden

Summary Appraisal for Phase 1

REVENUE

Sales Valuation	**m²**	**Rate m²**	**Gross Sales**		
PD units	9,200.00	£3,340.00	30,728,000		
AH units	6,164.00	£1,508.00	9,295,312		
Totals	15,364.00		40,023,312	**40,023,312**	
Rental Area Summary	**Units**	**Unit Amount**	**Gross MRV**		
	m²	**Rate m²**	**Gross MRV**		
Employment floorspace	10,150.00	£130.00	1,319,499		
Investment Valuation					
Employment floorspace					
Market Rent	1,319,499	YP @	7.0000%	14.2857	
(1yr Unexpired Rent Free)		PV 1yr @	7.0000%	0.9346	17,616,809
					17,616,809
GROSS DEVELOPMENT VALUE				57,640,121	
NET REALISATION				**57,640,121**	

OUTLAY

ACQUISITION COSTS				
Residualised Price (13.00 Ha £609,081.98 pHect)			7,918,066	
Stamp Duty		4.00%	316,723	
Agent Fee		1.00%	79,181	
Legal Fee		0.80%	63,345	
				8,377,314
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
Employment floorspace	12,180.00	£748.00	9,110,640	
PD units	9,200.00	£1,058.00	9,733,600	
AH units	6,164.00	£1,058.00	6,521,512	
Totals	27,544.00		25,365,752	**25,365,752**
Developers Contingency		5.00%	812,756	
Infrastructure works	8.00 m²	250,000.00 pm²	2,000,000	
Statutory/LA	100.00 units	10,000.00 /un	1,000,000	
Lifetime Homes	167.00 units	600.00 /un	100,200	
Code for Sustainable Homes Leve	167.00 units	7,672.00 /un	1,281,224	
Highways			160,000	
				5,354,180
Other Construction				
Profit on PD		20.00%	9,668,962	
Profit on AH		6.00%	557,719	
				10,226,681
PROFESSIONAL FEES				
Professional fees		10.00%	2,536,575	
				2,536,575
MARKETING & LETTING				
Marketing		3.00%	921,840	
Letting Agent Fee		10.00%	131,950	
Letting Legal Fee		5.00%	65,975	
				1,119,765
DISPOSAL FEES				
Sales Legal Fee	100.00 units	650.00 /un	65,000	
				65,000
FINANCE				
Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			2,059,195	

Additional Site 1 - Saffron Walden

Construction		1,413,124	
Other		1,122,535	
Total Finance Cost			4,594,854
TOTAL COSTS			**57,640,120**
PROFIT			
			1
Performance Measures			
Profit on Cost%	0.00%		
Profit on GDV%	0.00%		
Profit on NDV%	0.00%		
Development Yield% (on Rent)	2.29%		
Equivalent Yield% (Nominal)	7.00%		
Equivalent Yield% (True)	7.32%		
Gross Initial Yield%	7.49%		
Net Initial Yield%	7.49%		
	6.74%		
Rent Cover	0 yrs 0 mths		
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths		

APPRAISAL SUMMARY　　BNP PARIBAS REAL ESTATE

Additional 2 - Great Dunmow

Summary Appraisal for Phase 1

REVENUE					
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**		
PD units	22,080.00	£3,090.00	68,227,200		
AH units	14,720.00	£1,508.00	22,197,760		
Totals	36,800.00		90,424,960	**90,424,960**	
Rental Area Summary	**Units**	**Unit Amount**	**Gross MRV**		
	m²	**Rate m²**	**Gross MRV**		
Health Centre	1,500.00	£100.00	150,000		
Investment Valuation					
Health Centre					
Market Rent	150,000	YP @	7.0000%	14.2857	
(1yr Unexpired Rent Free)		PV 1yr @	7.0000%	0.9346	2,002,670
					2,002,670
GROSS DEVELOPMENT VALUE				92,427,630	
NET REALISATION				**92,427,630**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (17.00 Ha £718,832.93 pHect)			12,220,160		
Stamp Duty		4.00%	488,806		
Agent Fee		1.00%	122,202		
Legal Fee		0.80%	97,761		
				12,928,929	
CONSTRUCTION COSTS					
Construction	**m²**	**Rate m²**	**Cost**		
Health Centre	1,800.00	£748.00	1,346,400		
PD units	22,080.00	£1,058.00	23,360,640		
AH units	14,720.00	£1,058.00	15,573,760		
Totals	38,600.00		40,280,800	**40,280,800**	
Developers Contingency		5.00%	1,946,720		
Infrastructure works	10.00 m²	250,000.00 pm²	2,500,000		
Statutory/LA	240.00 units	10,000.00 /un	2,400,000		
Lifetime Homes	400.00 units	600.00 /un	240,000		
Code for Sustainable Homes Leve	400.00 units	7,672.00 /un	3,068,800		
				10,155,520	
Other Construction					
Profit on PD		20.00%	14,045,974		
Profit on AH		6.00%	1,331,866		
				15,377,840	
PROFESSIONAL FEES					
Professional fees		10.00%	4,028,080		
				4,028,080	
MARKETING & LETTING					
Marketing		3.00%	2,046,816		
Letting Agent Fee		10.00%	15,000		
Letting Legal Fee		5.00%	7,500		
				2,069,316	
DISPOSAL FEES					
Sales Legal Fee	240.00 units	650.00 /un	156,000		
				156,000	
FINANCE					
Debit Rate 7.00% Credit Rate 0.00% (Nominal)					
Land			6,890,375		
Construction			210,176		

Additional 2 - Great Dunmow

Other	330,593	
Total Finance Cost		7,431,145
TOTAL COSTS		**92,427,629**
PROFIT		
		1

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.16%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.49%
Net Initial Yield%	7.49%
	6.72%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths

Additional 3 - Great Dunmow

Summary Appraisal for Phase 1

REVENUE				
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**	
PD units	9,200.00	£3,090.00	28,428,000	
NET REALISATION				**28,428,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (10.00 Ha £493,351.57 pHect)			4,933,516	
Stamp Duty		4.00%	197,341	
Agent Fee		1.00%	49,335	
Legal Fee		0.80%	39,468	
				5,219,660
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
PD units	9,200.00	£1,058.00	9,733,600	**9,733,600**
Developers Contingency		5.00%	486,680	
Infrastructure works	7.00 m²	250,000.00 pm²	1,750,000	
Statutory/LA	100.00 units	10,000.00 /un	1,000,000	
Lifetime Homes	100.00 units	600.00 /un	60,000	
Code for Sustainable Homes Leve	100.00 units	7,672.00 /un	767,200	
				4,063,880
Other Construction				
Profit on PD		20.00%	5,685,600	
				5,685,600
PROFESSIONAL FEES				
Professional fees		10.00%	973,360	
				973,360
MARKETING & LETTING				
Marketing		3.00%	852,840	
				852,840
DISPOSAL FEES				
Sales Legal Fee	100.00 units	650.00 /un	65,000	
				65,000
FINANCE				
Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			812,294	
Construction			646,780	
Other			374,985	
Total Finance Cost				1,834,059
TOTAL COSTS				**28,427,999**
PROFIT				
				1
Performance Measures				
Profit on Cost%		0.00%		
Profit on GDV%		0.00%		
Profit on NDV%		0.00%		
		6.61%		
Profit Erosion (finance rate 7.000%)		0 yrs 0 mths		

Additional 4 - Elsenham

Summary Appraisal for Phase 1

REVENUE					
Sales Valuation	**m²**	**Rate m²**	**Gross Sales**		
PD units	115,920.00	£2,885.00	334,429,200		
AH units	77,280.00	£1,508.00	116,538,240		
Totals	193,200.00		450,967,440	**450,967,440**	
Rental Area Summary	**Units**	**Unit Amount**	**Gross MRV**		
	m²	**Rate m²**	**Gross MRV**		
Employment space	19,999.99	£150.00	2,999,999		
Investment Valuation					
Employment space					
Market Rent	2,999,999	YP @	7.0000%	14.2857	
(1yr Unexpired Rent Free)		PV 1yr @	7.0000%	0.9346	40,053,391
					40,053,391
GROSS DEVELOPMENT VALUE				491,020,831	
NET REALISATION				**491,020,831**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price (131.00 Ha £220,068.89 pHect)			28,829,025		
Stamp Duty		4.00%	1,153,161		
Agent Fee		1.00%	288,290		
Legal Fee		0.80%	230,632		
				30,501,108	
CONSTRUCTION COSTS					
Construction	**m²**	**Rate m²**	**Cost**		
Employment space	24,000.00	£748.00	17,952,000		
PD units	115,920.00	£1,058.00	122,643,360		
AH units	77,280.00	£1,058.00	81,762,240		
Totals	217,200.00		222,357,600	**222,357,600**	
Developers Contingency		5.00%	10,220,280		
Infrastructure works	78.00 m²	250,000.00 pm²	19,500,000		
Statutory/LA	1,260.00 units	10,000.00 /un	12,600,000		
Lifetime Homes	2,100.00 units	600.00 /un	1,260,000		
Code for Sustainable Homes Leve	2,100.00 units	7,672.00 /un	16,111,200		
Highways - Western Link Road			10,500,000		
				70,191,480	
Other Construction					
Profit on PD		20.00%	74,896,518		
Profit on AH		6.00%	6,992,294		
				81,888,813	
PROFESSIONAL FEES					
Professional fees		10.00%	22,235,760		
				22,235,760	
MARKETING & LETTING					
Marketing		3.00%	10,032,876		
Letting Agent Fee		10.00%	300,000		
Letting Legal Fee		5.00%	150,000		
				10,482,876	
DISPOSAL FEES					
Sales Legal Fee	1,260.00 units	650.00 /un	819,000		
				819,000	
FINANCE					
Debit Rate 7.00% Credit Rate 0.00% (Nominal)					
Land			39,201,435		

Additional 4 - Elsenham

Construction	10,718,667	
Other	2,624,091	
Total Finance Cost		52,544,193
TOTAL COSTS		**491,020,830**
PROFIT		
		1

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.61%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Gross Initial Yield%	7.49%
Net Initial Yield%	7.49%
	6.83%
Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths