



Report

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Gravesham Borough Council

Affordable Housing and CIL Viability Testing Report

January 2016

Contents

1.	Introduction.....	1
2.	Method used for undertaking Viability Appraisals	3
3.	Affordable Housing and CIL Testing Data and Assumptions	6
4.	Results from the Affordable Housing Viability Modelling	23
5.	Affordable Housing Starter Homes Viability Modelling	29
6.	CIL Testing.....	31

Appendices

Appendix I Commercial Assumptions

Appendix II Affordable Housing and CIL Testing Results

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Report Structure

This report is set out as follows:

- **Section 1** Introduction – Provides an introduction to viability appraisals and national policy
- **Section 2** Method used for undertaking viability appraisals – sets out our approach to viability appraisals
- **Section 3** Affordable Housing and CIL Testing Data and Assumptions – Sets out our approach in Gravesham and the details used to test and assess the viability of Affordable Housing as well as CIL
- **Section 4** Results from Affordable Housing Viability Modelling – Examines the results from the Affordable Housing viability assessments and provides recommendations
- **Section 5** Starter Homes Viability Modelling – Examines the results of our sensitivity testing of affordable housing viability assessments taking into account proposals for Starter Homes
- **Section 6** CIL Testing – Details the results from the CIL viability assessments; and sets out our conclusions and principal recommendations related to CIL; and
- Technical Appendices – Provide the underlying data sets, background analysis and supporting material.

Notes to the Reader

Information on Starter Homes

This report includes some testing for Starter Homes, which have been promoted in the Housing and Planning Bill 2015. However at the time of undertaking this work, details of the policy were not available as they are to be set out in secondary legislation. As a result, some general assumptions have been made regarding what may be required and these assumptions are set out within the report. The assumptions may need to be reviewed once the regulations are published to assess whether the viability testing undertaken needs to be revised.

Information on Changes to Small Sites Affordable Housing Policy

When GVA were originally instructed, the Council wanted to examine the consequence of their existing Core Strategy Affordable Housing Policy, i.e. having a threshold of 15 dwellings in urban areas/ 3 dwellings in rural areas and its implications for sites to accommodate affordable housing with S106 contributions. However, we note the Policy appeal on 11th May 2016 which concludes that small sites with 10 or less dwellings will not be required to provide affordable housing.

Please note that all figures in this report, unless otherwise specified, have been rounded.

1. Introduction

- 1.1 Bilfinger GVA (GVA) have been commissioned by both Gravesham Borough Council ("GBC") and Medway Council to undertake work on a joint Strategic Housing and Economic Needs Assessment (SHENA). A key component of this work involved undertaking a viability assessment at a strategic level for their respective Local Plans. This strategic analysis intends to provide the following key outputs:
- Inform affordable housing policies of the respective Local Plans.
 - Inform the assessment of Community Infrastructure Levy (CIL) rates taking into account Local Plan requirements and other relevant costs such as the Thames, Medway and Swale Estuaries Strategic Access Management tariff.
 - Ensure the requirements of the National Planning Policy Framework (NPPF) are met, in so far as each authority's Local Plan does not threaten the viability of development, ensuring the realities of development viability are taken on board from the outset plan making.
- 1.2 This Report sets out the methodology and findings of the viability testing undertaken for Gravesham, which was informed by consultations undertaken with stakeholders, including landowners, developers and agents, on the assumptions to be adopted.
- 1.3 The appraisals undertaken for this work do not constitute valuations also known as 'Red Book' valuations, and should not be regarded or relied on as such. They provide a guide to viability in line with the purpose for which the assessment is required.
- 1.4 In carrying out the testing we have considered outcomes based on estimates of commercial and residential values, used market evidence over the 6 months prior to the date of the report (January 2016) and cost assumptions from August 2015.

National Planning Policy Framework and Planning Policy Guidance

- 1.5 The need to assess the deliverability of Local Plans and the impact of development policies contained within them is set out in the NPPF at Para 173-177, with extracts for Paras 173-175 provided below (with emphasis added by GBC):

173. 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.

174. Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.

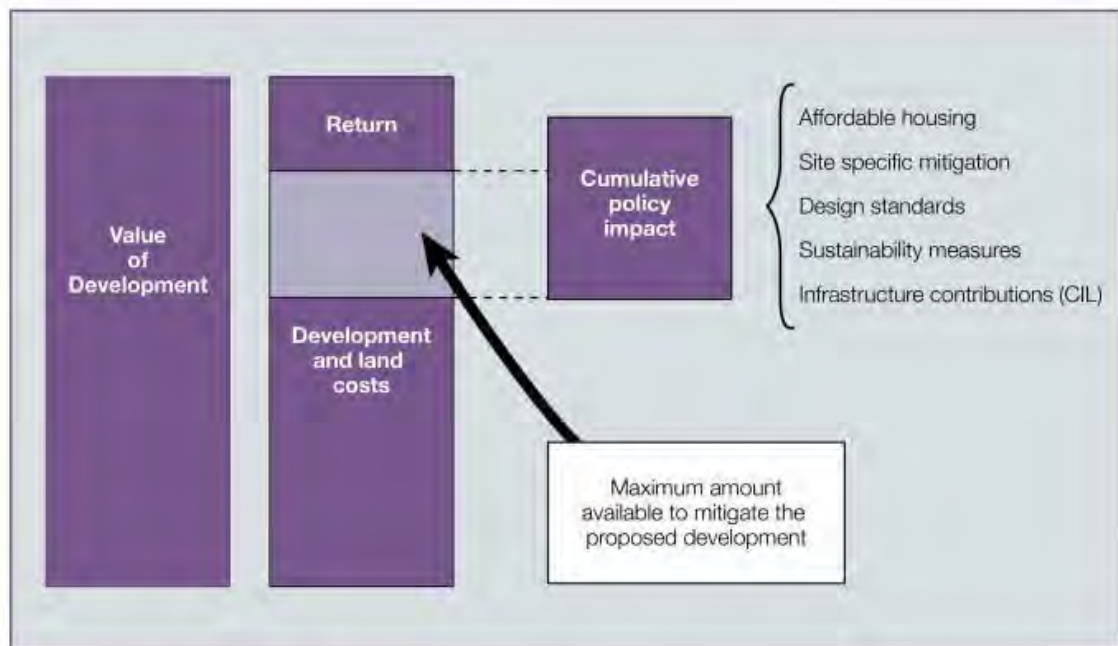
175. Where practical, Community Infrastructure Levy charges should be worked up and tested alongside the Local Plan. The Community Infrastructure Levy should support and incentivise new development, particularly by placing control over a meaningful proportion of the funds raised with the neighbourhoods where development takes place.

- 1.6 It is clear from the NPPF that Local Plans need to be deliverable and provide competitive returns to land owners and developers in order to enable development to come forward. As such, it is important to ensure that through the plan-making process cumulative costs of policy and CIL do not put the deliverability of a Local Plan at jeopardy by increasing costs to such an extent that development becomes unviable.
- 1.7 At the strategic level it is only possible to undertake 'broad brush' assessments of generic sites, to ascertain whether or not such sites are able to bear the cumulative costs of policy, thereby providing a degree of confidence regarding a Local Plan's deliverability. It should be made clear from the outset that in certain instances, it may be that a site being brought forward by a developer is not viable given policy requirements. In such instances, it will be for the developer to undertake a viability appraisal of the development and to submit it to the Council as part of their evidence. It may also be the case that some sites are able to bear more than the policy requirements set out within a Local Plan.

2. Method used for undertaking Viability Appraisals

- 2.1 The approach we have adopted follows guidance and is consistent with general industry standards for undertaking viability assessments, and has been approved by Inspectors and Examiners. GVA has advised more than 20 Councils on CIL and/or Affordable Housing viability, including Dartford Borough Council who adopted their CIL charging schedule in April 2014.
- 2.2 The principle aim of a financial viability appraisal is to ensure that a development whether it be for housing, employment, retail or other uses is able to meet all of its costs including those generated as a result of planning obligations and / or CIL, whilst returning an appropriate financial return for the landowner and developer.
- 2.3 A financial viability appraisal is frequently used to test the cumulative impact of plan making (policy), infrastructure contributions (CIL), planning obligations (\$106), alterations or improvements to the Highways Network (\$278), etc. on a development (see Figure 1). However, it can also be used to test the impact of a single policy.
- 2.4 In this instance, the financial viability appraisal has been used to test plan making in relation to a specific policy, that being affordable housing. This will ensure that policy seeks appropriate levels of affordable housing delivery from developments coming forward within Gravesham and that these developments remain viable and therefore deliverable and developable.

Figure 1: Cumulative impact of plan making and planning obligations



Source: *Financial Viability in Planning*, RICS (GN 94/2012)

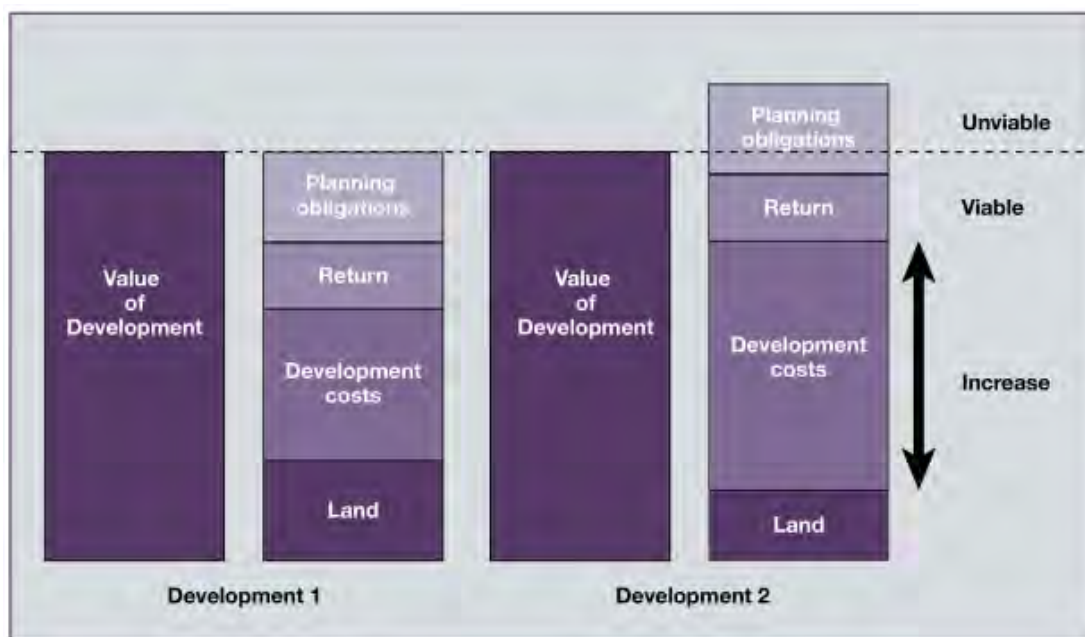
Appraisal Model

- 2.5 To determine development viability, a Residual Development Appraisal Model (RDAM) has been used (see Figure 2). A RDAM is undertaken to test whether or not the return (residual land value) generated for a landowner is positive and sufficient to enable the development to come forward. The Residual Land Value is the difference between Gross Development Value and the total costs associated with the development, once an element of developer profit has been taken into account.
- 2.6 Through the use of the Model, the impact on land values and scheme viability of differing levels and forms of affordable housing and CIL rates can be examined.

Figure 2: Outline of Residual Development



Figure 3: Comparing Development Viability



Source: Financial Viability in Planning, RICS (GN 94/2012)

- 2.7 The fundamental issue when undertaking a financial viability appraisal is to establish whether or not an otherwise viable development is made unviable by the extent of the cumulative impact of plan making and planning obligations. This is illustrated in Figure 3 (above). The economics of 'Development 1' are such that costs associated with the cumulative impact of plan making and planning obligations when taken together with other development and land costs are less than the gross development value of the development. As a result the landowner is able to receive an appropriate financial return.
- 2.8 However, the economics of 'Development 2' are different, whilst the gross development value and other development and land costs remain static, the costs associated with the cumulative impact of plan making and planning obligations have increased.
- 2.9 In such a scenario where the landowner is not able to receive an appropriate financial return, the development is regarded as being unviable. In any instance where the costs associated with the cumulative impact of plan making and planning obligations, result in reduced financial returns to the landowner and the developer below an appropriate level, the land will not be released and/or the development will not occur. This is recognised in the National Planning Policy Framework, Para 173.

173. 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.

3. Affordable Housing and CIL Testing Data and Assumptions

Schemes and Model Assumptions

- 3.1 Testing has been run assuming current day costs and values, based on desk top research, conversations with locally active agents, in-house market experts and GVA's own viability expertise. In order to test the viability of potential Affordable Housing levels, a series of 13 hypothetical residential schemes ('Schemes') have been tested across two value areas in Gravesham.
- 3.2 These Schemes represent the scale, nature and characteristics of current and future development envisaged to come forward across Gravesham and have been determined through conversations with Council officers and consultation with stakeholders.
- 3.3 It should be noted that the values and costs are generalised, and that the values and costs which apply to any particular individual scheme will differ. We have adopted commercial and residential values, used market evidence over the 6 months prior to the date of the report (January 2016) and cost assumptions from August 2015.
- 3.4 For the avoidance of doubt, our analysis of the appropriate Affordable Housing and CIL rates are based on the current market conditions. The assumptions have been agreed with officers and have been subject to workshop consultations prior to the testing.
- 3.5 As stated earlier, the Affordable Housing thresholds used are taken from the adopted Gravesham Local Plan Core Strategy, which states:

Core Strategy Policy CS16 (Affordable Housing)

"The provision of affordable housing will be required on all new housing developments of: 15 dwellings or more or on sites of 0.5 hectares or more in the urban area; and 3 units or more or on sites of 0.1 hectares or more in the rural area. The amount of affordable housing to be provided by private housing development sites above the threshold will be 30% in the urban area and 35% in the rural area. The Council will seek an affordable housing mix of 70% affordable rented and social rented accommodation and 30% intermediate housing. Development will be subject to site viability and a tenure mix necessary to meet local needs and achieve a successful sustainable and socially inclusive development. In the Green Belt, limited affordable housing in a sustainable location for a proven and justified local community need will be supported. Such units once constructed will be occupied by people with a

proven local community connection. This includes affordable rural workers dwellings. In all cases, permissions granted under this policy will be restricted to those uses in perpetuity."

- 3.6 The threshold for where affordable housing is required has been set at 15 units in the urban area, and 3 units in the rural areas. We have tested the Schemes at the following affordable housing requirements, assuming a tenure split of 70:30, Affordable Rent: Intermediate housing at 20%, 25%, 30%, 35% and 40%. This has been done to examine the impact on viability; this is detailed in tables below.
- 3.7 Please note that all schemes have been tested for CIL Viability in Section 6 of this report. For the purpose of this testing, we have agreed with the Council that urban areas should be referred to as 'Area A,' and rural areas, 'Area B.' These areas reflect market conditions and commonalities, and they are not therefore consistent with the definition of Urban and Rural parts of the borough as set out in the adopted Gravesham Local Plan Core Strategy.
- 3.8 Scheme 6a and 6b have not been tested for Affordable Housing. We have agreed with the Council prior to testing that this Scheme should be tested for CIL purposes only.
- 3.9 The Schemes are based on the following unit mixes, which have been informed through analysis of recent and proposed schemes (see Table 1 below).

Table 1 - Residential Mix for Schemes to be tested

Unit Type	100% Flatted Scheme		100% House Scheme		Mix 1 (Area A)		Mix 2 (Area A and B)	
	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses
1 bed flat	45%	-	-	-	35%	-	10%	-
2 bed flat	55%	-	-	-	40%	-	15%	-
2 bed house	-	-	-	20%	-	5%	-	15%
3 bed house	-	-	-	50%	-	13%	-	40%
4 bed house	-	-	-	30%	-	20%	-	20%

Table 2 – Residential Schemes Tested for Affordable Housing

Scheme Number	Total Units	Mix	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	Areas to be tested	
								Area A	Area B
1	1	House				1		Yes	Yes
2a	2	Houses				1	1	Yes	Yes
2b	2	Flats	1	1				Yes	No
3	3	Houses				2	1	Yes	Yes
4	4	Houses			1	2	1	No	Yes
5	10	Houses			2	3	5	No	Yes
7a	15	Mix 1	5	6	1	2	1	Yes	No
7b	15	Mix 2	2	2	2	6	3	Yes	Yes
7c	15	Houses			3	7	5	No	Yes
8a	16	Mix 1	6	6	1	2	1	Yes	No
8b	16	Mix 2	2	2	2	6	4	Yes	No
9a	25	Mix 1	9	10	1	3	2	Yes	No
9b	25	Mix 2	2	4	4	10	5	Yes	Yes
9c	25	Houses			5	13	7	No	Yes
10a	50	Mix 1	18	20	3	6	3	Yes	No
10b	50	Mix 2	5	7	8	20	10	Yes	No
11a	125	Mix 1	43	51	7	14	10	Yes	No
11b	125	Mix 2	12	19	19	50	25	Yes	No
11c	125	Mix 2	12	19	19	50	25	No	Yes
12a	250	Mix 1	87	100	13	33	17	Yes	Yes
12b	250	Mix 2	25	37	38	100	50	Yes	No
12c	250	Mix 2	25	37	38	100	50	No	Yes
13	400	Mix 2	40	60	60	160	80	No	Yes
			Denotes schemes that have also been tested for Starter Homes and CIL						

3.10 Schemes 12a, 12b, 12c and 13 are regarded as strategically important sites.

3.11 Please note that the residential sizes for Area A (urban) and Area B (rural) Schemes differ (detailed below in Table 3) and therefore will affect the outcome of the testing for Schemes with Mix 2.

Residential Unit Size

3.12 Residential unit sizes (see Table 3) are based on analysis of recent Schemes, as well evidence from other recent comparable CIL testing. Three and four bed houses have been assumed to be larger in rural areas to account for different house Schemes. We are assuming the same unit sizes for affordable and private housing.

Table 3 – Residential Unit Sizes

Total Units	Area A Schemes (Sq m)	Area B Schemes (sq m)
1 Bed Flat	50	50
2 Bed Flat	67	67
2 Bed House	83	83
3 Bed House	105	116
4 Bed House	120	139

- 3.13 We have taken into consideration the DCLG's recent technical planning standard; Nationally Described Space Standard (March 2015), as set out in Paragraph 18, Reference ID 56-018-20150327 of the PPG's Internal Space Standard guidance, to determine the residential unit sizes. In line with Paragraph 20, Reference ID 56-020-20150327 of the PPG, we have also relied on the size and type of dwellings being built in the area to ensure that the assumption made is in line with what will be brought forward in the borough. Specifically, we have assumed that houses in Area B will be slightly larger than Area A, and therefore have an impact on viability.

Net to Gross Assumptions

- 3.14 We have used the following net to gross assumption (see Table 4) to calculate the net internal area and gross internal area for each scheme. This is an industry standard assumption.

Table 4 – Residential Net to Gross Assumptions

Use	GIA > NIA
Houses	100%
Flats	85%

Densities

- 3.15 We have applied the following density assumptions (see Table 5) to our hypothetical Schemes to calculate sites areas. Density assumptions have been made with reference to:

- Analysis of recent schemes

- Local Plan (2014) – Policy CS15 which states:

“Within the urban area new residential development will be expected to achieve a minimum density of 40 dwellings per hectare. In suitable locations close to the transport hubs of Gravesend Town Centre and Ebbsfleet, higher densities will be sought;

In rural areas, new residential development will be expected to achieve a minimum density of 30 dwellings per hectare.”

Table 5 – Residential Density Assumptions

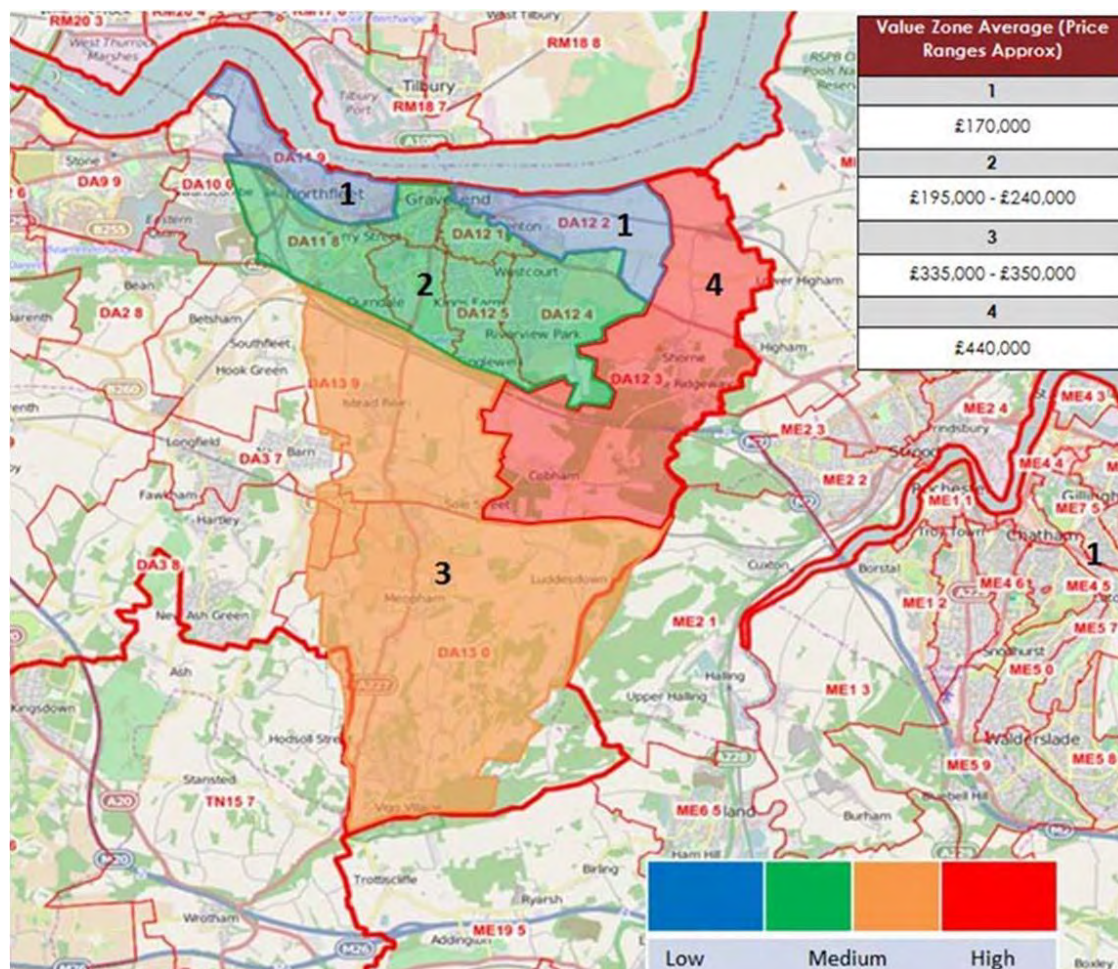
Location	Dwelling Per Hectare
Urban (mixed)	75
Rural (mixed)	35
Flats (only)	110

Residential Value Assumptions

Value Zones

- 3.16 We have used average property value, across all types and sizes of dwellings, by postcode (June 2014 - 2015) to devise value zones for Gravesham. This is shown in Figure 4, where the red lines represent postcode areas.

Figure 4 – Value Map of Gravesham



- 3.17 In accordance with CIL Guidance (April, 2013) we have merged zones together to prevent multiple tiers of charging. For clarity, the guidance is stated below:

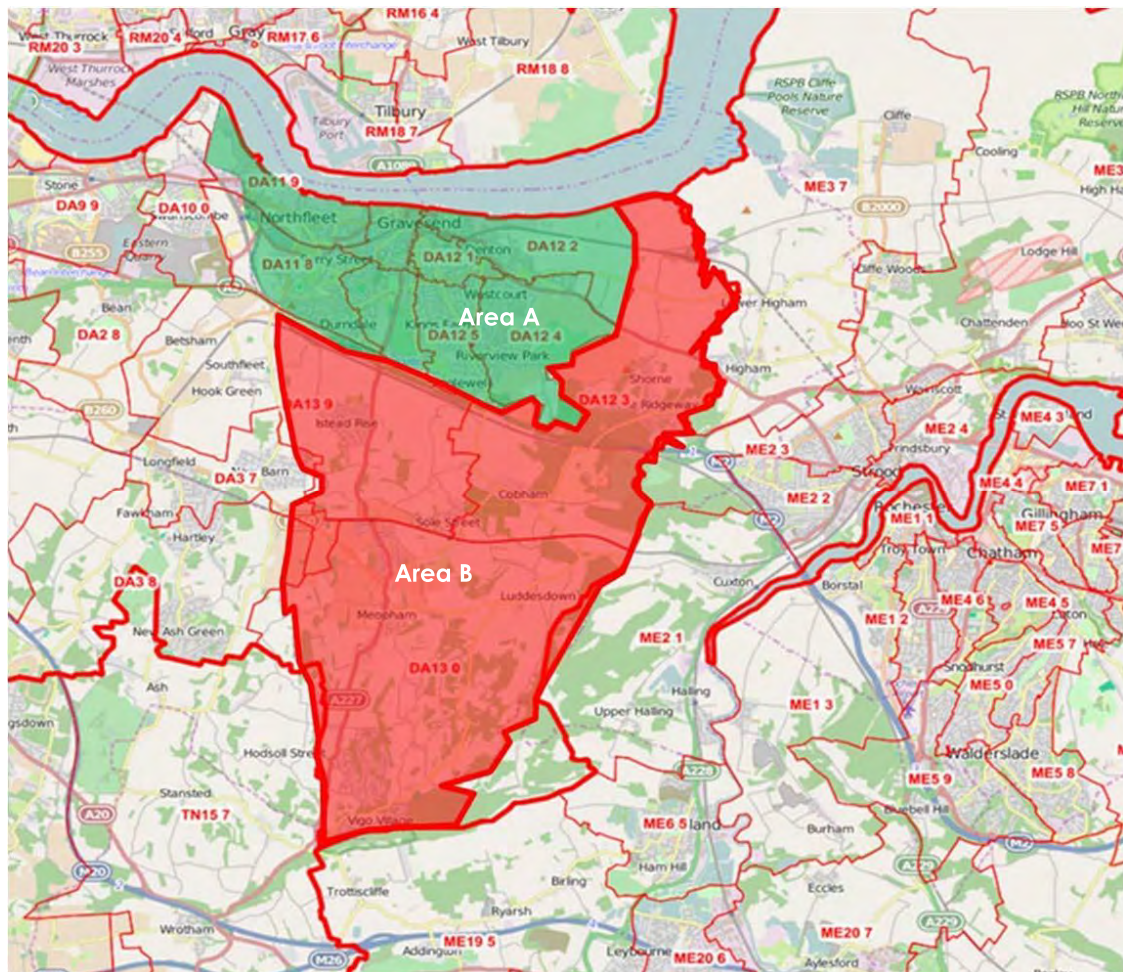
Charging authorities that plan to set differential levy rates should seek to avoid undue complexity, and limit the permutations of different charges that they set within their area. However, resulting charging schedules should not impact disproportionately on particular sectors or specialist forms of development and charging authorities should consider views of developers at an early stage.

- 3.18 The two Gravesham Value Zones are outlined below in Figure 5:

Table 6: Value Map Gravesham – Key

Gravesham	
Gravesham Low value	Area A
Gravesham High value	Area B

Figure 5 – Gravesham Value Zones



- 3.19 In Gravesham borough the higher value areas tend to be within rural locations (which we refer to as Area B for this testing), whilst lower values are found within urban areas (Area A for the purpose of this testing). Such values represent a snapshot in time, and values may vary between property type and size within these zones.

Residential Values

- 3.20 Using these values zone we have applied the following private residential values to the hypothetical Schemes.

Table 7 – Residential Value Assumptions

Location	Area A Gravesham	Area B Gravesham
1 Bed Flat	£160,000	£160,000
2 Bed Flat	£180,000	£180,000
2 Bed House	£250,000	£300,000
3 Bed House	£300,000	£340,000
4 Bed House	£340,000	£400,000

- 3.21 We would note that the values stated in Table 7, are based on average values seen in the borough. We recognise that actual values may vary from this.
- 3.22 Private Residential Values have been derived from research using the following sources;
- Price information from recent new build schemes in and surrounding Gravesham.
 - Values accepted in recent viability assessments to support planning applications.
 - Conversations with local agents.
- 3.23 Affordable Residential Values (see Table 8) have been derived from conversations with a local affordable housing provider together with values applied in recent viability assessments and GVA's own affordable housing calculations.

Table 8 – Affordable Residential Value Assumptions

Location	Affordable Rent		Intermediate Rent	
	Area A Gravesham	Area B Gravesham	Area A Gravesham	Area B Gravesham
1 bed flat	£65,000	£65,000	£112,000	£112,000
2 bed flat	£80,000	£80,000	£126,000	£126,000
2 bed house	£80,000	£80,000	£175,000	£210,000
3 bed house	£90,000	£90,000	£210,000	£238,000
4 bed house	£115,000	£115,000	£238,000	£280,000

Section 106 (S106)

- 3.24 A S106 contribution level of £1,723 per unit (a combination of £1,500 for S106 contribution and £223 Thames, Medway and Swale Estuaries Strategic Access Management Tariff) has been included as a cost in the Development Model for the purpose of Affordable Housing testing. We have tested Scheme 13 up to a level of £10,000 per dwelling to illustrate the consequences of a potentially much higher level of S106 provision, either on or off-site. It is our understanding that larger schemes are likely to incur greater S106 costs due to greater infrastructure provision needed. For example, larger housing developments may need to provide a new school, access road or servicing to accommodate for a significant increase in dwellings and residents.
- 3.25 The S106 assumption is based on the approximate level currently being achieved by the Council. The figure of £1,500 for S106 contribution represents a particular moment in time and covers a period when GDV was based on house prices recovering from the 2008 recession.
- 3.26 The Residual Land Value (RLV) represents a net value, after developer contributions. This approach has been taken to ensure that Affordable Housing levels are not set at the expense of other developer contributions that may arise / be required by the Council.
- 3.27 In line with Government guidance we have not applied a S106 cost for the 20% Starter Home provision for the relevant schemes.
- 3.28 A residual S106 contribution of £500 per unit has been assumed when testing the viability of CIL. This was agreed with the Council prior to testing.
- 3.29 The table below outlines the S106 contributions for the Schemes:

Table 9 – S106 Contributions

Location	Per Dwelling
Affordable Housing Testing	£1,500
Mitigation Strategy Tariff	£223
Affordable Housing testing total Payment	£1,723
CIL Testing	£500

Starter Homes

- 3.30 In light of the Government's intention to promote Starter Homes, we have tested Schemes 7a, 7b, 7c, 9a, 9b, 9c, 11a, 11b, 11c, and 12b. We have assumed that the value is 80% of the full market value subject to a cap of £250,000. S106 costs are not required for Starter Homes.
- 3.31 Based on current Government announcements, we have assumed that there will be a consistent level of 20% Starter Homes in all Schemes and that the delivery of starter homes is at the expense of Affordable Housing as presently defined in the National Planning Policy Framework. When there is 25% or more Affordable Housing, we have adopted a 70:30 split between Affordable Rent and Intermediate Rent units (after Private and Starter Homes have been accounted for) according to Policy (70:30). Table 10 below outlines the variations used for differing levels of Affordable Housing.

Table 10 – Mix within Affordable Housing

		Level of Affordable Housing (including Starter Homes)				
		20%	25%	30%	35%	40%
% of Development	Private	80%	75%	70%	65%	60%
	Starter	20%	20%	20%	20%	20%
	Affordable Rent	0%	3%	6%	9%	12%
	Intermediate Rent	0%	2%	4%	6%	8%

Residential Cost Assumptions

- 3.32 We have used the following costs to test the viability of the residential Schemes (this includes Residential Affordable Housing and CIL testing). Development costs are based on BCIS figures for Kent, analysis of recent viability assessments and GVA knowledge of typical development costs. The remainder of assumptions are industry standards.

Table 11 – Residential cost Assumptions

Cost Item	Cost	Cost Measure
Basic Build – Houses (Small Schemes)	£1,279	Psm
Basic Build – Flat (Small Schemes)	£1,488	Psm
Basic Build – Houses	£1,163	Psm
Basic Build – Flat	£1,353	Psm
Basic Build – Large Schemes	£1,024	Psm
Externals – Flat	5%	Cost
Externals – House	15%	Cost
Enabling (Scheme 13)	£10,000 per dwelling	Cost
Profit	Private – 20% of GDV Starter Homes – 20% of GDV Affordable – 6% of Cost	GDV & Costs
Contingency	5%	Costs
Finance Rate	7%	Costs
Professional Fees	10%	Costs
Legal Fees	0.20%	Sale
Agent Fees	1.50%	Sale

Development Timings

- 3.33 Development timings are informed by internal GVA market knowledge and evidence from similar Schemes.

Table 12 – Development Timings

Scheme	Mix	Pre-Construction (Months)	Build Time (Months)	Sales Period (Months)
Scheme 1	1 dwelling (house)	2	8	1
Scheme 2a	2 dwellings (houses)	2	9	1
Scheme 2b	2 dwellings (flats)	2	9	1
Scheme 3	3 dwellings (houses)	2	10	1
Scheme 4	4 dwellings (houses)	2	10	1
Scheme 5	10 dwellings (houses)	3	14	4
Scheme 6a	14 dwellings (Mix1)	3	14	4
Scheme 6b	14 dwellings (Mix 2)	3	14	4
Scheme 7a	15 dwellings (Mix 1)	3	14	4
Scheme 7b	15 dwellings (Mix 2)	3	14	4
Scheme 7c	15 dwellings (Houses)	3	14	4
Scheme 8a	16 dwellings (Mix1)	3	15	4
Scheme 8b	16 dwellings (Mix 2)	3	15	4
Scheme 9a	25 dwellings (Mix 1)	3	18	4
Scheme 9b	25 dwellings (Mix 2)	3	18	5
Scheme 9c	25 dwellings (Mix 2)	3	18	5
Scheme 10a	50 dwellings (Mix 1)	4	20	10
Scheme 10b	50 dwellings (Mix 2)	4	20	10
Scheme 11a	125 dwellings (Mix 1)	4	34	25
Scheme 11b	125 dwellings (Mix 2)	4	34	25
Scheme 11c	125 dwellings (Mix 2)	4	34	25
Scheme 12a	250 dwellings (Mix 1)	4	39	31
Scheme 12b	250 dwellings (Mix 2)	4	39	31
Scheme 13	400 dwellings (Mix 2)	5	70	62

Sales Timings

- 3.34 Private sales timings have been based on the assumption of 5 – 8 unit sales per month. This assumption was based on conversations with local agents who have describe a strong sellers' market, with demand outstripping supply.
- 3.35 Affordable Sales timings are based on conversations with a local housing provider who have advised \$106 payments as typically a 5% on exchange with balance paid monthly during construction from golden brick to practical completion.

Threshold Land Values (TLVs)

- 3.36 An important step in CIL viability testing is to establish an appropriate Threshold Land Value ("TLV") against which the Residual Land Value is compared in order to determine what level of Affordable Housing and/or CIL a Scheme can afford to contribute. Theoretically a Scheme can afford to contribute CIL to a maximum of all of the difference between the Residual Land Value and the TLV after taking into account all costs, including affordable housing, net of CIL.
- 3.37 There are various approaches to setting the TLV, including the following:
- Market Value
 - Existing Use (plus premium / incentive)
 - Alternative Use
- 3.38 The approach taken depends on the nature of the land that is likely to come forward for development in the area, for example Brownfield industrial land, Greenfield rural sites, or infill town centre development. Taking different approaches to establishing TLVs is consistent with guidance from the Local Housing Delivery Group and RICS.
- 3.39 Having discussed values with local agents and GVA's internal agency department, at the date of this report, we have collected all relevant information to inform our view of appropriate TLVs.

Residential Schemes

Area A large sites

- 3.40 We have analysed both the pipeline and recently completed schemes in the urban areas of Gravesham. The residential Schemes in the pipeline are varied both in terms of scale and existing use of the land; however the majority will be coming forward on previously developed land, on sites that will be redeveloped or the residential use intensified.

- 3.41 We have assumed that a majority of sites will come forward on former employment land. To establish a TLV for employment land in Area A, we have reviewed recent transactions and current asking prices from areas considered comparable or operating within the same market, detailed below.

Table 13 – Employment Land Currently Marketed

Site	Acres	Price	£ / Acre	Description
Land at Brielle Way, Sheerness, ME12 1YW	n/a (various plots)	n/a (various plots)	£240,000	Planning Permission for B1 and B8 uses
Neats Court Business Park, Queensborough, ME11 5JS	n/a (various plots)	n/a (various plots)	£375,000	Freehold serviced plots
Dering Road, Gravesend, DA12 2JH	2 plots – total 15.5 acres	£5,425,000	£350,000	Potential commercial, industrial land
Dolphin Park, Sittingbourne, ME103US	0.8	£437,500	£350,000	Suitable for industrial and warehouse use (subject to planning)

- 3.42 We have consulted with local land agents to seek advice on the Gravesham market together with an opinion of achievable values. Local agents report few recent deals and a large price variation across the Borough, with prices increasing further west closer to Dartford and the A2 west connections. In more undesirable locations land values can be as low as £175,000 / acre, but a general range of £350,000 - £600,000 / acre was provided, depending on location.
- 3.43 We have also considered the following:
- Recent viability assessments in Medway adopt a cleared serviced industrial land value of c. £500,000 / acre
 - CIL Viability studies in neighbouring areas (Dartford, Swale, Maidstone) assume values of c. £250,000 / acre (plus 20% uplift) to £300,000 (plus 10% uplift).
 - Consultation with our in-house and Development team suggested open storage land in Kent sells at £250,000 / acre
 - VOA's Property Market (2011) report suggests a value of c. £340,000 / ha for cleared site. Recent comparable data of sold and marketed sites in the vicinity suggest a range of £250,000 for open storage land to £500,000 + for cleared, serviced land

- 3.44 As there have been few transactions in Gravesham, we have considered evidence in comparable areas. We have adopted a threshold land value of £400,000 per acre as the Existing Use Value (EUV) for commercial land, plus 20% uplift, which equates to **£480,000 per acre (£1,185,000 per ha)**.
- 3.45 We have applied this TLV to Schemes 6a, 6b, 7a, 7b, 8a 8b, 9a, 9b, 10a, 10b, 11a 11b, 12a, and 12b.

Area B Sites

- 3.46 We understand from the Council that applicants have sought a TLV at c £400,000 an acre on greenfield sites within Gravesham's rural area. On this basis and following consultation with local agents, a review of recent sales, and evidence from neighbouring CIL studies, we have adopted a Greenfield TLV of **£450,000 per acre (£865,000 per ha)**.
- 3.47 This has been applied to Schemes 7b, 7c, 9b, 9c, 11c, 12c and 13.

Small Plots

- 3.48 In both Area A and Area B locations we have tested Schemes comprising small plots for 1 – 2 dwellings. A review of recent planning applications for such schemes suggests that the majority take place on infill garden or garage development, or as replacement dwellings.
- 3.49 We have reviewed recent sales of small plots in the vicinity together with current asking prices; these are detailed in the table below.

Table 14 – Small Plots – Asking and Achieved Prices

Place	Status	Planning	Price
Gravesend	Sold	Community Hall – 3 storey 5 bed townhouse	£150,000
Land adjacent to 47 Eden Rd, High Halstow, ME3 8ST	Sold	Garden Plot Construction of a three bedroomed detached house with associated parking	£90,000
Chatham High Street	Asking Price	Vacant infill site – planning permission for bed flat - 2x1 bed maisonettes, 1 x 1 bed flat, 1 x 3	£150,000
Wouldham Road, Rochester	Asking Price	Planning permission for three Garage site – planning permission for 3 bedroom chalet bungalow	£150,000
Upper Luton Road, Chatham	Asking Price	Planning permission for 2 x 2/3 terraced houses	£120,000
Upper Luton Road, Chatham	Asking Price	Planning Permission for one 3-bedroom detached house	£75,000

- 3.50 We have estimated the Market Value of the final dwellings detailed above and calculated the proportion of this value that the land price represents. This is in the region of 30% for housing developments and 25% for flatted development. We have then applied these proportions to our assumed Market Values in the small plot Schemes to reach the estimates of land values detailed below. The figures for the Area B Schemes have then been sense checked, and we have assumed a land value of **£1,000,000 per acre (£2,471,000 per ha)**.

Area A - Town Centres

- 3.51 Where development is assumed to take place within the town centre, then the threshold land value is likely to be significantly higher due to the presence of existing buildings that may be capable of continued use or conversion, perhaps with occupiers that have to be bought out to secure vacant possession, and the need to assemble sites involving multiple ownerships. In these circumstances costs can be multiples of other land values.
- 3.52 To ascertain the value of town centre sites we have considered the values of two town centre uses; car parking and standard retail parades (lock-up shops with flats above). Values are detailed in the tables below.

Table 15 – Car Park

Acres	Spaces	Price / Space	total	value / acre	value / ha
4.55	648	£10,000	£6,500,000	£1,400,000	£3,460,000

Table 16 - Tertiary Retail Parade with Residential Upper Parts

Acres	no. units	price / unit	value / acre	Value / ha
1.00	25	£160,000	£4,000,000	£9,880,000

- 3.53 The above shows the range of town centre values depending on use, but we note that either value is significantly greater than any of the alternative land values we are to adopt. We therefore have adopted the lower value at **£1,400,000 per acre (£3,450,000 per ha)** on the basis that unless a scheme is promoted on a lower value use, or substantially subsidised, any scheme is likely to prove unviable and not deliverable.

Commercial Schemes

- 3.54 Detailed commercial assumptions are set out in Appendix 1. We anticipate that the majority of commercial Schemes will come forward on brownfield land, formerly in employment use.

- 3.55 For the majority of commercial Schemes we have adopted a threshold land value of **£400,000 per acre (£990,000 per ha)** based on evidence for brownfield employment land values set out above. For clarity the Schemes adopted at this TLV are 14, 15, 16, 18, 19, 20, 21 and 22.
- 3.56 For Scheme 16, which tests town centre comparison retail, we have taken the higher town centre value of **£1,400,000 per acre (£3,450,000 per ha)**.

Viability Cushion

- 3.57 The use of a Viability Cushion is best practice and is recommended both in the Harman Report of June 2012 and by the Planning Practice Guidance. As noted in the Harman Report (June, 2012):

"A plan-wide test will only ever provide evidence of policies being 'broadly viable'. The assumptions that need to be made in order to carry out a test at plan level mean that any specific development site may still present a range of challenges that render it unviable given the policies in the Local Plan, even if those policies have passed the viability test at the plan level. This is one reason why our advice advocates a 'viability cushion' to manage these risks.

- 3.58 The Harman Report details that CIL Examiners have repeatedly endorsed the practice of using Existing Use Values plus a premium or 'cushion' (usually in the range 20-25%).
- 3.59 We have applied a 20% 'cushion' to the TLVs within our testing.
- 3.60 The viability of typologies at different levels of affordable housing are assessed as follows:
- Where the RLV falls below the TLV the scheme is considered to be unviable.
 - Where the RLV falls within the 20% 'Cushion' the scheme is considered marginal.
 - Where the RLV lies above the 20% 'Cushion' the scheme is considered viable.

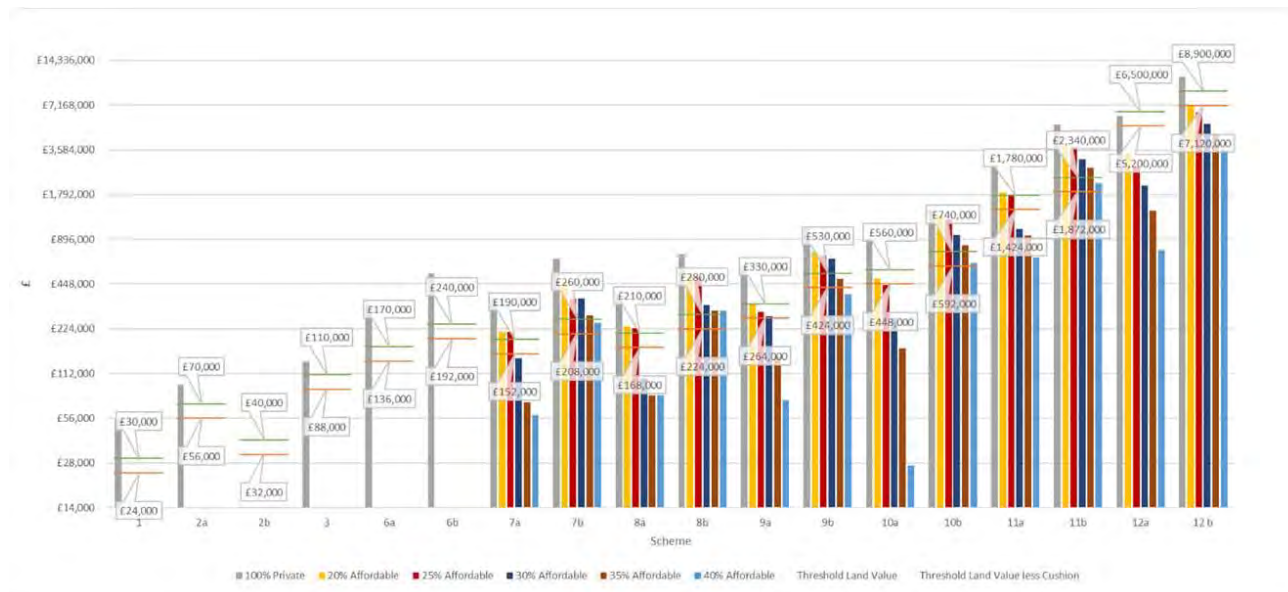
Profit Levels

- 3.61 We have applied a developer profit of 20% of GDV for private housing, 6% of Build Costs for affordable housing, and 20% of Gross Development Value for Starter Homes.
- 3.62 The profit levels adopted reflect current market practice within the Borough and elsewhere and have been reviewed by Stakeholders prior to testing.

4. Results from the Affordable Housing Viability Modelling

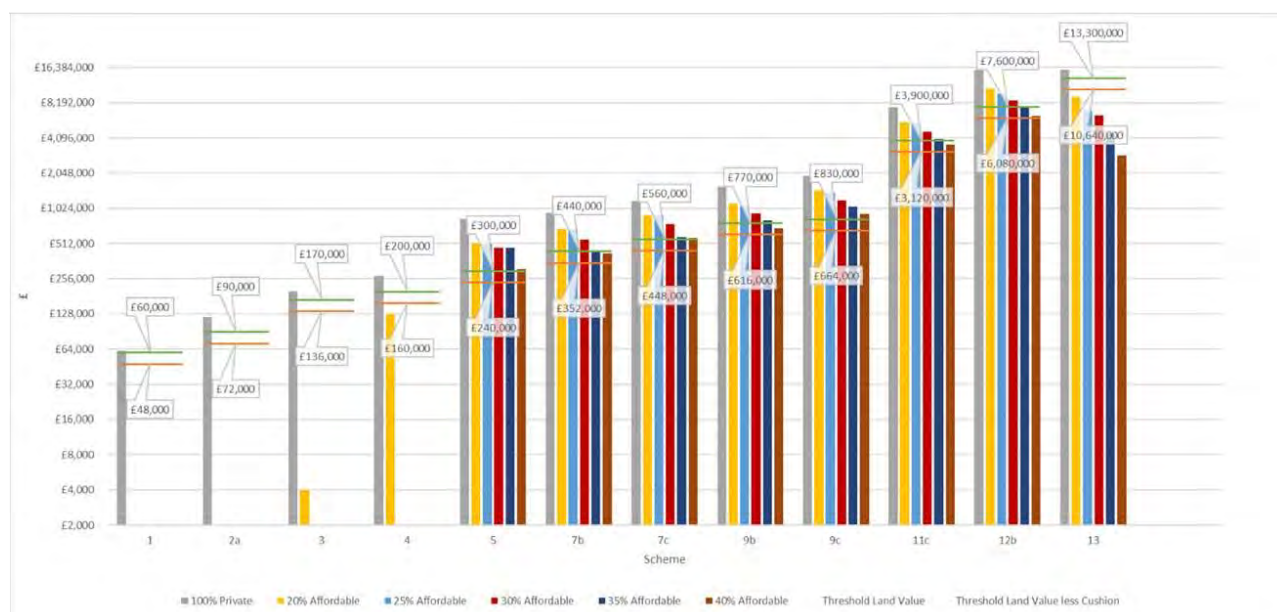
Area A Urban Gravesham

- 4.1 The results in the Area A (see Figure 6) show a difference between the two mixes tested. The mix that is predominantly flats namely Schemes 7a, 8a, 9a, 10a, 11a and 12a cannot support a level of affordable housing above 25% whereas the mix which is predominantly houses can support a level of Affordable Housing around 35%. Gravesham's affordable housing threshold is 15 units in urban areas; therefore we have not tested Schemes 1, 2a, 2b, 3, 6a and 6b as they fall below the affordable housing threshold.
- 4.2 A reason for the difference in viability between flatted schemes and schemes with predominately houses is attributed to the assumed build cost for flats, which make them unfavourable to develop unless a developer is willing to receive a sub optimal return. The primary cause of this lower return is that build costs for flatted development are often higher as a result of more expensive/complex construction requirements. This may include the need to provide for costly underground/undercroft car parking and/or more extensive ground works associated with piling and structures. These factors contribute to the negative outcome of Scheme 2b, and why it does not deliver a positive return for a 100% private flatted scheme of two units.
- 4.3 We would also stress that increasing the density of flatted developments and bringing forwards a tall tower (for example), is unlikely to address the general viability challenge and would not resolve the viability issue. Based on our experience from testing, by developing taller buildings the build costs tend to grow for flats exponentially and would therefore greatly outstrip current values. Adding to this, based on our understanding of Gravesham, it is unlikely that there is greater value in a taller building as it is unlikely that buyers would pay a premium for flats on a high floor, therefore there would be little scope to achieve higher sales values.
- 4.4 If economic conditions were favourable to developers (in terms of build costs and values), then we would envisage seeing a level of affordable housing at c.25 - 30%, which is currently being achieved in urban areas in the Borough.
- 4.5 Scheme 12a produces a positive Residual Land Value, assuming no Affordable Housing, but this falls within the Cushion, meaning no Affordable Housing is viable. Scheme 12b produces a positive Residual Land Value at 20% Affordable Housing but this value falls within the Cushion. Such schemes will only be brought forward in the Area A when a developer has assumptions which differ from those adopted in this testing.

Figure 6 – Area A (Urban) Affordable Housing Viability

Area B Gravesham

4.6 The testing results shown in Figure 7, suggests that all Area B schemes, except scheme 13, can support 35% - 40% affordable housing in line with current policy. We would attribute this to the higher property values in this area in comparison to Area A. Scheme 13 (400 dwellings), is unable to support any affordable housing. We would note that testing for Scheme 13 includes an allowance of £4 million for enabling costs. A higher enabling cost has been included to reflect the increase in infrastructure that may be associated with un-serviced greenfield land.

Figure 7 – Area B (Rural) Affordable Housing Viability

Affordable Housing Threshold

- 4.7 The threshold for where Affordable Housing is required in Gravesham is set at 15 units in the urban area and 3 units in the rural area.
- 4.8 We have tested at the threshold (15 units and 3 units) plus above and below the threshold (14/16 and 2/4 units respectively). The purpose of this testing is to illustrate the consequence of applying the policy at the threshold. The results are set out in Table 17 and Table 18 below:

Table 17: Affordable Housing Threshold Urban

	Scheme	Residual Land Value		
		100% Private	20% Affordable	30% Affordable
Urban (Mix 1)	Scheme 6a (14 units)	£323,000		
	Scheme 7a (15 units)	£358,000	£213,000	£142,000
	Scheme 8a (16 units)	£373,000	£233,000	£104,000
Urban (Mix 2)	Scheme 6b (14 units)	£527,000		
	Scheme 7b (15 units)	£663,000	£461,000	£358,000
	Scheme 8b (16 units)	£713,000	£509,000	£324,000

Table 18: Affordable Housing Threshold Rural

	Scheme	Residual Land Value	
		100% Private	Incl. Affordable Unit(s)
Rural	Scheme 2a (2 units)	£120,000	
	Scheme 3 (3 units)	£200,000	£4,000 (1 x Affordable Rent)
	Scheme 4 (4 units)	£272,000	£127,000 (1 x Affordable Rent)

- 4.9 The testing shows that the imposition of Affordable Housing in the urban area takes the Residual Land Value materially below the value for 14 units. The rural area shows the same trend with the imposition of Affordable Housing units taking the Residual Land Value materially below the value for 3 units.
- 4.10 The results show the problem that confronts Developers and Landowners at or just above the threshold at which affordable housing will be applied. The implication of this affordable

housing policy could be seen to encourage Developers to manipulate housing provision by either building up to the threshold (14 houses/ 2 houses) but not above, or building larger units.

Recommendations

- 4.11 The results indicate that in the Area A, flatted schemes (mix 1) are able to achieve c. 25% affordable housing. The results for those schemes that are predominantly houses (mix 2) are materially better, achieving c. 30 - 35% affordable housing.
- 4.12 An alternative view would be that with a range of 25% - 35%, a policy seeking 30% Affordable Housing in the Area A is reasonable (subject to viability testing) without introducing policies specific to building types. Consultation with our in-house Planning team identifies that a split affordable housing policy for flatted and housed schemes is not common practice, and one policy level should be set, but subject to financial viability assessment.
- 4.13 The results in the Area B are much stronger and suggest that a rate of c. 35 - 40% can be accommodated again subject scheme specific scheme specific to viability testing.
- 4.14 The affordable housing threshold affects the value of schemes that fall within it and may cause developers to skew their plans to mitigate the effect. We suggest that the Council might consider adopting a "tapered" approach so that the impact of the policy is imposed in steps as the scale of schemes increase.
- 4.15 Examples of "tapered" approaches are set out below:

London Borough of Camden

- 4.16 London Borough of Camden's Housing Planning Guidance, which outlines that for Affordable Housing and housing in Mixed Use Development;

Table 19: Camden's Sliding Scale for Affordable Housing Negotiations

Benchmark	Site Capacity	Expected Affordable Housing Floorspace
10 homes proposed, or fewer homes with a floorspace of 1,000 sqm gross	10 homes	10%
20 homes proposed, or fewer homes with a floorspace of 2,000 sqm gross	20 homes	20%
30 homes proposed, or fewer homes with a floorspace of 3,000 sqm gross	30 homes	30%
40 homes proposed, or fewer homes with a floorspace of 4,000 sqm gross	40 homes	40%
50 homes or more proposed, or fewer homes with a floorspace of 5,000 sqm gross	50 homes or more	50%

London Borough of Merton

- 4.17 Policy CS8 (Housing Choice) (d) states that, "we will expect the following level of affordable housing units to be provided on individual sites;

Table 20: London Borough of Merton's Affordable Housing Policy

Threshold	Affordable Housing Target (Units)	Affordable Housing Tenure Split	Provision Requirement
10 units or more	60%	60% Social Rented and 40% Intermediate	On-Site only in exceptional circumstances will the council consider the provision of affordable housing off-site or financial contributions in lieu of provision on-site and this must be justified.
1-9 units	20%	60% Social Rented and 40% Intermediate	Provision of an affordable housing equivalent to that provided on-site as a financial contribution.

London Borough of Richmond

- 4.18 London Borough of Richmond's Core Strategy (2009), sets out the following in CP15 Affordable Housing;

"Housing provision is expected to include a range of housing to meet the needs of all types of households. Over the LDF period the Council:

- expects 50% of all new units will be affordable housing, with a tenure mix of 40% housing for social rent and 10% intermediate housing.*
- expects that the affordable housing mix should reflect the need for larger social rented family units and the Sub-Regional Investment Framework requirements.*

The Council will seek to bring forward affordable housing through development of new units, purchase of property in or outside the borough and through rent deposit schemes.

Some form of contribution towards affordable housing will be expected on all new housing sites. The contribution towards affordable housing on sites involving new-build housing will be as follows:

- on sites below the threshold of 'capable of ten or more units gross', a financial contribution to the Affordable Housing Fund commensurate with the scale of development. The amount involved will be set out in the Development DPD and will be reviewed annually.*
- on sites capable of ten or more units gross, at least 50% on-site provision. Where possible, a greater proportion than 50% affordable housing on individual sites should be achieved."*

4.19 It may also be necessary to be flexible as to the form of affordable tenure of units when there are only a small number within a scheme. It is a particularly difficult time for Housing Associations, with pressure on their margins due to the reduction in rents over the next four years, and the imposition of a voluntary code for Right to Buy for their tenants. There may therefore be little demand from locally active Associations for rental units.

5. Affordable Housing Starter Homes Viability Modelling

5.1 We have tested schemes to show the initial implication of including Starter Homes in the affordable housing tenure mix. The provision of Starter Homes makes a positive difference and the results show that the Schemes can afford an increased level of Affordable Housing at around 40% compared to those without the Starter Homes tenure (above 15 units). We note in summary that the impact on viability is positive, albeit it does not assist large schemes in Area A (the urban area) that are significantly unviable at present, see Figure 8 and Figure 9 below.

Figure 8 – Area A Starter Homes and Affordable Housing

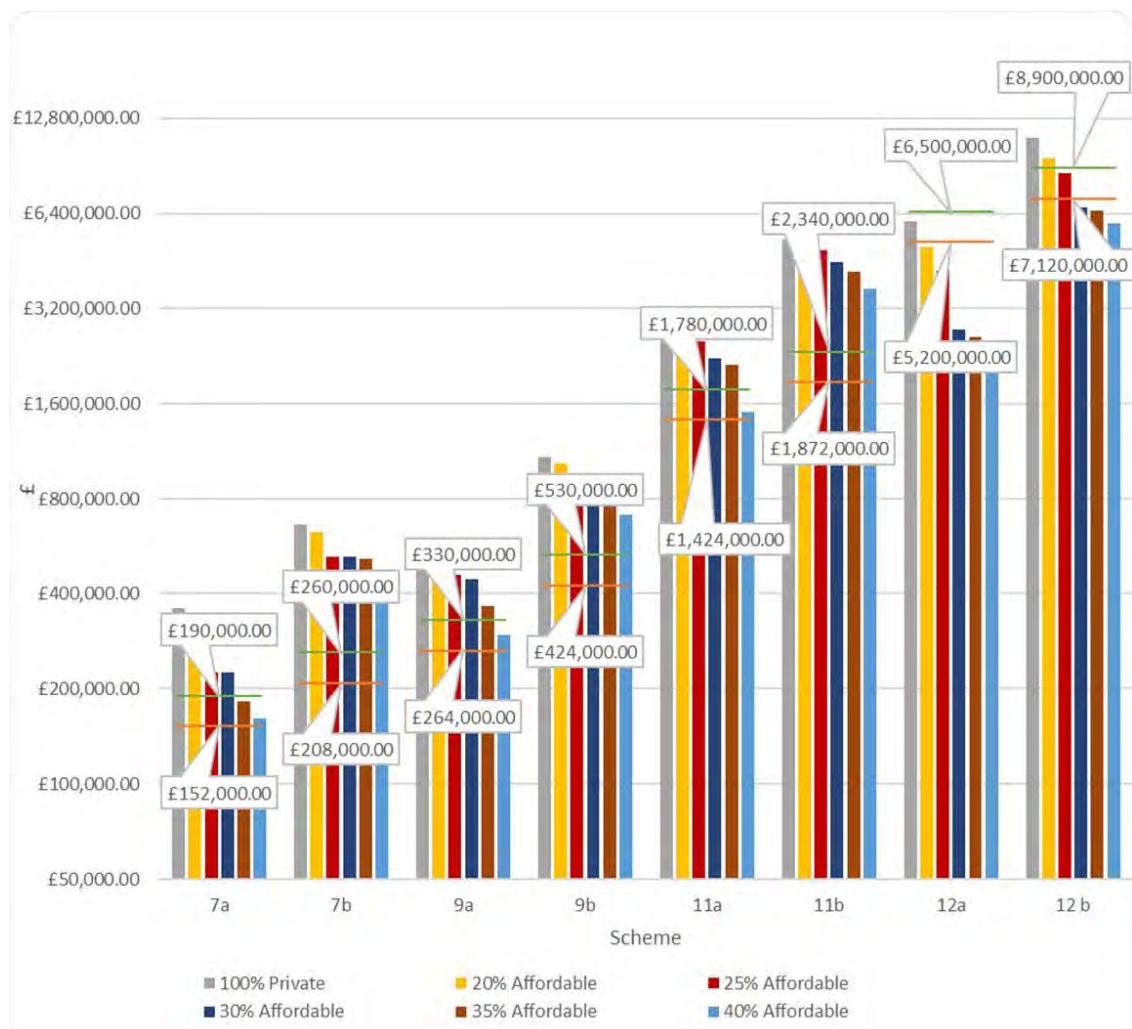
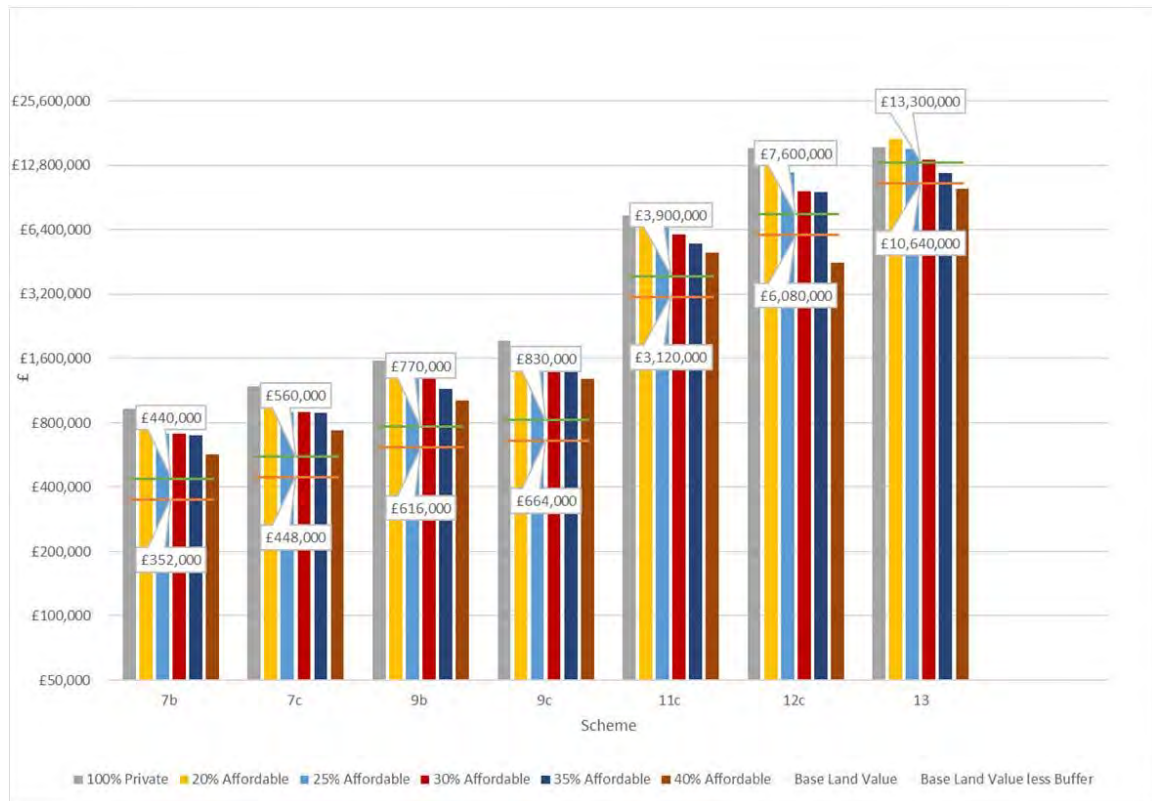


Figure 9 – Area B Starter Homes and Affordable Housing



6. CIL Testing

Methodology

- 6.1 This section outlines the approach that has been taken to test the appropriate level of CIL that may viably be supported by developments coming forward in Gravesham.
- 6.2 In accordance with CIL Guidance (April, 2013), we have aimed to reduce the number of CIL charging tiers.

Appraisal Model

- 6.3 We have utilised the same Residual Development Appraisal Model to test potential CIL levels as was used to test Affordable Housing contributions (see Figure 1).

Schemes and Model Assumptions

- 6.4 As with Affordable Housing testing, CIL testing has been based on assumptions of current costs and current values as set out earlier within this report.
- 6.5 In order to test the viability of the potential level of CIL charge, a series of hypothetical development schemes have been produced. These include the residential Schemes detailed in Table 21 below.
- 6.6 These Schemes represent the scale and nature of current and future development envisaged in the Borough following discussion with the Council.

Table 21 - Residential Schemes tested for CIL

Scheme Number	Total Units	Mix	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	Areas to be tested	
								Area A	Area B
1	1	House				1		Yes	Yes
2a	2	Houses				1	1	Yes	Yes
2b	2	Flats	1	1				Yes	No
3	3	Houses				2	1	Yes	Yes
4	4	Houses			1	2	1	No	Yes
5	10	Houses			2	3	5	No	Yes
6a	14	Mix 1	5	5	1	2	1	Yes	No
6b	14	Mix 2	2	2	2	5	3	Yes	No
7a	15	Mix 1	5	6	1	2	1	Yes	No
7b	15	Mix 2	2	2	2	6	3	Yes	Yes
7c	15	Houses			3	7	5	No	Yes
8a	16	Mix 1	6	6	1	2	1	Yes	No
8b	16	Mix 2	2	2	2	6	4	Yes	No
9a	25	Mix 1	9	10	1	3	2	Yes	No
9b	25	Mix 2	2	4	4	10	5	Yes	Yes
9c	25	Houses			5	13	7	No	Yes
10a	50	Mix 1	18	20	3	6	3	Yes	No
10b	50	Mix 2	5	7	8	20	10	Yes	No
11a	125	Mix 1	43	51	7	14	10	Yes	No
11b	125	Mix 2	12	19	19	50	25	Yes	No
11c	125	Mix 2	12	19	19	50	25	No	Yes
12a	250	Mix 1	87	100	13	33	17	Yes	Yes
12b	250	Mix 2	25	37	38	100	50	Yes	No
12c	250	Mix 2	25	37	38	100	50	No	Yes
			Denotes schemes that have also been tested for Starter Homes and CIL						

S106 Assumptions

- 6.7 For testing the residential schemes, we have assumed a residual S106 contribution of £500 per dwelling. This represents the level remaining once the majority of current S106 contributions (assumed at £1,723 / unit,) have been converted into CIL contributions.
- 6.8 For Scheme 13, we have assumed a greater S106 contribution at £10,000 per dwelling owing the higher contribution of infrastructure costs associated with a larger site.
- 6.9 For the Commercial Schemes, no S106 or S.278 has been assumed. From experience, larger commercial schemes do not incur such costs as seen at Sainsbury's, Northfleet and Lidl

Distribution Centre, Crete Hall Road. However, that is not to say that commercial schemes may not encounter paying such costs in the future.

Offsetting for Existing Floor area

- 6.10 For simplicity, under Para. 40(7) of Community Infrastructure Levy (Amendment) regulation 2014, we have assumed that the Developer/ Land Owner does not take into consideration that there may be existing buildings on the land, and therefore no “offset” for existing floor area has been taken into consideration when calculating the net area chargeable.

Approach

- 6.11 As with Affordable Housing testing, the Residual Land Value (RLV) is compared to an assumed Threshold Land Values (TLV) to determine the level of CIL a scheme can afford to contribute.

Viability Cushion

- 6.12 As with the Affordable Housing models, a 20% ‘Cushion’ has been included over and above the TLV in the CIL testing.
- 6.13 Given the high level and hypothetical nature of CIL testing, the ‘Cushion’ allows a margin to account for additional costs or extraneous circumstances which may occur on actual developments coming forward. This in turn ensures that CIL rates are not set at the limits of viability and do not serve as a barrier to development on the majority of sites.

Residential Schemes

- 6.14 The results of our testing of potential CIL contributions are detailed in the Table 22 below. The results are dependent on the assumption as to the level of affordable housing that is adopted by the Council. As already noted, using the assumptions set out in the report, a small number of the schemes are unable to deliver significant amounts of or any affordable housing units, due to viability concerns.
- 6.15 We have shown the potential CIL rate implied by converting the S106 contribution adopted for affordable housing into a CIL, less the residual S106 contribution i.e. £1,223 per unit;

(S106 Contribution AH – Residual S106 Contribution) x No. of Units

Gross Scheme Area

- 6.16 Please note, the S106 Contribution for Affordable housing is £4,723 per unit, and was provided by the Council prior to testing.

Table 22 – Equivalent S106 CIL Rate psm

Scheme	Units	Mix	Area A	Area B
1	1	House	£33	£30
2a	2	Houses	£31	£27
2b	2	Flats	£44	
3	3	Houses	£32	£28
4	4	Houses		£31
5	10	Houses		£29
6a	14	Mix 1	£44	
6b	14	Mix 2	£37	
7a	15	Mix 1	£44	
7b	15	Mix 2	£34	£34
7c	15	Houses		£30
8a	16	Mix 1	£29	
8b	16	Mix 2	£23	
9a	25	Mix 1	£45	
9b	25	Mix 2	£36	£33
9c	25	Houses		£30
10a	50	Mix 1	£45	
10b	50	Mix 2	£36	
11a	125	Mix 1	£45	
11b	125	Mix 2	£36	
11c	125	Mix 2		£34
12a	250	Mix 1	£45	
12b	250	Mix 2	£36	£34
13	400	Mix 2	£30	£30

- 6.17 CIL rates have also been shown at different levels of affordable housing provision, following on from the findings discussed earlier. This illustrates the impact that different levels of Affordable Housing have on the ability of a Scheme to provide CIL. These are shown in the Figures below.

Figure 10: Maximum CIL Levels – Area A

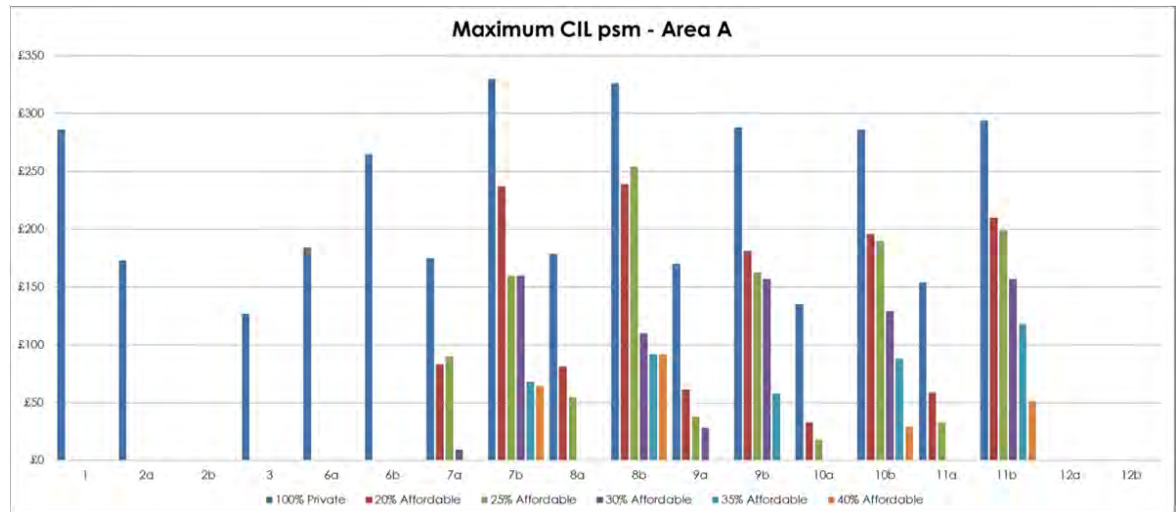
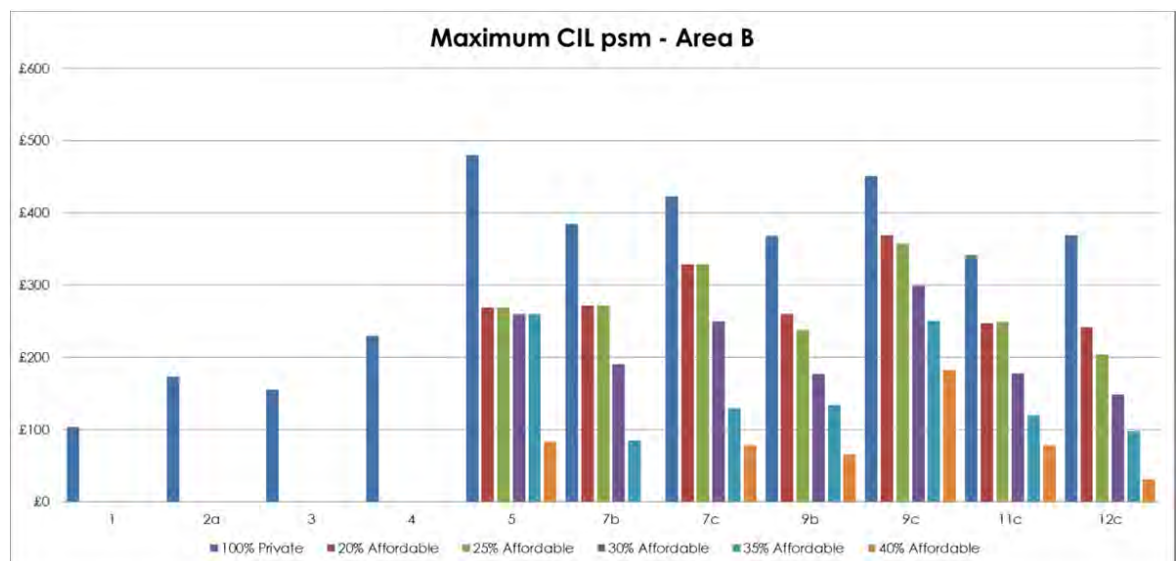


Figure 11: Maximum CIL Levels – Area B



Starter Homes Schemes

Figure 12: Maximum CIL levels – Area A Starter Homes

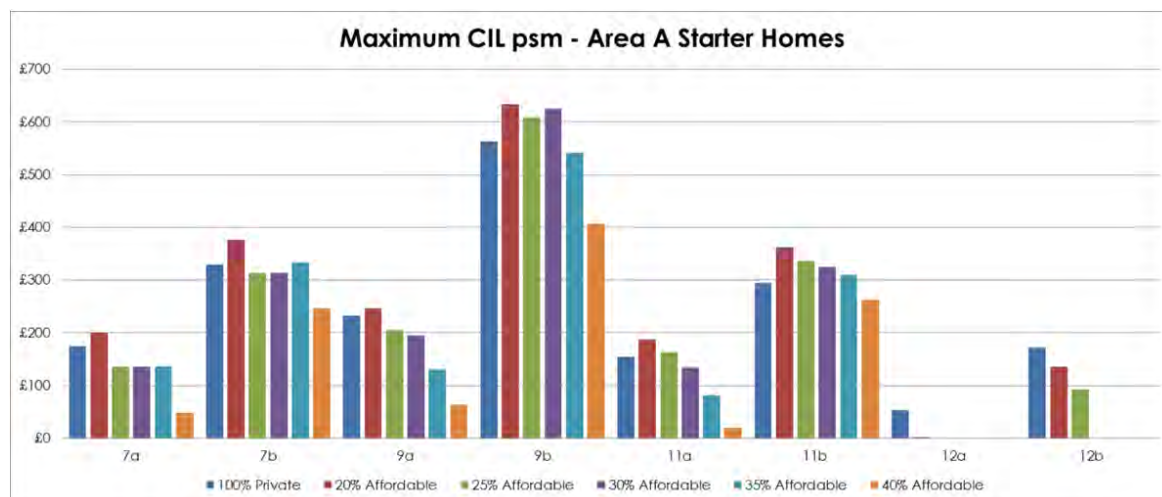
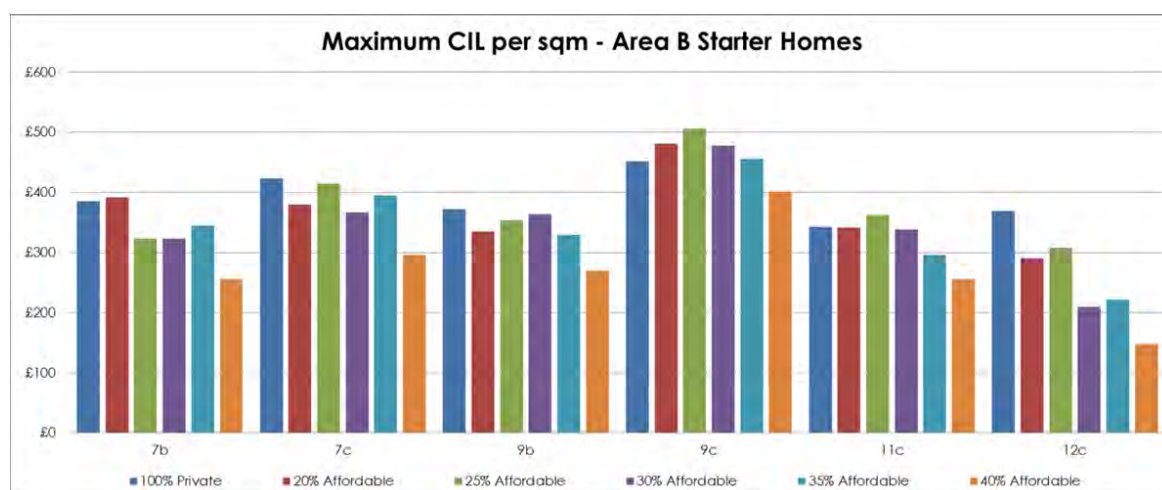


Figure 13: Maximum CIL levels – Area B Starter Homes



Small Schemes

- 6.18 It is important to note that in practice many small schemes, single dwellings, may be exempt from CIL because they are likely to be self-build or replacement dwellings where CIL will be set off against existing floor space.

CIL as % of Build Costs

- 6.19 It is informative to show what potential CIL rates equate to as a percentage of Build Costs for each Scheme as this is a good indication of how affordable they are, disregarding viability.

The usual test would be to avoid rates that are more than 5%. We have been in conversation with Council Officers when forming our view of abnormal costs.

6.20 The Tables below show the figures for each Scheme. Please note that for ease of reference, percentage of build costs equal to or greater than 5% has been highlighted in Table 23 and 24 below.

Table 23: CIL as % of Build Costs – Area A

CIL as % of Build Costs	Urban - 100% Private																	
	Scheme 1	Scheme 2a	Scheme 2b	Scheme 3	Scheme 6a	Scheme 6b	Scheme 7a	Scheme 7b	Scheme 8a	Scheme 8b	Scheme 9a	Scheme 9b	Scheme 10a	Scheme 10b	Scheme 11a	Scheme 11b	Scheme 12a	Scheme 12b
£20	1.6%	1.6%	1.3%	1.6%	1.6%	1.7%	1.6%	1.7%	1.6%	1.7%	1.5%	1.7%	1.5%	1.7%	1.6%	1.7%	1.6%	1.7%
£30	2.3%	2.3%	2.0%	2.3%	2.3%	2.5%	2.3%	2.5%	2.3%	2.5%	2.3%	2.5%	2.3%	2.5%	2.3%	2.5%	2.3%	2.5%
£40	3.1%	3.1%	2.7%	3.1%	3.1%	3.3%	3.1%	3.3%	3.1%	3.3%	3.1%	3.3%	3.1%	3.3%	3.1%	3.3%	3.1%	3.3%
£50	3.9%	3.9%	3.4%	3.9%	3.9%	4.2%	3.9%	4.2%	3.9%	4.2%	3.9%	4.2%	3.9%	4.2%	3.9%	4.2%	3.9%	4.2%
£60	4.7%	4.7%	4.0%	4.7%	4.7%	5.0%	4.7%	5.0%	4.7%	5.0%	4.6%	5.0%	4.6%	5.0%	4.7%	5.0%	4.7%	5.0%
£70	5.5%	5.5%	4.7%	5.5%	5.5%	5.8%	5.4%	5.8%	5.4%	5.8%	5.4%	5.8%	5.4%	5.9%	5.4%	5.8%	5.4%	5.8%
£80	6.3%	6.3%	5.4%	6.3%	6.2%	6.7%	6.2%	6.7%	6.2%	6.7%	6.2%	6.7%	6.2%	6.7%	6.2%	6.7%	6.2%	6.7%
£90	7.0%	7.0%	6.0%	7.0%	7.0%	7.5%	7.0%	7.5%	7.0%	7.5%	7.0%	7.5%	7.0%	7.5%	7.0%	7.5%	7.0%	7.5%
£100	7.8%	7.8%	6.7%	7.8%	7.8%	8.3%	7.8%	8.3%	7.8%	8.4%	7.7%	8.4%	7.7%	8.4%	7.8%	8.3%	7.8%	8.3%
CIL as % of Build Costs	Urban - 20% Affordable																	
	Scheme 1	Scheme 2a	Scheme 2b	Scheme 3	Scheme 6a	Scheme 6b	Scheme 7a	Scheme 7b	Scheme 8a	Scheme 8b	Scheme 9a	Scheme 9b	Scheme 10a	Scheme 10b	Scheme 11a	Scheme 11b	Scheme 12a	Scheme 12b
£20							1.2%	1.3%	1.3%	1.4%	1.2%	1.3%	0.5%	0.3%	0.5%	0.7%	0.7%	1.3%
£30							1.9%	2.0%	1.9%	2.0%	1.9%	2.0%	0.8%	0.5%	0.8%	1.0%	1.0%	2.0%
£40							2.5%	2.7%	2.5%	2.7%	2.5%	2.7%	1.1%	0.6%	1.1%	1.3%	1.4%	2.7%
£50							3.1%	3.3%	3.2%	3.4%	3.1%	3.3%	1.3%	0.8%	1.4%	1.7%	1.7%	3.3%
£60							3.7%	4.0%	3.8%	4.1%	3.7%	4.0%	1.6%	0.9%	1.6%	2.0%	2.0%	4.0%
£70							4.4%	4.7%	4.4%	4.8%	4.3%	4.7%	1.9%	1.1%	1.9%	2.3%	2.4%	4.7%
£80							5.0%	5.3%	5.0%	5.4%	5.0%	5.3%	2.2%	1.2%	2.2%	2.7%	2.7%	5.3%
£90							5.6%	6.0%	5.7%	6.1%	5.6%	6.0%	2.4%	1.4%	2.5%	3.0%	3.1%	6.0%
£100							6.2%	6.7%	6.3%	6.8%	6.2%	6.7%	2.7%	1.5%	2.7%	3.3%	3.4%	6.7%
CIL as % of Build Costs	Urban - 30% Affordable																	
	Scheme 1	Scheme 2a	Scheme 2b	Scheme 3	Scheme 6a	Scheme 6b	Scheme 7a	Scheme 7b	Scheme 8a	Scheme 8b	Scheme 9a	Scheme 9b	Scheme 10a	Scheme 10b	Scheme 11a	Scheme 11b	Scheme 12a	Scheme 12b
£20							1.1%	1.2%	1.1%	1.1%	1.1%	1.2%	1.1%	1.2%	1.1%	1.2%	1.1%	1.2%
£30							1.7%	1.8%	1.6%	1.7%	1.6%	1.8%	1.6%	1.8%	1.6%	1.8%	1.6%	1.8%
£40							2.3%	2.4%	2.1%	2.3%	2.2%	2.3%	2.2%	2.3%	2.2%	2.3%	2.2%	2.3%
£50							2.9%	3.1%	2.7%	2.9%	2.7%	2.9%	2.7%	2.9%	2.7%	2.9%	2.7%	2.9%
£60							3.4%	3.7%	3.2%	3.4%	3.3%	3.5%	3.3%	3.5%	3.3%	3.5%	3.3%	3.5%
£70							4.0%	4.3%	3.7%	4.0%	3.8%	4.1%	3.8%	4.1%	3.8%	4.1%	3.8%	4.1%
£80							4.6%	4.9%	4.3%	4.6%	4.3%	4.7%	4.3%	4.7%	4.3%	4.7%	4.3%	4.7%
£90							5.1%	5.5%	4.8%	5.2%	4.9%	5.3%	4.9%	5.3%	4.9%	5.3%	4.9%	5.3%
£100							5.7%	6.1%	5.3%	5.7%	5.4%	5.8%	5.4%	5.9%	5.4%	5.8%	5.4%	5.8%
CIL as % of Build Costs	Urban - 40% Affordable																	
	Scheme 1	Scheme 2a	Scheme 2b	Scheme 3	Scheme 6a	Scheme 6b	Scheme 7a	Scheme 7b	Scheme 8a	Scheme 8b	Scheme 9a	Scheme 9b	Scheme 10a	Scheme 10b	Scheme 11a	Scheme 11b	Scheme 12a	Scheme 12b
£20							0.9%	1.0%	1.0%	1.0%	0.9%	1.0%	0.9%	1.0%	0.9%	1.0%	0.9%	1.0%
£30							1.4%	1.5%	1.5%	1.6%	1.4%	1.5%	1.4%	1.5%	1.4%	1.5%	1.4%	1.5%
£40							1.9%	2.0%	1.9%	2.1%	1.9%	2.0%	1.9%	2.0%	1.9%	2.0%	1.9%	2.0%
£50							2.3%	2.5%	2.4%	2.6%	2.3%	2.5%	2.3%	2.5%	2.3%	2.5%	2.3%	2.5%
£60							2.8%	3.0%	2.9%	3.1%	2.8%	3.0%	2.8%	3.0%	2.8%	3.0%	2.8%	3.0%
£70							3.3%	3.5%	3.4%	3.7%	3.3%	3.5%	3.3%	3.5%	3.3%	3.5%	3.3%	3.5%
£80							3.7%	4.0%	3.9%	4.2%	3.7%	4.0%	3.7%	4.0%	3.7%	4.0%	3.7%	4.0%
£90							4.2%	4.5%	4.4%	4.7%	4.2%	4.5%	4.2%	4.5%	4.2%	4.5%	4.2%	4.5%
£100							4.7%	5.0%	4.8%	5.2%	4.6%	5.0%	4.6%	5.0%	4.7%	5.0%	4.7%	5.0%

Table 24: CIL as % of Build Costs – Area B

CIL as % of Build Costs	Rural - 100% Private										
	Scheme 1	Scheme 2a	Scheme 3	Scheme 4	Scheme 5	Scheme 7b	Scheme 7c	Scheme 9b	Scheme 9c	Scheme 11c	Scheme 12c
£20	1.6%	1.6%	1.6%	1.6%	1.8%	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%
£30	2.5%	2.5%	2.5%	2.5%	2.7%	2.6%	2.7%	2.6%	2.7%	2.6%	2.6%
£40	3.3%	3.3%	3.3%	3.3%	3.6%	3.5%	3.6%	3.5%	3.6%	3.5%	3.5%
£50	4.1%	4.1%	4.1%	4.1%	4.5%	4.4%	4.5%	4.4%	4.5%	4.4%	4.4%
£60	4.9%	4.9%	4.9%	4.9%	5.4%	5.2%	5.4%	5.3%	5.4%	5.3%	5.3%
£70	5.7%	5.7%	5.7%	5.7%	6.3%	6.1%	6.3%	6.1%	6.3%	6.1%	6.1%
£80	6.6%	6.6%	6.6%	6.6%	7.2%	7.0%	7.2%	7.0%	7.2%	7.0%	7.0%
£90	7.4%	7.4%	7.4%	7.4%	8.1%	7.9%	8.1%	7.9%	8.1%	7.9%	7.9%
£100	8.2%	8.2%	8.2%	8.2%	9.0%	8.7%	9.0%	8.8%	9.0%	8.8%	8.8%
CIL as % of Build Costs	Rural - 20% Affordable										
	Scheme 1	Scheme 2a	Scheme 3	Scheme 4	Scheme 5	Scheme 7b	Scheme 7c	Scheme 9b	Scheme 9c	Scheme 11c	Scheme 12c
£20						1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
£30						2.1%	2.2%	2.1%	2.2%	2.1%	2.1%
£40						2.8%	2.9%	2.8%	2.9%	2.8%	2.8%
£50						3.5%	3.6%	3.5%	3.6%	3.5%	3.5%
£60						4.2%	4.3%	4.2%	4.3%	4.2%	4.2%
£70						4.9%	5.0%	4.9%	5.0%	4.9%	4.9%
£80						5.6%	5.8%	5.6%	5.8%	5.6%	5.6%
£90						6.3%	6.5%	6.3%	6.5%	6.3%	6.3%
£100						7.0%	7.2%	7.0%	7.2%	7.0%	7.0%
CIL as % of Build Costs	Rural - 30% Affordable										
	Scheme 1	Scheme 2a	Scheme 3	Scheme 4	Scheme 5	Scheme 7b	Scheme 7c	Scheme 9b	Scheme 9c	Scheme 11c	Scheme 12c
£20						1.3%	1.3%	1.2%	1.3%	1.2%	1.2%
£30						1.9%	2.0%	1.8%	1.9%	1.8%	1.8%
£40						2.6%	2.6%	2.5%	2.5%	2.5%	2.5%
£50						3.2%	3.3%	3.1%	3.2%	3.1%	3.1%
£60						3.8%	4.0%	3.7%	3.8%	3.7%	3.7%
£70						4.5%	4.6%	4.3%	4.4%	4.3%	4.3%
£80						5.1%	5.3%	4.9%	5.0%	4.9%	4.9%
£90						5.8%	5.9%	5.5%	5.7%	5.5%	5.5%
£100						6.4%	6.6%	6.1%	6.3%	6.1%	6.1%
CIL as % of Build Costs	Rural - 40% Affordable										
	Scheme 1	Scheme 2a	Scheme 3	Scheme 4	Scheme 5	Scheme 7b	Scheme 7c	Scheme 9b	Scheme 9c	Scheme 11c	Scheme 12c
£20						1.0%	1.1%	1.1%	1.1%	1.1%	1.1%
£30						1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
£40						2.1%	2.2%	2.1%	2.2%	2.1%	2.1%
£50						2.6%	2.7%	2.6%	2.7%	2.6%	2.6%
£60						3.1%	3.2%	3.2%	3.2%	3.2%	3.2%
£70						3.7%	3.8%	3.7%	3.8%	3.7%	3.7%
£80						4.2%	4.3%	4.2%	4.3%	4.2%	4.2%
£90						4.7%	4.9%	4.7%	4.9%	4.7%	4.7%
£100						5.2%	5.4%	5.3%	5.4%	5.3%	5.3%

Conclusions

- 6.21 A simple substitution of CIL for S106, allowing a small residual S106 Contribution, would suggest a CIL rate of c £40 per sq m.
- 6.22 A rate of £40 per sq m is less than 3.3 % of Total Costs for all Urban Schemes and 3.6 % of costs for Rural Schemes, regardless of the level of Affordable Housing. Therefore, this is not a level that could be said to put a scheme at risk of being delivered or other policy objectives of the Council.
- 6.23 The potential for a higher figure for the Rural Area is clearer, based on the viability testing, but we caution that the tests also show potential for a materially higher affordable housing policy and it is unclear as to the extent to which such schemes could bear both. We also note that it would be desirable to keep any CIL rate below c. 5% of Build Costs.
- 6.24 Some of the larger Schemes tested (11a, 11b,) are not viable based upon assumptions adopted in this testing. It would also require the co-operation of the landowner and the provision of detailed value and costings data including how and when payments are made for the land, etc. to review the viability of schemes on a case by case basis. At this stage all testing assumes a single upfront payment for the land. The large schemes also raise the issue of whether they generate their own requirements for S106 provisions, and, therefore, encounter the constraint imposed by the CIL Regulations of not pooling more than five S106 Agreements towards particular project or piece of infrastructure. The continued use of S106 Agreements can have merits for large schemes as it provides flexibility that is absent from CIL.

Commercial Results

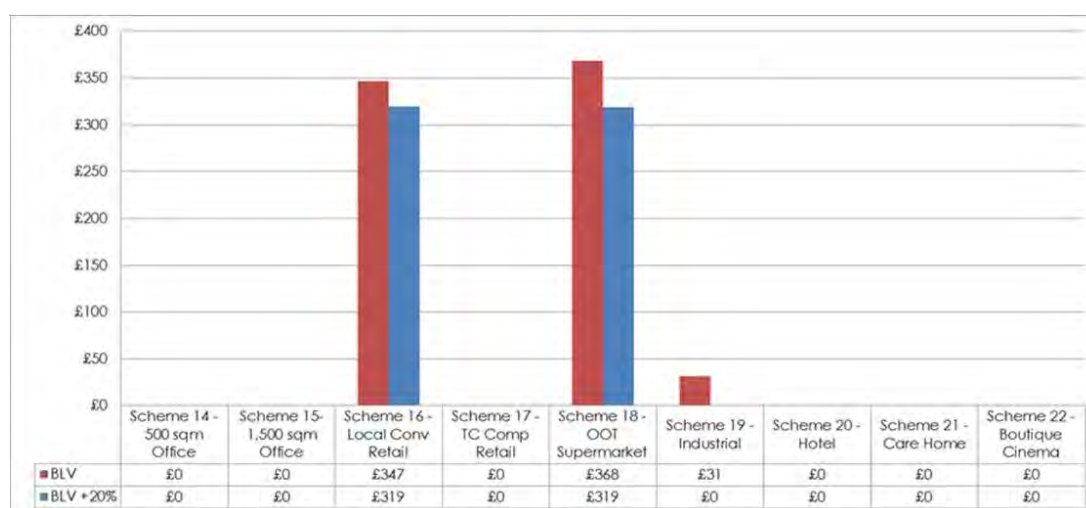
- 6.25 We have tested the following commercial Schemes:

Table 25: Commercial Schemes

	Description	Size (sqm)
Scheme 14	Small Office - Small urban office scheme (outside of core town centre)	500
Scheme 15	Office - Larger office unit in business park on edge of urban area)	1,500
Scheme 16	Local Convenience Retail - Extra/Local style convenience store	300
Scheme 17	Town Centre Comparison Retail	500
Scheme 18	Out of Town Supermarket	3,000
Scheme 19	Industrial	10,000
Scheme 20	Hotel (Budget)	3,100
Scheme 21	Extra Care Scheme	5,800
Scheme 22	Leisure (Boutique Cinema)	1,100

6.26 The results of testing for potential CIL contributions for commercial schemes are detailed in the figure below. As for the residential schemes, the maximum CIL levels are presented.

6.27 For the testing we have used evidence sourced from local agents and GVA agency teams to reach our view of an appropriate TLV. Our evidence shows a TLV of £400,000 per acre (c. £560,000 per ha) for all sites excluding the town centre retail scheme, for which we adopted a TLV of £1,500,000 per acre (c. £2,100,000 per ha). Details of the Threshold Land Value assumptions are set out in Section 3.

Figure 14: Maximum CIL Levels – Commercial Schemes

- 6.28 Figure 14 shows that viability varies significantly by use type. Scheme 16 and Scheme 18, both of which are supermarkets are the most viable and could afford a maximum CIL charge rate of c. £350 psm based on the comparison with the Threshold Land Value and c. £325 psm when compared to the Threshold Land Value plus 20% cushion. We note that in neighbouring boroughs, CIL charges for similar schemes range from £65 psm to £125 psm, whilst in Maidstone's recent Draft Viability Assessment (July 2015) a CIL charge of £250 psm is proposed.
- 6.29 The testing for Scheme 19 (industrial) suggests a maximum CIL charge of up to £30 psm could be charged. However, when assessed against the cushion, no CIL can be afforded.
- 6.30 Our appraisals show that developments for office schemes, town centre retail, hotel, care home and a boutique cinema do not produce a positive Residual Land Value and are unable to contribute towards CIL based on the assumptions utilised within this report.

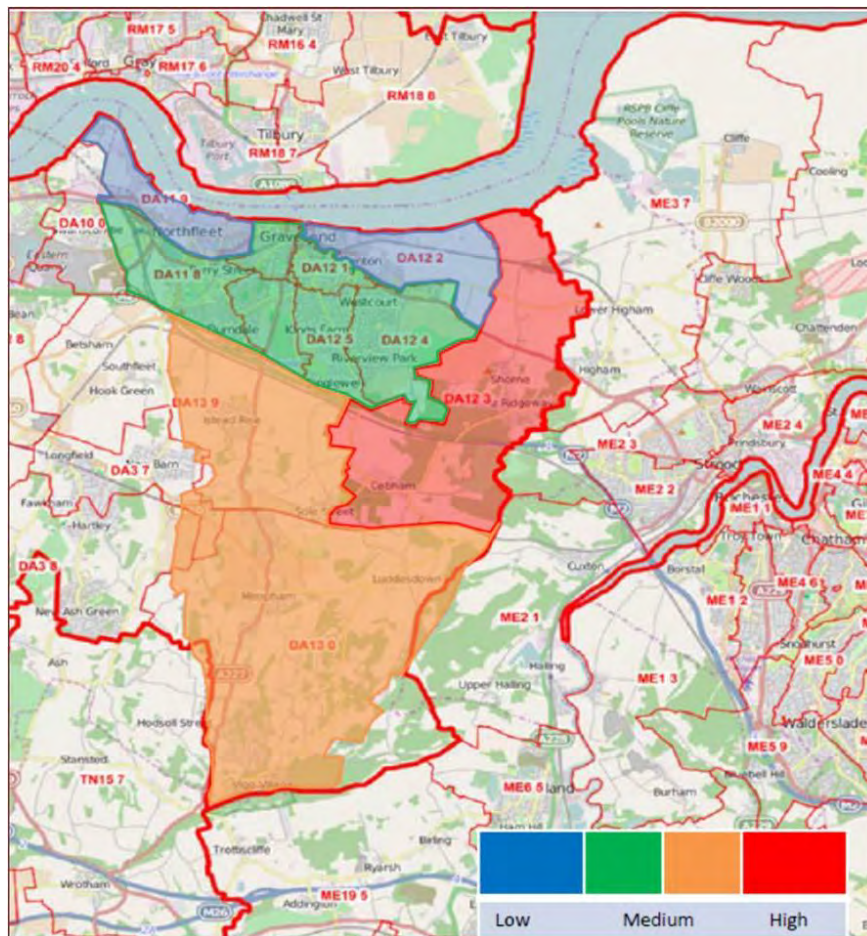
Conclusions

- 6.31 A CIL contribution from certain retail schemes could be deliverable, but this would have to be targeted towards supermarkets. We note the level of charges being proposed by neighbouring Councils, are at rates that can be afforded on the basis of the testing we have undertaken. We would also note that elsewhere the usual rate for supermarkets rarely exceeds c £125 psm. Therefore, in light of industry changes to supermarkets, we would recommend that a rate of £125 psm should be adopted to ensure that further development comes forward.
- 6.32 CIL contributions towards commercial schemes including industrial are based on current assumptions and unviable. We advise against CIL for such schemes and contributions should be sought on a case by case basis via S106 and S278. We recommend that the Council should adopt a monitor and manage approach to review TLVs and consider the need for commercial CIL in the future.

Scope for CIL in Gravesham

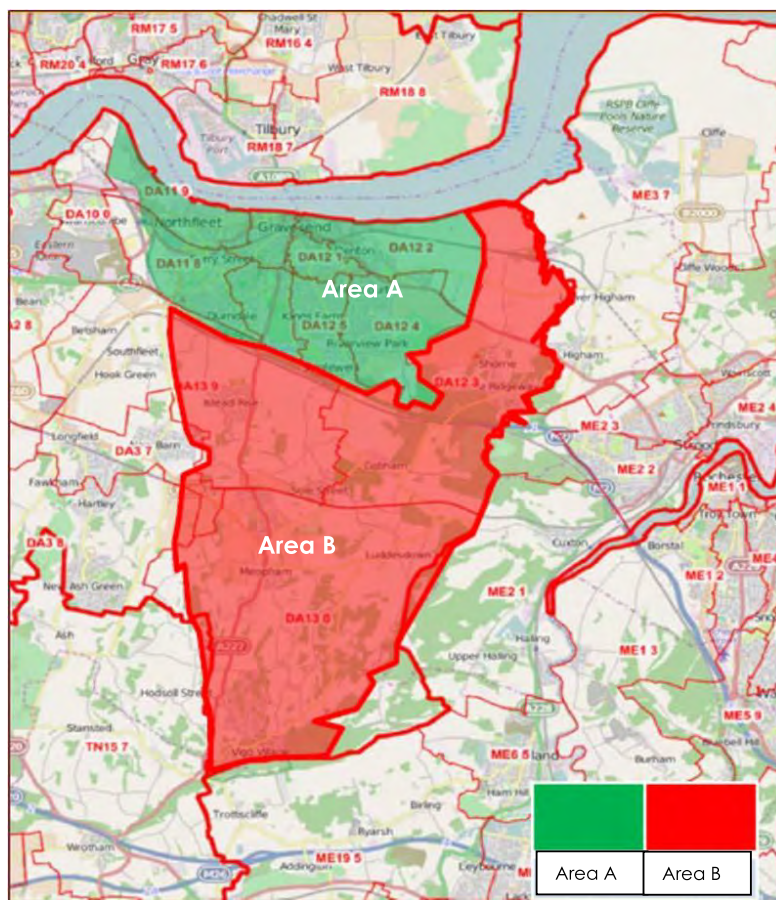
- 6.33 Our analysis, based on private residential sales values, suggests that the Council could implement a CIL system incorporating up to four CIL Charging Zones as identified in the map.

Figure 15: Map 1 – Four CIL Charging Zones



- 6.34 The guidance from the DCLG sets out that an area-based approach involving a broad test of viability should be used; and that CIL Charging Authorities should avoid 'undue complexity, and limit the permutations of different charges that they set within their area'. We therefore suggest that the Council merge the Low (Blue) and Medium (Green) Value areas, and the Medium (Orange) and High (Red) Value areas to create two CIL Charging Zones, as shown below:

Figure 16: Map 2 – Two CIL Charging Zones



- 6.35 We recommend that the Council considers applying the following CIL charges within the two areas. These figures include a cushion.

Table 26: Suggested CIL Tariffs – Area A and Area B

Type of Development	Suggested CIL Tariff per sq m	
	Area A	Area B
Residential below 15 dwellings	£60	£40
Residential above 15 dwellings	£70	£40
Retail – local convenience less than 500 sq m	£125	£125
Retail – convenience 500 sq m or more	£125	£0
All other Uses	£0	£0



Appendix I Commercial Assumptions

1. Commercial Assumptions

Schemes

- 1.1 For the commercial Schemes, our review of recent and pipeline Schemes suggests the following commercial Schemes represent Schemes are likely to come forward in Gravesham.

Table 1: Commercial Schemes

	Description	Size (NIA sq m)
Scheme 14	Small Office - Small urban office scheme (outside of core town centre)	500
Scheme 15	Office - Larger office unit in business park on edge of urban area)	1,500
Scheme 16	Local Convenience Retail - Extra/Local style convenience store	300
Scheme 17	Town Centre Comparison Retail	500
Scheme 18	Out of Town Supermarket	3,000
Scheme 19	Industrial	10,000
Scheme 20	Hotel (Premier Inn Style) 100 rooms	3,100
Scheme 21	Extra Care	5,800
Scheme 22	Leisure (Multiplex)	1,080

Net to Gross Assumptions

- 1.2 We have applied the following net to gross internal area assumptions to the commercial Schemes. This is based on industry standard assumptions.

Table 2: Commercial Net to Gross Assumptions

Use	GIA > NIA
Industrial	100%
Office	80%
Retail	100%
Hotel	70%
Extra Care	65%
Leisure (Multiplex)	90%

Commercial Values

1.3 For commercial uses, market evidence suggest little variation in values across the borough, therefore no value zones have been identified.

1.4 Commercial Value Assumptions have been reached utilising the following sources:

- Conversations with locally active agents
- Comparable data from CoStar Focus
- Market reports (e.g. Promis, Kent market reports)

Table 3: Gravesham Commercial Value Assumptions

Scheme	Description	Rent / sq m	Yield	Incentives
Scheme 14	Small Office – 500 sq m	£161	7%	6 months' rent free
Scheme 15	Office (Business Park) – 1,500 sq m	£161	7%	6 months' rent free
Scheme 16	Local convenience retail – 300 sq m	£161	6%	6 months' rent free
Scheme 17	Town Centre comparison / retail – 500 sq m	£215	7%	6 months' rent free
Scheme 18	Out of Town Supermarket – 3,000 sq m	£194	5.75%	6 months' rent free
Scheme 19	Industrial – 10,000 sq m	£107	6.5%	6 months' rent free
Scheme 20	Hotel – 3,100 sq m	£5,000 per room	6.75%	6 months' rent free
Scheme 21	Extra Care – 5,800 sq m	£3,444 (cap value)	7%	n/a
Scheme 22	Leisure (Multiplex Cinema) – 1,080 sq m	£160	7%	n/a

Cost Assumptions

1.5 The table below sets out the construction costs for each commercial use. These costs have been sourced from BCIS. The remainder of the cost assumptions are based on general industry assumptions.

Table 4: Commercial Cost Assumptions

	Schemes 14 & 15	Scheme 16	Scheme 17	Scheme 18	Scheme 19	Scheme 20	Scheme 21	Scheme 22
£ per sq m	£1,500	£1200	£1,140	£1,500	£750	£1,750	£1,130	£1,290
Contingency	5%	5%	5%	5%	5%	5%	5%	10%
Prof fees	10%	5%	10%	5%	5%	10%	5%	5%
Enabling	5%	5%	5%	5%	5%	10%	15%	5%
Letting agent	10%	10%	10%	10%	10%	10%	10%	10%
Letting Legal	5%	5%	5%	5%	5%	5%	5%	5%
Invest Legal Fee	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Invest Sale Legal Fee	0.50%	0.50%	0.50%	0.50%	0.50%	0.5%	0.5%	0.5%
Profit on Cost	20%	20%	20%	20%	20%	20%	20%	20%
Finance	7%	7%	7%	7%	7%	7%	7%	7%

Timings

- 1.6 We have assumed the following timings for the commercial Schemes, based on industry knowledge:

Table 5: Commercial Timing Assumptions

Scheme	Description	Pre – construction (months)	Build Period (months)
Scheme 14	Office – 500 sqm	4	7
Scheme 15	Office – 1,500 sqm	6	21
Scheme 16	Local convenience retail – 300 sqm	4	5
Scheme 17	Town Centre comparison / retail – 500 sqm	4	7
Scheme 18	Out of Town Retail – 3,000 sqm	4	10
Scheme 19	Industrial – 10,000 sqm	4	10
Scheme 20	Hotel – 3,100 sqm	5	20
Scheme 21	Extra Care - 5,800 sqm	4	12
Scheme 22	Leisure (Multiplex Cinema) – 1,080 sqm	2	6



Appendix II Affordable Housing and CIL Testing Results

Affordable Housing Testing

- 1.1 This Appendix presents the outcome of the testing at various levels of affordable housing across the different Schemes and value zones.
- 1.2 Red denotes where the Residual Land Value (RLV) falls below the Threshold Land Value and therefore the scheme is deemed unviable. Orange denotes where the RLV falls within the 20% 'cushion zone' and therefore is deemed marginal. Green denotes where the RLV lies above the Threshold Land Value plus cushion zone, and therefore is deemed viable.

Table 2: Gravesham Area A – Affordable Housing Starter Homes

Starter Homes	Area A - Affordable Housing Starter Homes									
	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme
	7a	7b	9a	9b	11a	11b	12a	12b		
Units	15	15	25	25	125	125	250	250		
Mix	Mix 1	Mix 2	Mix 1	Mix 2	Mix 1	Mix 2	Mix 1	Mix 2		
Threshold Land Value	£190,000	£260,000	£330,000	£530,000	£1,780,000	£2,340,000	£6,500,000	£8,900,000		
Threshold Land Value less Cushion	£152,000	£208,000	£264,000	£424,000	£1,424,000	£1,872,000	£5,200,000	£7,120,000		
100% Private	£358,000	£663,000	£568,000	£1,091,000	£2,838,000	£5,308,000	£6,044,000	£11,056,000		
20% Affordable	£326,000	£623,000	£524,000	£1,039,000	£2,772,000	£5,250,000	£5,020,000	£9,531,000		
25% Affordable	£225,000	£524,000	£465,000	£939,000	£2,514,000	£4,884,000	£4,208,000	£8,581,000		
30% Affordable	£225,000	£524,000	£445,000	£933,000	£2,224,000	£4,490,000	£2,740,000	£6,684,000		
35% Affordable	£183,000	£513,000	£366,000	£821,000	£2,132,000	£4,174,000	£2,597,000	£6,525,000		
40% Affordable	£161,000	£406,000	£295,000	£716,000	£1,504,000	£3,682,000	£2,424,000	£5,964,000		

Table 3: Gravesham Area B – Affordable Housing

Area B – Affordable Housing													
	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme
Affordable Housing	1	2a	3	4	5	7b	7c	9b	9c	11c	12c	13	
Units	1	2	3	4	10	15	15	25	25	125	250	400	
Mix	House	Houses	Houses	Houses	Houses	Mix 2	Houses	Mix 2	Houses	Mix 2	Mix 2	Mix 2	
Threshold Land Value	£60,000	£90,000	£170,000	£200,000	£300,000	£440,000	£560,000	£770,000	£830,000	£3,900,000	£7,600,000	£13,300,000	
Threshold Land Value less Cushion	£48,000	£72,000	£136,000	£160,000	£240,000	£352,000	£448,000	£616,000	£664,000	£3,120,000	£6,080,000	£10,640,000	
100% Private	£62,000	£120,000	£200,000	£272,000	£830,000	£933,000	£1,180,000	£1,560,000	£1,930,000	£7,450,000	£15,430,000	£15,580,000	
20% Affordable			£4,000	£127,000	£510,000	£680,000	£890,000	£1,130,000	£1,450,000	£5,560,000	£10,880,000	£9,240,000	
25% Affordable					£510,000	£680,000	£890,000	£1,070,000	£1,380,000	£5,420,000	£9,820,000	£7,050,000	
30% Affordable					£470,000	£550,000	£750,000	£920,000	£1,200,000	£4,620,000	£8,540,000	£6,360,000	
35% Affordable					£470,000	£430,000	£580,000	£810,000	£1,060,000	£4,010,000	£7,480,000	£4,490,000	
40% Affordable					£310,000	£420,000	£570,000	£690,000	£910,000	£3,590,000	£6,310,000	£2,910,000	

Table 4: Gravesham Area B – Affordable Housing Starter Homes

Affordable Housing	Area B – Affordable Housing Starter Homes									
	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme
	7b	7c	9b	9c	11c	12c	13			
Units	15	15	25	25	125	250	400			
Mix	Mix 2	Houses	Mix 2	Houses	Mix 2	Mix 2	Mix 2			
Threshold Land Value	£440,000	£560,000	£770,000	£830,000	£3,900,000	£7,600,000	£13,300,000			
Threshold Land Value less Cushion	£352,000	£448,000	£616,000	£664,000	£3,120,000	£6,080,000	£10,640,000			
100% Private	£933,000	£1,180,000	£1,560,000	£1,930,000	£7,450,000	£15,430,000	£15,580,000			
20% Affordable	£830,000	£1,050,000	£1,410,000	£1,740,000	£6,980,000	£13,020,000	£17,000,000			
25% Affordable	£710,000	£900,000	£1,280,000	£1,600,000	£6,540,000	£11,870,000	£15,360,000			
30% Affordable	£710,000	£900,000	£1,280,000	£1,600,000	£6,080,000	£9,700,000	£13,580,000			
35% Affordable	£700,000	£890,000	£1,150,000	£1,440,000	£5,510,000	£9,600,000	£11,180,000			
40% Affordable	£570,000	£740,000	£1,020,000	£1,290,000	£5,010,000	£4,500,000	£9,960,000			

CIL Testing

- 1.3 This Appendix presents the outcome of the CIL testing at various levels of affordable housing across the different Schemes and value zones.
- 1.4 The figures shown in the tables are the resultant CIL rate psm, whereby the surplus, after the RLV is taken from the TLV, is divided by the private GIA.
- 1.5 Red denotes where the Residual Land Value (RLV) falls below the Threshold Land Value and therefore the scheme is deemed unviable. Orange denotes where the RLV falls within the 20% 'Cushion' and therefore is deemed marginal. Green denotes where the RLV lies above the Threshold Land Value plus Cushion, and therefore is deemed viable.

Table 5: Gravesham Area A - CIL

	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme
	1	2a	2b	3	6a	6b	7a	7b	8a	8b	9a	9b	10a	10b	11a	11b
Units	1	2	2	3	14	14	15	15	16	16	25	25	50	50	125	125
Mix	House	Houses	Flats	Houses	Mix 1	Mix 2	Mix 1	Mix 2	Mix 1	Mix 2	Mix 1	Mix 2	Mix 1	Mix 2	Mix 1	Mix 2
\$106 Converted	£33	£31	£44	£32	£44	£37	£44	£34	£29	£23	£45	£36	£45	£36	£45	£36
100% Private	£286	£173	£0	£127	£184	£265	£175	£330	£179	£326	£170	£288	£135	£286	£154	£294
20% Affordable							£83	£237	£81	£239	£61	£181	£33	£196	£59	£210
25% Affordable							£90	£160	£55	£254	£38	£163	£18	£190	£33	£199
30% Affordable							£9	£160	£0	£110	£28	£157	£0	£129	£0	£157
35% Affordable							£0	£68	£0	£92	£0	£58	£0	£88	£0	£118
40% Affordable							£0	£64	£0	£92	£0	£0	£0	£29	£0	£51

Table 6: Gravesham Area A – CIL Starter Homes

CIL	Area A Starter Homes - CIL							
	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme
	7a	7b	9a	9b	11a	11b	12a	12b
Units	15	15	25	25	100	100	250	250
Mix	Mix 1	Mix 2	Mix 1	Mix 2	Mix 1	Mix 2	Mix 1	Mix 2
\$106 Converted	£44	£37	£61	£71	£36	£29	£45	£36
100% Private	£175	£330	£233	£563	£155	£294	£53	£172
20% Affordable	£200	£376	£247	£634	£187	£362	£2	£136
25% Affordable	£135	£314	£205	£609	£163	£336	£0	£93
30% Affordable	£135	£314	£195	£625	£134	£325	£0	£0
35% Affordable	£137	£333	£131	£542	£81	£309	£0	£0
40% Affordable	£48	£247	£63	£407	£19	£263	£0	£0

Table 7: Gravesham Area B - CIL

CIL	Area B - CIL										
	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme
	1	2a	3	4	5	7b	7c	9b	9c	11c	12c
Units	1	2	3	4	10	15	15	25	25	125	250
Mix	House	Houses	Houses	Houses	Houses	Mix 2	Houses	Mix 2	Houses	Mix 2	Mix 2
\$106 Converted	£30	£27	£28	£31	£29	£34	£30	£33	£30	£34	£34
100% Private	£103	£173	£155	£230	£480	£385	£423	£368	£451	£342	£369
20% Affordable					£269	£272	£329	£260	£369	£247	£242
25% Affordable					£269	£272	£329	£238	£357	£249	£204
30% Affordable					£260	£191	£250	£177	£299	£178	£149
35% Affordable					£260	£85	£130	£134	£251	£120	£98
40% Affordable					£83	£0	£78	£66	£182	£78	£31

Table 8: Gravesham Area B – Starter Homes

CIL	Area B Starter Homes - CIL					
	Scheme	Scheme	Scheme	Scheme	Scheme	Scheme
	7b	7c	9b	9c	11c	12c
Units	15	15	25	25	125	250
Mix	Mix 2	Houses	Mix 2	Mix 2	Mix 2	Mix 2
\$106 Converted	£34	£34	£33	£30	£34	£34
100% Private	£385	£423	£372	£451	£342	£369
20% Affordable	£392	£380	£335	£481	£341	£290
25% Affordable	£323	£414	£353	£506	£362	£308
30% Affordable	£323	£367	£363	£478	£338	£210
35% Affordable	£345	£395	£330	£456	£296	£222
40% Affordable	£255	£296	£270	£401	£255	£148