



**PATHFINDER**  
DEVELOPMENT CONSULTANTS

# **ECONOMIC VIABILITY ANALYSIS**

**for**

**Capital Community  
Developments.**

**At**

**Development Land at  
SCLP12.62, Rendlesham.**

**5<sup>th</sup> April 2019.**

## **ECONOMIC VIABILITY ANALYSIS**

### **Development Land at SCLP12.62, Rendlesham.**

#### **1.0 Introduction**

1.1. Capital Community Developments have commissioned Pathfinder to provide an Economic Viability Analysis for the proposed development of land on a site referred to in the local plan as SCLP12.62, in Rendlesham; a village within the district of East Suffolk, which lies 6 miles north east of the town of Woodbridge, for the development of 75 new build residential properties. The Councils adopted plan requires 33% affordable housing made up of social rent, affordable rent, and intermediate housing. The emerging local plan requires a 33% affordable housing target (SCLP5.10) with 50% affordable rent 25% Shared Ownership and 25% Discounted Home Ownership.

1.2. The proposed development by Capital Community Developments forms an extension of the current development on Garden Square and Gardenia Close. The site has been secured by them and is allocated for residential development in the current local plan. Homes will be released onto the open market and a waiting list already exists. Members of the team of CCD have an established local track record of housing delivery.

1.3. The purpose of the analysis is to appraise and quantify the level of Residual Land Value that can be delivered on site taking into account the planned scheme and consider the consequent viability. The Economic Viability Analysis will confirm the viability of delivering a policy compliant scheme generated by the development starting from a policy compliant approach and whether further options are required, as set out in the adopted policy.

1.4. This report does not constitute a formal 'Red Book' valuation (RICS Valuation - Professional Standards, March 2012) or should not be relied upon as such. It is a viability study carried out in line with RICS guidance note, Financial Viability In Planning 2012. This report is confidential to the Client and the authors accept no responsibility of whatsoever nature to third parties to whom this report or any part thereof is made known. Any such party relies upon the report at their own risk.

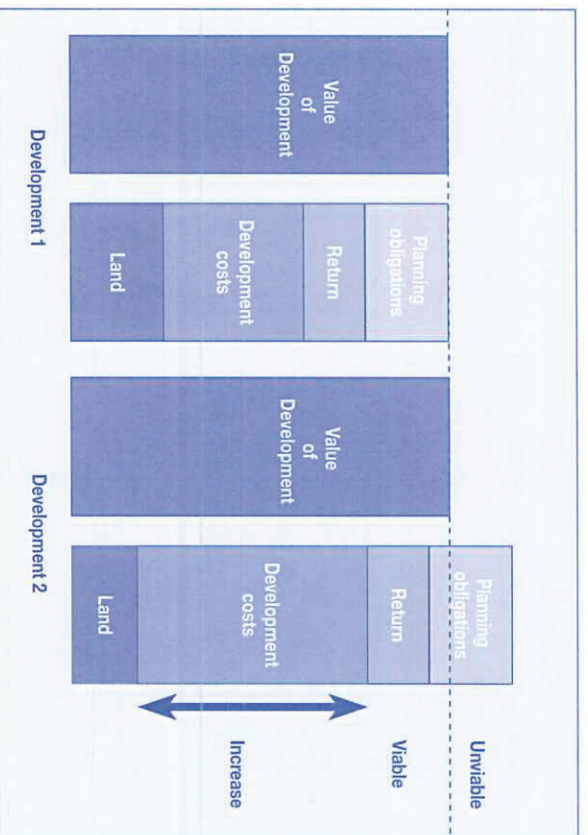
1.5. Pathfinder are a consultancy offering services to house builders, landowners and promoters, assisting in the delivery of affordable housing, site identification and appraisal, land acquisition, and development consultancy within the east of England.

1.6. Our clients include national and regional house builders, as well as local developers, and land promotion organizations as well as individual landowners.

## 2.0. Standard Methodology in assessing viability

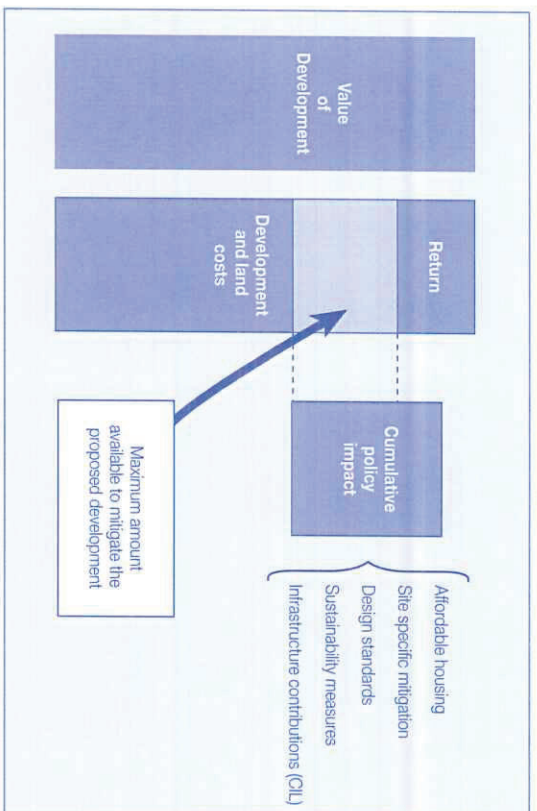
- 2.1. Economic Viability Analysis (EVA) is based upon a residual land value calculation, supported by a design and build cost estimate in as much detail as possible, and a scheme cash flow plotting the pattern of likely cash spend and income to generate interest on development finance.
- 2.2. The difference between gross development value and total cost equates to a residual land value. The model runs over a development period from the date of commencement of the project, to completion when the development has been constructed, sold and occupied. In order to assess whether a development scheme can be regarded as economically viable, it is necessary to compare residual land values produced with target land values. If the development proposal generates a residual land value that is higher than the target land value for the scheme, it can generally be regarded as economically viable and therefore deliverable. However, if the scheme generates a residual land value which is lower than the target, it should not be deemed as economically viable (as illustrated in Diagram 1 below). The standard convention of working with current values and costs is used rather than those predicted in the future.

Diagram 1 - Comparative development viability



- 2.3. Diagram 1 illustrates the balance required to achieve a viable scheme – Development 1. It also shows how a scheme becomes unviable where there are increased development costs, due to site considerations, along with planning obligations – Development 2.
- 2.4. A viability assessment will have regard to not just single policy impacts but a cumulative impact of policy and planning obligations as illustrated in Diagram 2.

Diagram 2 - Cumulative impact of policy and planning obligations



### 3.0. Planning Guidance

3.1. There is strong policy background detailing the objectives and methodology for undertaking Economic Viability Assessments. This includes:

3.1.1. In February 2019 the National Planning Policy Framework was revised. It notes:

3.1.2 (1.) *The National Planning Policy Framework sets out the Government's planning policies for England and how these should be applied. It provides a framework within which locally-prepared plans for housing and other development can be produced.*

3.1.3 (34) *Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.*

3.1.4 (57.) *It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-*

making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.

3.1.5 (63.) Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount.

3.1.6 (64.) Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.

3.2.1 Planning Practice Guidance relating to viability was also updated and notes:

3.2.2 It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.

3.2.3 Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan; and the applicant should provide evidence of what has changed since then.

3.2.4 Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.

3.2.5 In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.

3.2.6 For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used.

3.2.7 Assessment of costs should be based on evidence which is reflective of local market conditions.

3.2.8 The benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements.

3.2.9 Benchmark land value should: be informed by market evidence including current uses, costs and values wherever possible. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including for affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

3.2.10 EUV is the value of the land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses.

3.2.11 The premium is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements... and... should include market evidence. The Benchmark value should reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fee.

3.2.13 Potential risk is accounted for in the assumed return for developers at the plan making stage.

3.2.14 For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk.

3.3.1. The Royal Institution of Chartered Surveyors (RICS) has produced a guidance note. Financial Viability in Planning (August 2012). This is now being referred to by planning inspectors in appeal decisions. The RICS guidance note defines viability and the context of undertaking appraisals of financial viability for the purpose of town planning decisions as:

*“An objective financial viability test of the ability of a development project to meet its costs including the costs of planning obligations, by ensuring an appropriate site value for the land owner at a market risk adjusted return to the developer in delivering that project.”*

3.3.2. The guidance goes on to note:

*“site value should equate to the market value subject to the following assumption: that the value has regard to the development plan policies and all other material planning considerations and disregard that which is contrary to the development plan.”*

3.3.3. Any assessment of site value however will have regard to prospective planning obligations, and the point of the viability appraisal is to assess the extent of these potential obligations and also have regard to the prevailing property market. The fundamental issue in considering viability assessments in a town planning context is whether an otherwise viable development is made unviable by the extent of planning obligations and other requirements.

3.3.4. The RICS guidance emphasises that a proper understanding of financial viability is essential in ensuring that:

- Land is willingly released for development by land owners
- Developers are capable of obtaining an appropriate market risk adjusted return for delivering the proposed development.
- The proposed development is capable of securing funding

3.3.5. Where planning obligation liabilities reduce the site value to the landowner and return to the developer below an appropriate level, land will not be released and therefore development will not take place.

3.3.6. In their April 2012 topic paper practice note, the Homes and Community Agency (HCA) Advisory Team for Large Applications (ATLAS) Team note:

*“The issue of viability is a material consideration in decision making. The weighting attached to it needs to be balanced with the circumstances of any specific project, the underlined policy basis and all the other relevant material planning considerations. In the current economic climate, when project viability is often a key barrier preventing development from proceeding and potentially hindering its ability to meet all established policy objectives, it is critical... (have a good understanding of the use of financial appraisals to test viability)”*

#### **4.0. Assumptions used in our modelling framework**

4.1. Our viability assessment is based upon broad approximations, where detailed information is not available. We have modelled the delivery of 75 homes on a site of 3.2 hectares in size (net developable), although 5.05 hectares gross.

4.2. Property Type and Sizes. The mix of property types, and floor areas (GIFA), are taken from the planning drawings prepared by Capital Community Developments.

#### **4.3. Gross Development Value**

4.3.1. An analysis of current sales values in Rendlesham, (at Appendix 1) have been used to identify sales prices for individual units and rates per m2 that could be achieved for the scheme. This information has been used to generate the Gross Development Value of the site (shown in the EVA).

4.3.2. Rates represent a premium, of circa 10%, on average rates currently being achieved when viewing all sales (of £222 ft2 for semi-detached houses compared to this project at an average of £250ft2).

4.3.3. The affordable housing units to be provided have been discussed with both Flagship and Saffron, Registered Providers who have given advice on prices used in the viability analysis.

#### **4.4. Gross Development Costs**

##### **4.4.1. Site Acquisition Costs**

We have included site acquisition costs to cover agent and legal fees at a total of 1.75% of the benchmark land value. Stamp duty at the prevailing rate has been allowed for, calculated on the residual value.

##### **4.4.2. Construction Costs**

We have assumed that all design costs (site survey, architecture, engineering planning consultant and fees), are included within the Cost Plan attached at Appendix 2. Our cost plan is based on the design drawings and surveys relating to the Planning Application prepared by Capital Community Developments (see layout plan at Appendix 3) and includes the use of Maharishi Vastu design principles, which the developer has successfully employed on the adjacent development at Garden Square and Gardena Close.

The cost model is regularly reviewed and updated in accordance with BCIS tender price information and recent experience in tendering housing schemes in the local construction market. Prices reflect the location and type of project.

The analysis generates a total design and build cost of £12,198,628 or £1,649 per m2.

#### 4.4.3. Abnormal and Additional Costs

Abnormal and additional costs not contained in the base estimate have been able to be allowed for on the basis of information available, and include all items not included in the base estimate:

##### **"Abnormal Works Allowances" are included as follows:-**

£

Very High External Materials Architectural Detailing including Sash Windows, Georgian Porticos, Gable Feature Windows, Quoin, Plinth Brickwork, Double Timber Feature External Doors, Juliette and Full Balconies to Specified plots, Prentice Board, Stone Cills, Roof Ridge Detailing etc.	Included	
All Shared Drives as defined on the Site Layout, together with all Disabled, Visitors and Motor Cycle Parking. Nb. Dwelling Parking Spaces included in Main Estimate.		239,600.00
Foul Sewer Connection into existing Sewer.		4,200.00
Provisional Sum for Play Area (Equipped) and "Feature Space" as per Site Layout.		75,000.00
Preparation Work for Area Reserved for Educational/Community Building - land strip, provision for Services to the Boundary, Fencing off etc.		6,000.00
Cut into existing road and link 2Nr. New adoptable roads/footpaths to facilitate site.		5,525.00
Service Extensions from Existing Roads to facilitate all 75Nr. Dwellings.		26,300.00
Allowance for Adoptable Pumping Station including any necessary Rising Mains, Pumps, Wells, Fencing, Hardstanding's etc all to AWAS Requirements.		62,000.00
Surface Water Drainage and Associated Groundwork to provide Swales, SUDs, Connection into Open Watercourses etc subject to final Drainage Strategy. Say:		90,000.00
Cycle Stores, Bin Presentation Areas as defined on the Site Layout Drawing.		54,100.00
Perimeter Green Space, Large Open Green Areas, New Proposed Trees and associated Landscaping, together with necessary works to Existing Trees around the Site.		81,000.00



5 number double garages  
@ 34.3m2

70,000.00

**Total Included  
in Estimate**

713,725.00

Contingency costs have been allowed for at a rate of 2% at the bottom end of the standard range, to reflect the design uncertainty contained in this project at an early stage.

#### 4.4.4. Design & Professional Fees

Allowances have been included to cover all design and professional fees, at 8%. This is towards the bottom of the range assumption compared to typical allowances assumed in Economic Viability testing, and takes into account the nature of the development, covering all surveys, enquires and design work pre and post planning, as well as statutory fees and consultants. At the planning appeal for Shinfield, Reading (APP/X0360/A/12/2179141) the inspector deemed a 10% professional fee to be realistic due to the nature of the site not being simple or straightforward but containing an element of known contamination, the potential presence of protected species, protected trees in the proximity of existing housing.

#### 4.4.5. CIL Contributions

CIL payments have been allowed for at the Medium band rate in line with the adopted charging schedule at a rate of £119.51 per m2.

#### 4.4.6 Marketing and Sales Costs

We have adopted full marketing sales and disposals costs within the appraisal, including:

- Marketing costs of the private properties
- Agent's fees
- Legal fees associated with private sales

On this basis we have assumed a sales and marketing cost of 2% of the gross development value of the open market sales properties plus £800.00 per property for legal fees. For affordable housing we have assumed arrangement costs of 0.5% for the scheme with legal costs of £600 per home. Discounted Market Sale is treated in the same way as open market homes as it contains the same, if not more, cost.

#### 4.4.7. Finance Costs.

Where development finance is available, lenders are currently charging minimum rates of at least 6.5%. Arrangement (1%), monitoring (2%) and exit fees (1%) are also charged. These onerous lending terms persist due to on-going resistance to lending on residential development in the current market. We have adopted an interest rate of 6.5% with no additional allowance for fees, which we consider to be a standard assumption for development in the current economic climate.

It is conventional to assume finance on all costs in order to reflect the opportunity cost (or, in some cases, the actual cost) of committing equity to the project.

#### 4.5. Development Programme

4.5.1. For the purpose of undertaking the Economic Viability Assessment only, we have assumed that a standard development of 75 homes, occurs over a 36 month period with the land being acquired in month one, and construction taking 30 months including site clearance and set up.

4.5.2. We have assumed sales of open market homes occur from month 16 to month 36 on an even basis. The rate of sales directly links to the assumed sales prices of individual homes and the nature of the local market.

4.5.3. These assumptions are particularly important in the calculation of development interest. The accounting for development interest on the land acquisition is from month one of the programme, not allowing for any historic holding costs of the site, in line with best practice.

#### 4.6. Overhead & Profit

4.6.1. When considering the changing economic climate, financial institutions have tightened their requirements for overhead and profit returns on all schemes. Banks have raised their expectations in terms of risk and required returns that new developments offer. It is currently deemed likely that any private residential development proposals predicting an overhead and profit return of less than between 15% and 25% of gross development value would not be considered viable. We note the contents of the recently revised NPPF in this regard. We have therefore adopted an overhead and profit rate of 18% of gross development value for the scheme, the minimum acceptable level. There is a strong argument that this does not sufficiently take into account the location, nature and size of the development and is lower than the 20% assumption in the councils 2016 whole plan viability study.

4.6.2. As affordable housing contains less commercial risk, typically with a JCT Design & Build Contract or a Development Agreement being signed at the commencement of works, and monthly valuations of construction work, borrowing and risk are reduced and so lower levels of overhead and profit are the norm. We have therefore allowed an overhead and profit of 6% in relation to the delivery of affordable housing. Discounted Market Sale is treated in the same way as open market homes as it contains more risk.

4.6.3. At the planning appeal for Shinfield, Reading (APP/X0360/A/12/2179141) the inspector deemed that "the usual target being in the range 20-25%" of gross development value. This is in line with the recent appeal decision Chapel St Leonards APP/D2510/Q/14/22228037 noting that this level of return is reasonable. At (Appeal Ref: APP/W1145/Q/13/2204429, Former Holsworthy Showground, Holsworthy) the inspector felt a blended rate including the affordable housing of, 18% was appropriate rejecting the council's argument for 17.5% on open market housing (not dissimilar to the blended rate of 18.5% in APP/N4720/A/14/22227584, Roundhay Leeds.

### 5.0. Methods for Assessing Land Values

#### 5.1. Overview

5.1.1 The minimum land value judged as capable of ensuring a site is brought forward is important in our calculations of scheme viability.

5.1.2. As noted in the PPG:

*“The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell...”*

5.1.3. The ‘Harman Report’ (June 2012) notes that Threshold Land Value (TLV) should represent the value at which a typical willing landowner is likely to release land for development. The report notes that TLV needs to take account of the fact that future plan policy requirements will have an impact on values and landowner expectations.

5.1.4. Market values provide a useful ‘sense check’ on the TLV, but ‘Harman’ recommends an approach based on a premium over current use values and credible alternative use values.

5.1.5. The report goes on to note that if local market evidence shows that minimum price provisions are substantially in excess of initial assumptions, the TLV will require adjusting to reflect market evidence.

5.1.6. The RICS report ‘Financial Viability in Planning,’ defines Benchmark Land Values (BLV) as equating to the market value, subject to having regard to development plan policies and other material planning considerations and disregards that which is contrary to the Local Plan. It goes on to note for area wide viability testing, site value may need to be further adjusted to reflect emerging policy, at a level, which would not prejudice delivery.

5.1.7. The report also notes the BLV must be at a level which makes a landowner willing to sell. Comparable evidence is important in establishing BLV for scheme specific as well as area wide assessments.

5.1.8. In this context we note the Examiner’s report in relation to Greater Norwich Development Partnership CIL charging schedule (December 2012)

*“...it is necessary to establish a threshold land value i.e. the value at which a typical willing landowner is likely to release land for development. Based on market experience...a landowner would expect to receive at least 75% of the benchmark value... It is reasonable to see a 25% reduction in benchmark values as the maximum that should be used...”*

5.1.9. This approach was also uncontested and accepted at the Sandwell CIL examination in July 2014. In short if land trades today at the BLV, the TLV should be no less than 75% of this.

5.2. Determining the land value

5.2.1. In assessing viability we want to establish a **Benchmark Land Value** that is appropriate in ensuring landowners receive a competitive return. Harman and the RICS acknowledge that in order for development to come forward over the existing use, a ‘competitive return’ (also referred to as a premium) is necessary.

5.2.2. There is no set rule as to how much of a premium should be applied on top of the existing use value. We can sensibly expect that a minimum uplift in value would be

required in order to allow the seller to pay stamp duty, sales fees, legal costs and disruption. But that bare minimum is usually not incentive enough to persuade a landowner to sell.

5.2.3. Beyond that bare minimum, an incentive (referred to as a 'premium') is required to encourage the landowner to sell. It is difficult to say what premium a seller would require in order to sell the land. This is because there are inevitable differences in each deal. For example, the motivations of the parties involved in the transaction may vary, as might perceptions of future market prospects. Some landowners (say family trusts, or Oxbridge Colleges) take a very long-term view of land holdings, and can only be persuaded to sell at a high price. We cannot know these individual circumstances, so Harman stipulates that an appropriate premium should be determined by local precedent - another way of saying market value.

5.2.4. In some instances, an alternative use may be considered over residential development, e.g. employment, retail etc. Assuming that the alternative use is realistic, then it may be prudent to consider land values for this alternative use, in addition to its existing use. This may give a more accurate view of the BLV, because a rational landowner will always seek to maximise site value.

5.2.5. Regarding existing use values, sites coming forward for development can typically comprise green field sites. Guidance issued by the HCA in "Transparent Assumptions: Guidance for the Area Wide Viability Model" 2010 states that for green field land, benchmarks tend to be in a range of 10 to 20 times agricultural value. In Knight Frank's report, *The Rural Report*, Winter 2014, typical agricultural land value per hectare are noted as being £25,946. This would give a benchmark land value of between £259,460 per hectare and £518,920 per hectare.

5.2.6. Benchmark Land Values cannot be straightforwardly derived from current market values. The market value / BLV should be adjusted to allow for any future changes in planning policy. Furthermore, it may also be necessary to reduce the market value / BLV to allow for risk in obtaining planning permission, dependent upon comparable evidence. There is no set rule for the amount of discount that should be applied to the market value of a site.

5.2.7. This market comparable based approach considers land traded in the area. This market performance will inform landowners' 'hope values' for sites. After adjustment for various factors (such as time and various flavours of risk, such as whether the land had planning permission), we can start to make judgments about how comparable sites might trade. We have been able to obtain a number of comparables from developers and agents in the area.

5.2.8. If the residual land value shown by the appraisals is below the Benchmark Land Value, the development is not financially viable. That means that unless the circumstances change the development will not be delivered.

5.2.9. If the residual value and the Benchmark Land Value are equal, or if the residual value exceeds the Benchmark Land Value, the development is viable.

5.2.10. When considering Benchmark land values based on EUV plus a market incentivized premium the Inspector in Pinn Court Farm, Exeter (APP/U1105/A/13/2208393) noted that it was "unrealistic and inconsistent with the principals in the Planning Practice Guidance to expect a transaction to be incentivised and to occur to deliver housing at a value less than the relevant comparables."

### 5.3. Benchmark Land Value used

5.3.1. In reaching a conclusion on an appropriate Benchmark Land Value we have reviewed the evidence and using our professional judgment, we believe that an appropriate Benchmark Land Value assumption for the area cannot be lower than:

- £700,000 per gross developable hectare.
- As the site is 5.05 hectares this equates to £3,535,000.
- We note the site is allocated in the local plan (SCLP12.62).

5.3.2. In setting an appropriate benchmark land value we are aware of the following market transactions and other published conclusions on BLV:

- Suffolk Coastal's Viability study in site specific allocations of February 2016 notes a Benchmark Land Value, in medium value areas of **£850,000 per hectare**.
- The site acquisition has been agreed for the sum of £3,500,000, or **£693,069 per hectare**.
- The May 2014 pba CIL viability study reached the conclusion that mid value BLV's in Suffolk Coastal were **£1,000,000 per hectare**.
- The DCLG publication of April 17, 'Land value estimates for policy appraisal', notes a typical land value in Forest Heath assuming no Affordable Housing and a clean site, of £2,240,000 per hectare. Assuming 33% of the site has Affordable Housing on it generating no value; this works back to a Benchmark Land Value of **£1,478,000 per hectare** on average in the district.
- For sites in agricultural use, an existing use value of circa £25,946 per hectare, would be appropriate. 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 20 times the existing use value is applied to this type of site according to research undertaken on behalf of the Department for Communities and Local Government. This equates to a **range of £259,460 per hectare and £518,920 per hectare**.
- Two sites sold in Saxmundham, one of 1.93 hectares, for 57 plots was sold at the end of 2013 for **£878,453 per hectare**, and one of 3.11 hectares, for 90 plots in the 3rd quarter of 2013 for **£710,767 per hectare**.
- A site of 1.6 hectares, for 26 plots was sold in early 2013 in Snape, equating to **£875,442 per hectare**.
- A greenfield 0.8 hectare site in Charsfield with consent for 20 houses including 6 affordable sold in 2015 for £1,100,000 or **£1,375,000 per hectare**.
- A site at Saxtead Road, Framlingham at 0.4 hectares recently sold for **£850,000 or £2,125,000 per hectare**

- Within Otley a site has recently sold for **£1,281,000 per hectare** (net residential).
- In Grundisburgh a 1.78 hectare site sold for £1,600,000, or **£898,876 per hectare** but included the provision of £280,000 of commuted sums for the provision of a new Village Hall and 8 affordable homes.
- Earl Soham, a site of 0.95 hectares is under offer for a scheme of 16 homes and a policy compliant level of affordable housing for £1,100,000 or **£1,157,894 per hectare**.
- A site in New Road, Framlingham totalling 0.462 hectares has recently been secured for £615,000 or **£1,331,168 per hectare**.

5.3.3 We note that in the recent High Court decision relating to Parkhurst Road, Holgate J noted that Benchmark land values 'should reflect and not buck relevant planning policies.

## **6.0 Analysis of EVA Outputs**

6.1. We have considered the following scenarios:

6.2. A scheme of 75 homes, delivering 33% affordable housing, including 25 affordable homes (12 homes for rent, 6 for shared ownership sale, and 7 for discounted market sale), in line with the tenures preferred in planning policy, generates a residual land value of **£1,121,133** (which equates to 32% of the benchmark value). This is not considered to be an economically viable level of land value as required by the National Planning Policy Framework. It notes sites need to deliver 'a *minimum return* at which it is considered a *reasonable landowner would be willing to sell*.' We further note in the recently published Viability Testing Local Plans document it is necessary "*for the scheme to provide a competitive return to the developer to ensure the development takes place and generates a land value sufficient to persuade the land owner to sell the land.*"

6.3. An identical scheme delivering 0% affordable housing, generates a residual land value of **£1,561,187** (which equates to 44% of the benchmark value). This is not considered to be an economically viable level of land value as required by the National Planning Policy Framework.

6.4. An identical scheme delivering 33% affordable housing, including 25 affordable homes (12 homes for build to rent, and 13 for Discounted Market Sale), with a reduced profit margin of 6% generates a residual land value of **£3,068,514** (which equates to 87% of the benchmark value). This is considered to be only a marginally economically viable level of land value as required by the National Planning Policy Framework, if the developer is able to borrow at these projected profit rates and take the enhanced risk. Build to Rent homes will comply with NPPF definitions and be 'lifetime tenancies'.

## **7.0 Conclusions**

7.1. The EVA indicates the scheme as proposed, based on current known costs and values generates a residual land value of **£3,068,514**, assuming the provision of 33% affordable homes in the form of Build to Rent and Discounted Market Sale, and assuming an uncommercially low profit rate is acceptable to the developer if other key objectives are met by the project proceeding. At commercially viable levels of developer return the scheme could only be deliverable without the provision of affordable housing.

7.2. This is a level, which can only be considered to marginally deliver a *minimum return* to the landowner, in comparison with the established convention of consideration of current benchmark values.

**Martin Aust BSc (Hons) DMS MRICS CMCIH CEnv**  
**5<sup>th</sup> April 2019**

## **ECONOMIC APPRAISAL**





**PATHFINDER**  
PROPERTY INVESTMENT

**SCHEME VIABILITY APPRAISAL**

OMV Houses for Sale:

**Rendlesham**  
**BASE OPTION**  
**33% affordable**

**26/03/2018**

Nr.	Unit Type	m2	£/sqft	£/Unit	GDV £
2	5B10P House	233.00	£250.00	£826,770.00	£1,253,540.00
8	5B9P House	154.00	£250.00	£414,250.00	£3,314,080.00
4	4B6P House	125.00	£250.00	£336,250.00	£1,345,000.00
6	3B6P House	124.00	£250.00	£333,560.00	£2,001,360.00
4	3B5P House	90.00	£250.00	£242,100.00	£968,400.00
4	1B2P Flat	37.00	£250.00	£99,530.00	£398,120.00
0	1B2P Flat	47.00	£250.00	£126,430.00	£0.00
6	2B3P Flat	55.00	£250.00	£147,950.00	£887,700.00
4	2B3P Flat	90.00	£250.00	£242,100.00	£968,400.00
4	2B4P Flat	98.00	£250.00	£263,620.00	£1,054,480.00
6	3B5P Maisette	122.00	£250.00	£328,180.00	£1,969,080.00
1	2B4P Bung	172.00	£250.00	£462,680.00	£462,680.00
[Incl. single garage]					
1	2B4P Bung	190.00	£250.00	£511,100.00	£511,100.00
50		5626			£15,133,940.00

**Appraisal Value of Affordable Homes:**

Discounted Market Sale

Nr.	Unit Type	m2	£/m2	£/Unit	GDV £
2	2B3P Flat DMS	59.00	£200.00	£126,988.00	£253,936.00
5	2B4P Flat DMS	84.00	£200.00	£180,768.00	£903,840.00
7		538.00			£1,157,776.00

Rent and Shared Ownershi

Nr.	Unit Type	m2	£/m2	£/Unit	GDV £
10	1B2P Flat ART	47.00	£1,596	£75,000.00	£750,000.00
2	2B3P Flat ART	59.00	£1,441	£85,000.00	£170,000.00
6	2B3P Flat SO	59.00	£1,915	£113,000.00	£678,000.00
		0.00	£0	£0.00	£0.00
		0.00	£0	£0.00	£0.00
18		942			£1,598,000.00

**Sub TOTAL GROSS VALUE**

£17,889,716.00

**LESS**

Residential & Commercial - Design & Build Costs (inc Abnormals) £12,198,628.00  
 CIL Contributions (inc garages @ 171.3m2) £692,835.32  
 Marketing & Sales Costs (£600 legals per property plus 0.5% Agent Fee) £18,790.00  
 Marketing & Sales Costs (£800 legals plus 2% GDV on private units) £371,434.32  
 Site Acquisition Costs (SDLT, Agents Fees & Legal Fees 1.75%) £228,112.50  
 Overheads & Profit (say 6% on GDV for affordables) £35,880.00  
 Overheads & Profit (say 18% on GDV for private units) £2,932,508.88  
**£16,538,189.02**

Finance Costs 6.5%

£230,393.22

**Sub TOTAL COSTS**

£16,768,582.25

**RESIDUAL LAND VALUE**

£1,121,133.75

**Target Value**

per hectare hec 5.05  
 £ 700,000

£3,535,000.00

**32%**

SDLT:		£3,535,000
Up to	£150,000	0% £ -
next	£100,000	2% £ 2,000
over	£250,000	5% £ 164,250
		£ 166,250
	<b>Total</b>	



PATHFINDER  
REAL ESTATE COMPANY

Interest £230,393.22

CASHFLOW

Rendlesham OPTION base

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
<b>Expenditure:</b>																			
Land	£655,500	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Land Acq Costs	£228,113						£692,835												
D&B + Costs	£0	£0	£0	£0	£0	£0	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621
<b>Total Expenditure</b>	<b>£883,613</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£1,099,456</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>
<b>Income:</b>																			
Open Market	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£720,664	£720,664	£720,664	£720,664
Affordables	£0	£177,556	£177,556	£177,556	£177,556	£177,556	£177,556	£177,556	£177,556	£177,556	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Income</b>	<b>£0</b>	<b>£177,556</b>	<b>£177,556</b>	<b>£177,556</b>	<b>£177,556</b>	<b>£177,556</b>	<b>£177,556</b>	<b>£177,556</b>	<b>£177,556</b>	<b>£177,556</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£720,664</b>	<b>£720,664</b>	<b>£720,664</b>	<b>£720,664</b>
<b>Net Borrowing</b>	<b>£883,613</b>	<b>-£177,556</b>	<b>-£177,556</b>	<b>-£177,556</b>	<b>-£177,556</b>	<b>-£177,556</b>	<b>£921,901</b>	<b>£229,065</b>	<b>£229,065</b>	<b>£229,065</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>-£314,043</b>	<b>-£314,043</b>	<b>-£314,043</b>	<b>-£314,043</b>
<b>Total Borrowed</b>	<b>£883,613</b>	<b>£710,843</b>	<b>£537,138</b>	<b>£362,492</b>	<b>£186,900</b>	<b>£10,357</b>	<b>£932,314</b>	<b>£1,166,429</b>	<b>£1,401,812</b>	<b>£1,638,471</b>	<b>£2,053,967</b>	<b>£2,471,714</b>	<b>£2,891,723</b>	<b>£3,314,007</b>	<b>£3,738,579</b>	<b>£3,444,787</b>	<b>£3,149,403</b>	<b>£2,852,420</b>	<b>£2,553,827</b>
Interest 6.5%	£4,786	£3,850	£2,909	£1,963	£1,012	£56	£5,050	£6,318	£7,593	£8,875	£11,126	£13,388	£15,663	£17,951	£20,251	£18,659	£17,059	£15,451	£13,833
<b>TOTAL BORROWED</b>	<b>£888,399</b>	<b>£714,694</b>	<b>£540,048</b>	<b>£364,455</b>	<b>£187,912</b>	<b>£10,413</b>	<b>£937,364</b>	<b>£1,172,747</b>	<b>£1,409,406</b>	<b>£1,647,346</b>	<b>£2,065,093</b>	<b>£2,485,102</b>	<b>£2,907,386</b>	<b>£3,331,958</b>	<b>£3,758,830</b>	<b>£3,463,446</b>	<b>£3,166,463</b>	<b>£2,867,870</b>	<b>£2,567,661</b>

20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0.00	
£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621
£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621
£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664
-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043
£2,253,618	£1,951,782	£1,648,311	£1,343,197	£1,036,430	£728,001	£417,901	£106,122	-£207,346	-£521,389	-£835,432	-£1,149,475	-£1,463,518	-£1,777,561	-£2,091,603	-£2,405,646	-£2,719,689
£12,207	£10,572	£8,928	£7,276	£5,614	£3,943	£2,264	£575	£0	£0	£0	£0	£0	£0	£0	£0	£0
£2,265,825	£1,962,354	£1,657,240	£1,350,472	£1,042,044	£731,944	£420,165	£106,697	-£207,346	-£521,389	-£835,432	-£1,149,475	-£1,463,518	-£1,777,561	-£2,091,603	-£2,405,646	-£2,719,689

Sum Interest £250,393.22
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**SCHEME VIABILITY APPRAISAL**

**OMV Houses for Sale:**

**Rendlesham**  
**OPTION 1**  
**0% affordable**

**26/03/2018**

Nr.	Unit Type	m2	£/sqft	£/Unit	GDV £
2	5B10P House	233.00	£250.00	£626,770.00	£1,253,540.00
8	5B9P House	154.00	£250.00	£414,260.00	£3,314,080.00
4	4B6P House	125.00	£250.00	£336,250.00	£1,345,000.00
6	3B6P House	124.00	£250.00	£333,560.00	£2,001,360.00
4	3B5P House	90.00	£250.00	£242,100.00	£968,400.00
4	1B2P Flat	37.00	£250.00	£99,530.00	£398,120.00
10	1B2P Flat	47.00	£250.00	£126,430.00	£1,264,300.00
6	2B3P Flat	55.00	£250.00	£147,950.00	£887,700.00
10	2B3P Flat	59.00	£250.00	£158,710.00	£1,587,100.00
4	2B3P Flat	90.00	£250.00	£242,100.00	£968,400.00
5	2B4P Flat	84.00	£250.00	£225,960.00	£1,129,800.00
4	2B4P Flat	98.00	£250.00	£263,620.00	£1,054,480.00
6	3B5P Maisonette	122.00	£250.00	£328,180.00	£1,969,080.00
1	2B4P Bung	172.00	£250.00	£462,680.00	£462,680.00
1	[Incl. single garage] 2B4P Bung	190.00	£250.00	£511,100.00	£511,100.00
<b>75</b>		<b>7106</b>			<b>£19,115,140.00</b>

**Appraisal Value of Affordable Homes:**

Nr.	Unit Type	m2	£/m2	£/Unit	GDV £
		0.00	£0.00	£0.00	£0.00
		0.00	£0.00	£0.00	£0.00
		0.00	£0.00	£0.00	£0.00
		0.00	£0.00	£0.00	£0.00
<b>0</b>		<b>0</b>			<b>£0.00</b>

**Sub TOTAL GROSS VALUE**

**£19,115,140.00**

**LESS**

Residential & Commercial - Design & Build Costs (Inc Abnormals) £112,198,628.00  
 CIL Contributions Inc garages @ 171.3m2 £869,710.12  
 Marketing & Sales Costs (£600 legals per property plus 0.5% Agent Fe £0.00  
 Marketing & Sales Costs (£800 legals plus 2% GDV on private units) £442,302.80  
 Site Acquisition Costs (SDLT, Agents Fees & Legal Fees 1.75%) £228,112.50  
 Overheads & Profit (say 6% on GDV for affordables) £0.00  
 Overheads & Profit (say 18% on GDV for private units) £3,440,725.20  
**£17,179,478.62**

Finance Costs 6.5% £374,473.78

**Sub TOTAL COSTS**

**£17,553,952.40**

**RESIDUAL LAND VALUE**

**£1,561,187.60**

**Target Value**

per hectare hec £ 700,000 5.05

**£3,535,000.00**

**44%**

SDLT: £3,535,000  
 Up to £150,000 0% £ -  
 next £100,000 2% £ 2,000  
 over £250,000 5% £ 164,250

Total

£ 166,250



	Rendlesham OPTION base																		
	Interest £374,473.78																		
CASHFLOW	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
<b>Expenditure:</b>																			
Land	£655,500	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Land Acq Costs	£228,113						£869,710												
D&B + Costs	£0	£0	£0	£0	£0	£0	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621
<b>Total Expenditure</b>	<b>£883,613</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£1,276,331</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>
<b>Income:</b>																			
Open Market	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£910,245	£910,245	£910,245	£910,245
Affordables	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Income</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£910,245</b>	<b>£910,245</b>	<b>£910,245</b>	<b>£910,245</b>
<b>Net Borrowing</b>	<b>£883,613</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£1,276,331</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>-£503,624</b>	<b>-£503,624</b>	<b>-£503,624</b>	<b>-£503,624</b>
<b>Total Borrowed</b>	<b>£883,613</b>	<b>£888,399</b>	<b>£893,211</b>	<b>£898,049</b>	<b>£902,914</b>	<b>£907,804</b>	<b>£2,189,053</b>	<b>£2,607,531</b>	<b>£3,028,276</b>	<b>£3,451,300</b>	<b>£3,876,616</b>	<b>£4,304,235</b>	<b>£4,734,170</b>	<b>£5,166,435</b>	<b>£5,601,041</b>	<b>£5,127,756</b>	<b>£4,651,907</b>	<b>£4,173,481</b>	<b>£3,692,464</b>
Interest 6.5%	£4,786	£4,812	£4,838	£4,864	£4,891	£4,917	£11,857	£14,124	£16,403	£18,695	£20,998	£23,315	£25,643	£27,985	£30,339	£27,775	£25,198	£22,606	£20,001
<b>TOTAL BORROWED</b>	<b>£888,399</b>	<b>£893,211</b>	<b>£898,049</b>	<b>£902,914</b>	<b>£907,804</b>	<b>£912,722</b>	<b>£2,200,910</b>	<b>£2,621,655</b>	<b>£3,044,679</b>	<b>£3,469,995</b>	<b>£3,897,614</b>	<b>£4,327,549</b>	<b>£4,759,814</b>	<b>£5,194,420</b>	<b>£5,631,380</b>	<b>£5,155,531</b>	<b>£4,677,105</b>	<b>£4,196,088</b>	<b>£3,712,465</b>

20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621
£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621
£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245	£910,245
-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624	-£503,624
£3,208,841	£2,722,598	£2,233,722	£1,742,197	£1,248,010	£751,147	£251,591	-£250,670	-£754,293	-£1,257,917	-£1,761,541	-£2,265,165	-£2,768,789	-£3,272,413	-£3,776,036	-£4,279,660	-£4,783,284
£17,381	£14,747	£12,099	£9,437	£6,760	£4,069	£1,363	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£3,226,222	£2,737,346	£2,245,821	£1,761,634	£1,254,770	£756,216	£252,954	-£250,670	-£754,293	-£1,257,917	-£1,761,541	-£2,265,165	-£2,768,789	-£3,272,413	-£3,776,036	-£4,279,660	-£4,783,284

Sum interest
£374,474



**SCHEME VIABILITY APPRAISAL**

**OMV Houses for Sale:**

**Rendlesham**  
**OPTION 2**  
**26/03/2018**  
**33% affordable - reduced profit**

Nr.	Unit Type	m2	£/sqft	£/Unit	GDV £
2	5B10P House	233.00	£250.00	£626,770.00	£1,253,540.00
8	5B9P House	154.00	£250.00	£414,260.00	£3,314,080.00
4	4B6P House	125.00	£250.00	£336,250.00	£1,345,000.00
6	3B6P House	124.00	£250.00	£333,560.00	£2,001,360.00
4	3B5P House	90.00	£250.00	£242,100.00	£968,400.00
4	1B2P Flat	37.00	£250.00	£99,530.00	£398,120.00
0	1B2P Flat	47.00	£250.00	£126,430.00	£0.00
6	2B3P Flat	55.00	£250.00	£147,950.00	£687,700.00
4	2B3P Flat	90.00	£250.00	£242,100.00	£968,400.00
4	2B4P Flat	98.00	£250.00	£263,620.00	£1,054,480.00
6	3B5P Maisette	122.00	£250.00	£328,180.00	£1,969,080.00
1	2B4P Bung	172.00	£250.00	£462,680.00	£462,680.00
1	[Incl. single garage] 2B4P Bung	190.00	£250.00	£511,100.00	£511,100.00

50

5626

£15,133,940.00

**Appraisal Value of Affordable Homes:**

<b>Discounted Market Sale</b>					
8	2B3P Flat DMS	59.00	£200.00	£126,968.00	£1,015,744.00
5	2B4P Flat DMS	84.00	£200.00	£180,768.00	£903,840.00
13		892			£1,919,584.00

Build to Rent Nr.	Unit Type	m2	£/m2	£/Unit	GDV £
10	1B2P Flat	47.00	£1,596	£75,000.00	£750,000.00
2	2B3P Flat	59.00	£1,441	£85,000.00	£170,000.00
		0.00	£0	£0.00	£0.00
		0.00	£0	£0.00	£0.00
		0.00	£0	£0.00	£0.00
12		588			£920,000.00

**Sub TOTAL GROSS VALUE**

£17,973,524.00

**LESS**

Residential & Commercial - Design & Build Costs (inc Abnormals)	£12,198,628.00
CIL Contributions (inc garages @ 171.3m2)	£692,835.32
Marketing & Sales Costs (£600 legals per property plus 0.5% Agent Fee)	£11,800.00
Marketing & Sales Costs (£800 legals plus 2% GDV on private units)	£391,470.48
Site Acquisition Costs (SDLT, Agents Fees & Legal Fees 1.75%)	£228,112.50
Overheads & Profit (say 6% on GDV for affordables)	£55,200.00
Overheads & Profit (say 6% on GDV for private units)	£1,023,211.44
	£14,601,257.74

Finance Costs 6.5%

£303,752.17

**Sub TOTAL COSTS**

£14,905,009.91

**RESIDUAL LAND VALUE**

£3,068,514.09

**Target Value**

per hectare hec

£3,535,000.00

£ 700,000

87%

SDLT:	£3,535,000
Up to	£150,000
next	£100,000
over	£250,000
	0% £
	2% £ 2,000
	5% £ 164,250
	£ 166,250
<b>Total</b>	<b>£ 166,250</b>



Interest £303,752.17

**CASHFLOW**

Rendlesham OPTION base

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
<b>Expenditure:</b>																		
Land	£655,500.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Land Acq Costs	£228,112.50						£692,835.32											
D&B + Costs	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£406,620.93	£406,620.93	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621
<b>Total Expenditure</b>	<b>£883,612.50</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£1,099,456.25</b>	<b>£406,620.93</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>
<b>Income:</b>																		
Open Market	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0	£0	£0	£0	£0	£0	£0	£720,664	£720,664	£720,664
Affordables	£0.00	£102,222.22	£102,222.22	£102,222.22	£102,222.22	£102,222.22	£102,222.22	£102,222.22	£102,222	£102,222	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Income</b>	<b>£0.00</b>	<b>£102,222.22</b>	<b>£102,222.22</b>	<b>£102,222.22</b>	<b>£102,222.22</b>	<b>£102,222.22</b>	<b>£102,222.22</b>	<b>£102,222.22</b>	<b>£102,222</b>	<b>£102,222</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£720,664</b>	<b>£720,664</b>	<b>£720,664</b>
<b>Net Borrowing</b>	<b>£883,612.50</b>	<b>£786,176.51</b>	<b>£688,212.75</b>	<b>£589,718.34</b>	<b>£490,690.43</b>	<b>£391,126.11</b>	<b>£997,234.03</b>	<b>£304,398.71</b>	<b>£304,399</b>	<b>£304,399</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>	<b>£406,621</b>
<b>Total Borrowed</b>	<b>£883,612.50</b>	<b>£786,176.51</b>	<b>£688,212.75</b>	<b>£589,718.34</b>	<b>£490,690.43</b>	<b>£391,126.11</b>	<b>£997,234.03</b>	<b>£304,398.71</b>	<b>£2,016,029</b>	<b>£2,331,348</b>	<b>£2,750,597</b>	<b>£3,172,117</b>	<b>£3,595,920</b>	<b>£4,022,019</b>	<b>£4,450,426</b>	<b>£4,160,490</b>	<b>£3,868,983</b>	<b>£3,575,897</b>
Interest 6.5%	£ 4,786.23	£ 4,258.46	£ 3,727.82	£ 3,194.31	£ 2,657.91	£ 2,118.60	£ 7,531.76	£ 9,221.38	£10,920	£12,628	£14,899	£17,182	£19,478	£21,786	£24,106	£22,536	£20,957	£19,369
<b>TOTAL BORROWED</b>	<b>£888,398.73</b>	<b>£790,434.97</b>	<b>£691,940.57</b>	<b>£592,912.65</b>	<b>£493,348.33</b>	<b>£393,244.71</b>	<b>£1,004,765.79</b>	<b>£304,398.71</b>	<b>£2,026,949</b>	<b>£2,343,976</b>	<b>£2,765,496</b>	<b>£3,189,300</b>	<b>£3,615,398</b>	<b>£4,043,805</b>	<b>£4,474,533</b>	<b>£4,183,026</b>	<b>£3,889,940</b>	<b>£3,595,266</b>



19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621
£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621	£406,621
£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664
£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664	£720,664
-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043	-£314,043
£3,281,224	£2,984,954	£2,687,080	£2,387,592	£2,086,482	£1,783,741	£1,479,360	£1,173,330	£865,643	£556,289	£245,259	-£67,455	-£381,498	-£695,541	-£1,009,584	-£1,323,627	-£1,637,670	-£1,951,713
£17,773	£16,169	£14,555	£12,933	£11,302	£9,662	£8,013	£6,356	£4,689	£3,013	£1,328	£0	£0	£0	£0	£0	£0	£0
£3,298,997	£3,001,123	£2,701,635	£2,400,525	£2,097,783	£1,793,403	£1,487,373	£1,179,685	£870,332	£559,302	£246,587	-£67,455	-£381,498	-£695,541	-£1,009,584	-£1,323,627	-£1,637,670	-£1,951,713

Sum Interest  
£303,752

## **APPENDICES**

- Appendix 1 - Sales Values.
- Appendix 2 - Design and Build Cost Estimate.
- Appendix 3 - Scheme layout.

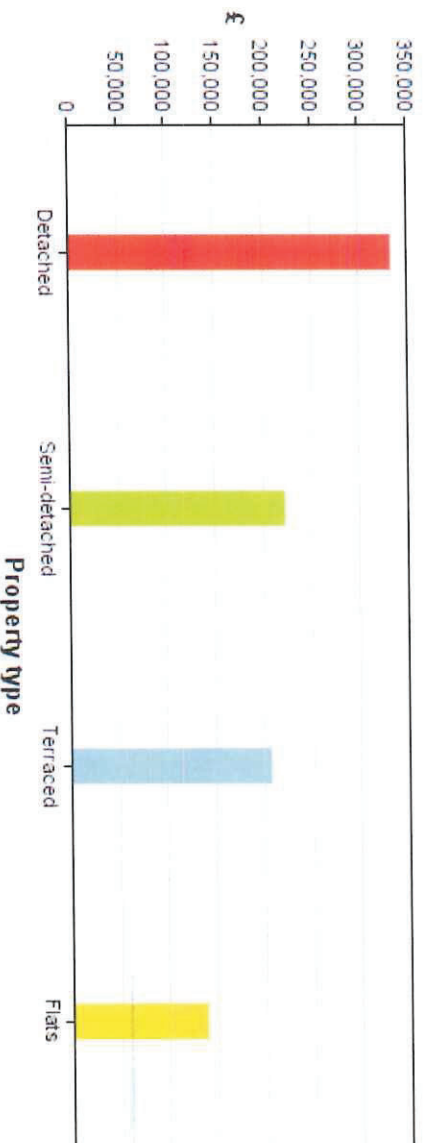
**Appendix 1**  
**Sales Values.**

# Area guide for Rendlesham

## Property value data/graphs for Rendlesham

Property type	Avg. current value	Avg. £ per sq ft.	Avg. # beds	Avg. £ paid (last 12m)
Detached	£333,013	£197	4.2	£334,755
Semi-detached	£221,910	£227	2.9	£230,547
Terraced	£205,696	£191	3.2	£194,875
Flats	£137,639	£215	1.6	£144,384

Average values in Rendlesham, Woodbridge (Mar 2019)



© 2019 Zoopla.co.uk

## Current asking prices in Rendlesham

Average: **£262,333**

Property type	<u>1 bed</u>	<u>2 beds</u>	<u>3 beds</u>	<u>4 beds</u>	<u>5 beds</u>
<u>Houses</u>	-	-	-	<b>£302,500</b> (2)	<b>£377,000</b> (2)
<u>Flats</u>	<b>£95,000</b> (1)	<b>£120,000</b> (1)	-	-	-
<u>All</u>	<b>£95,000</b> (1)	<b>£120,000</b> (1)	-	<b>£302,500</b> (2)	<b>£377,000</b> (2)

## New home developments for sale near Rendlesham



**£439,995**

4 2

**4 bed detached house for sale**

**[Ashe Road, Tunstall, Woodbridge IP12](#)**

The Elm is a 4 bedroom detached home with garage and parking



**£499,995 From**

4 2

**4 bed detached house for sale**

**[Ashe Road, Tunstall, Woodbridge IP12](#)**

The Beech The Beech is a 4 bedroom Detached home with parking



**£509,995**

4 2

**4 bed semi-detached house for sale**

**[Ashe Road, Tunstall, Woodbridge IP12](#)**

Dimensions The Pines, Tunstall The Maple The highly desirable village of Tunstall is located in an enviable position within the Suffolk Coast & Heaths Area of Outstanding Natural Beauty, offering the very best of coast and country life.

**Appendix 2**  
**Design and Build Cost Estimate.**

**POTENTIAL SCHEME/ESTIMATE SUMMARY**  
**NB: To be read in conjunction with accompanying notes**

**CLIENT:** Capital Community Developments Limited  
**SCHEME:** Residential Development at Area 8, Rendlesham - 75Nr. Dwellings  
**DATE:** 25th March 2019  
**BASED ON:** Natural Building Design's Site Plan Scheme NN, with assoc. House Type Designs

**HOUSE TYPES:**

Reference	Type	Peis	Floor	x	£/m <sup>2</sup>	Total net internal floor area	=	£/Unit	x	Nr. of Units	=	£				
386P 2.5 St House		6	124.00	x	875		=	108,500	x	6	=	651,000				
385P 2.5 St House		5	90.00	x	888		=	79,920	x	4	=	319,680				
486P 2.5 St House		6	125.00	x	875		=	109,375	x	4	=	437,500				
589P 2.5 St House		9	154.00	x	857		=	131,978	x	8	=	1,055,824				
5810P 2.5 St House		10	233.00	x	822		=	191,526	x	2	=	383,052				
2B4P Bungalow		4	172.00	x	984		=	169,248	x	1	=	169,248				
[Includes Singal Garage]																
2B4P Bungalow		4	190.00	x	1,027		=	195,130	x	1	=	195,130				
[Bespoke Flat Roof/Modern Design]																
1B2P Flat		2	37.00	x	878		=	32,486	x	4	=	129,944				
1B2E Flat		2	47.00	x	874		=	41,078	x	10	=	410,780				
2B3P Flat		3	55.00	x	870		=	47,850	x	6	=	287,100				
2B3E Flat		3	59.00	x	865		=	51,035	x	10	=	510,350				
2B3P Flat		3	90.00	x	853		=	76,770	x	4	=	307,080				
2B4P Flat		4	84.00	x	858		=	72,072	x	5	=	360,360				
2B4P Flat		4	98.00	x	850		=	83,300	x	4	=	333,200				
385P Maisonette		5	122.00	x	841		=	102,602	x	6	=	615,612				
Flat Commis		1 Nr	291.00	x	744		=	216,504	x	1	=	216,504				
<b>MID TERRACE ADJUSTMENTS:</b> (Less 10% for terraced & add 10% for detached units)																
Total Value of Relevant Dwellings (from above) - TERR											0	-10.00%	=	0		
Total Value of Relevant Dwellings (from above) - DET											2,454,254	10.00%	=	245,425		
Total Floor Area (from above)											7578.00	m <sup>2</sup>	@	£101.19	=	766,818

**SERVICES:**

(Connections & Infrastructure Costs)  
 Dwellings + 1Nr Landlord (Cmmls)

Nb. 9x Landlords Supplies

84 Nr.

@ £3,177 = 266,868

**EXTERNAL WORKS:**

(Typical - excluding Adoptable Works; flats count 2/3rds)  
 Dwellings:

58.67 Nr.

@ £6,945 = 407,440

**DRAINAGE:**

(Typical - excluding Adoptable Works; flats count 2/3rds)  
 Dwellings:

58.67 Nr.

@ £2,975 = 174,533

**ADOPTABLE WORKS:**

(Typical 5m wide road with two/one 2m wide footpaths, lighting and two 3000mm diameter sewers with manholes)  
 Length of Road:

567.00 m

@ £855 = 484,785

[Reduced combined rate as sections of adoptable road with no footpaths]

= 713,725

**ABNORMAL WORKS ALLOWANCES:**

(See Accompanying Notes)

**PRELIMS:** (Sub-Total <£2M: 12.5%; £2M - £3M: 1.5%; >£3M: 1.7.5%)

Sub-Total 9,441,959  
 17.50% 1,652,343  
 11,094,301

**CONTINGENCIES:**

2.00% 221,886

**TOTAL ESTIMATED COSTS AT JUL - SEP 2016 (Q316):**

Adjustment Factors 1.029 x 1.000 x 0.970 = 0.998  
 Start Date; Location; Size £ 11,295,026

**TOTAL ESTIMATED COST (EXCL FEES) FOR START:**

Cost/m<sup>2</sup> 1,526.97 Ave cost/dwelling: 150,600.35 Apr - Jun 2019 £ 11,295,026  
 Ave cost/bed space: 33,817.44

**Add - For Design and Other Fees:**

8.00% 903,602

**TOTAL ESTIMATED COST (INCL FEES) FOR START:**

Cost/m<sup>2</sup> 1,649.13 Ave cost/dwelling: 162,648.38 Apr - Jun 2019 £ 12,198,628  
 Ave cost/bed space: 36,522.84

**POTENTIAL SCHEME/ESTIMATE SUMMARY****NB: To be read in conjunction with accompanying notes and/or footnotes****CLIENT:** Capital Community Developments Limited**SCHEME:** Residential Development at Area 8, Rendlesham - 75Nr. Dwellings**DATE:** 25th March 2019**DISTRICT COUNCIL:** Suffolk Coastal District Council (East Suffolk Council)**SCHEME:** Residential Development at Area 8, Rendlesham - 75Nr. Dwellings**CONTRACT BASIS/DEVELOPER:** Private Developer**SCHEME/ESTIMATE BASED ON:** Natural Building Design's Site Plan Scheme NN, with assoc. House Type Designs

<b>SCHEME MIX:</b>	<b>Type Reference</b>	<b>House Type</b>	<b>*Floor Area (m<sup>2</sup>)</b>	<b>Nr. of Dwellings</b>
	5B10P House	Easton	233.00	2
	5B9P House	Woodbridge	154.00	8
	4B6P House	Great Glenham	125.00	4
	3B6P House	Framlingham	124.00	6
	3B5P House	Little Glenham	90.00	4
	1B2P Flat	Wilby	37.00	4
	1B2P Flat	Sudbury	47.00	10
	2B3P Flat	Little Bealings	55.00	6
	2B3P Flat	Sudbury	59.00	10
	2B3P Flat	Wilby	90.00	4
	2B4P Flat	Sudbury	84.00	5
	2B4P Flat	Wilby	98.00	4
	3B5P Mairie	Great Bealings	122.00	6
	2B4P Bung	Deben	172.00	1
	[Incl. single garage] 2B4P Bung	Bramfield	190.00	1

**Total Nr of Dwellings****75**

\*Flats floor areas exclude communal stairs and landings.

**SITE AREA:** 4.85 Hectares (approx.)**DENSITY:** 15.46 Dwellings per hectare

<b>ESTIMATED COST:</b>	<b>Design and Build Cost</b>	£ 12,198,600
	<b>Land</b>	£ -
	<b>(Including Site Clearance and Decontamination)</b>	
	<b>Total Scheme Cost</b>	£ <b>12,198,600</b>
	<b>Assessed/Actual Design Fees &amp; On-Costs</b>	£ 903,600
	<b>Within Design &amp; Build Cost</b>	
	<b>Works Cost</b>	£ 11,295,000

**FORECAST START DATE:** Apr - Jun 2019**FOOTNOTES:**

- 1 Parham House Type on Site Layout assumed to be Deben House Type.
- 2 Bramfield House Type assumed to be Drawings marked up as "Bungalow".
- 3 Allowance for 9x Landlord Supplies where Buildings have communal areas.
- 4 No Garages have been included based on Site Layout Plan.
- 5 Start on Site of April - June 2019 (Second Quarter) assumed.



**POTENTIAL SCHEME/ESTIMATE SUMMARY**

EST/25.03.19

**CLIENT:**  
**SCHEME:**  
**DATE:**

Capital Community Developments Limited  
Residential Development at Area 8, Rendlesham - 75Nr. Dwellings  
25th March 2019

**ACCOMPANYING NOTES:**

**"Standard Notes"**

1. Price levels are those considered to be obtainable through competitive tendering or comparable negotiation.
2. Except where specifically identified, under the section headed "Abnormal Works Allowances", it is assumed that ground conditions are suitable for traditional strip foundations and that mains water, electricity, gas and drainage is available without undue difficulty. Also no allowance is made for the treatment of any ground contamination unless shown as included in "Abnormal Works Allowances".
3. Demolitions, where known to be required, are included on an assessed basis only, unless stated otherwise in the section headed "Abnormal Works Allowances". Asbestos removal, where known to be required, is included on the same basis.
4. The estimate allows for prices to be fixed throughout the period of construction subject to a start on site not later than the Forecast Start Date stated.
5. It should be noted that design and other fees are included within the total estimated cost only where specifically shown.
6. VAT is excluded from the estimated costs but, in accordance with current legislation, this will (with the exception of relatively minor works of landscaping and some fixtures and fittings) be at zero rate for new build works.  
Estimated VAT @ 20% for general needs dwellings  
@ £300 per dwelling) = £ 22,500

**"Scheme Specific Notes" (where appropriate)**

- 1 Assumed clean site (decontamination and removal of Japanese Knotweed).
- 2 No mains services upgrades allowed - all capacities assumed to be sufficient to accommodate the site.

**"Abnormal Works Allowances" are included as follows:-**

	Included
* Very High External Materials Architectural Detailing including Sash Windows, Georgian Porticos, Gable Feature Windows, Quoin, Plinth Brickwork, Double Timber Feature External Doors, Juliette and Full Balconies to Specified Plots, Prentice Board, Stone Cills, Roof Ridge Detailing etc.	239,600.00
* All Shared Drives as defined on the Site Layout, together with all Disabled, Visitors and Motor Cycle Parking. Nb. Dwelling Parking Spaces included in Main Estimate.	4,200.00
* Foul Sewer Connection into existing Sewer.	75,000.00
* Provisional Sum for Play Area (Equipped) and "Feature Space" as per Site Layout.	6,000.00
* Preparation Work for Area Reserved for Educational/Community Building - land strip, provision for Services to the Boundary, Fencing off etc.	5,525.00
* Cut into existing road and link 2Nr. New adoptable roads/footpaths to facilitate site.	26,300.00
* Service Extensions from Existing Roads to facilitate all 75Nr. Dwellings.	62,000.00
* Allowance for Adoptable Pumping Station including any necessary Rising Mains, Pumps, Wells, Fencing, Hardstanding's etc all to AWAs Requirements.	90,000.00
* Surface Water Drainage and Associated Groundwork to provide Swales, SUDs, Connection into Open Watercourses etc subject to final Drainage Strategy. Say:	54,100.00
* Cycle Stores, Bin Presentation Areas as defined on the Site Layout Drawing.	81,000.00
* Perimeter Green Space, Large Open Green Areas, New Proposed Trees and associated Landscaping, together with necessary works to Existing Trees around the Site.	70,000.00
* 5 number double garages @ 34.3m2	<u>713,725.00</u>

**Total Included in Estimate**

**Appendix 3**  
**Scheme layout.**

84 SP / P	Revised
SITING PLAN	
SCHEME NN	
AREA 8 RENDLESHAM	
CC DEVELOPMENTS	
Rendlesham Suffolk IP12 2GX	
Project	
Natural Building Design	
29 Gardenia Close	
Drawing Number	
Rev	Date
P	21 Mar 19 1:00PM
E	31 Mar 19 1:00PM
1	01 Apr 19 1:00PM
2	01 Apr 19 1:00PM
3	01 Apr 19 1:00PM
4	01 Apr 19 1:00PM
5	01 Apr 19 1:00PM
6	01 Apr 19 1:00PM
7	01 Apr 19 1:00PM
8	01 Apr 19 1:00PM
9	01 Apr 19 1:00PM
10	01 Apr 19 1:00PM
11	01 Apr 19 1:00PM
12	01 Apr 19 1:00PM
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14	01 Apr 19 1:00PM
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16	01 Apr 19 1:00PM
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48	01 Apr 19 1:00PM
49	01 Apr 19 1:00PM
50	01 Apr 19 1:00PM

### KEY PROPERTY TYPES

	4nr Wilby
	SF 1 bed
	SF 2 bed
	SF 3 bed
	1nr single apartments
	garage
	3 bed detached house
	1nr Deben
	2nr Easton house
	5 bed detached house
	2nr Bealings
	6nr Bealings
	FF/SF 3 bed
	GF 2 bed
	FF 1 bed
	GF 1 bed
	4nr Glenham masoneries
	4nr Glenham house
	Woodbridge house
	8nr 5 bed detached house
	Framlingham 6 nr 3 bed detached house
	5nr double garage
	1nr 3 bed detached house
	Bramfield 1nr 3 bed detached house

### KEY SITE ELEMENTS

	Site boundary
	Existing trees
	Proposed trees & hedges
	Perimeter green space boundary
	Vehicle & PTW parking
	Footway (adoptable)
	Footway (doptable)
	Raised platform junction
	Shared surface road
	Shared driveway
	Cycle store (apmts)
	Bin collection points
	Minor access road (adoptable)
	Speed bump
	Swale
	Pedestrian access
	Vehicular access



This drawing is the property of CC Developments and David Williams 2018 and it can be used only for developments at Rendlesham in Suffolk.

Proposed  
bridleway  
open  
watercourse

Road access from  
Garden Square &  
Sycamore Drive

Road access from  
Tidy Rd, Mayhew Road  
& Sycamore Drive

Pumping  
Station

Play  
Area

Feature  
Space

Feature  
Space

Gardenia Close

Garden Square

metres

